

## CENTERS OF EXCELLENCE PROGRAM - REVIEW OF STATUTORY DIRECTIVES

The 2003 Legislative Assembly required the State Board of Higher Education to establish a centers of excellence program and to designate centers of excellence. The North Dakota State University Center for Technology Enterprise and the University of North Dakota Center for Innovation are statutorily listed as two "[c]enters of excellence relating to economic development." [See, North Dakota Century Code (NDCC) Section 15-10-41(1)]

The statute provides that the State Board of Higher Education is to establish definitions and eligibility criteria for centers of excellence relating to economic development. This effort was to be accomplished before January 1, 2004, "in consultation with the North Dakota economic development foundation and with private sector input . . . ." North Dakota Century Code Section 15-10-41(1) further requires that the definitions be presented to an interim legislative committee.

Subsection 2 of NDCC Section 15-10-41 articulates the purposes of the program. Those purposes are:

1. To develop and engage strategies for:
  - a. Science and technology research and development.
  - b. Commercialization.
  - c. Entrepreneurship.
  - d. Infrastructure.
  - e. Growth and expansion of knowledge-based industries.
  - f. Activities in the state to develop innovative approaches that expand the gross state product.
2. To assist efforts to attract private and federal assistance for:
  - a. Science and technology research and development.
  - b. Commercialization in growth clusters most likely to increase the gross state product.
3. To increase collaboration among state, federal, and private research and development and technology commercialization organizations in the state.
4. To strengthen the leadership and support of the National Science Foundation experimental program to:
  - a. Stimulate competitive research programs.
  - b. Encourage partnerships with other state institutions for expanded efforts to stimulate economic growth in identified industry clusters (which are later said to include advanced manufacturing, aerospace,

energy, information and technology, tourism, and value-added agriculture).

5. To provide leadership in science and technology policy at a regional, a national, and an international level.
6. To create employment opportunities for North Dakota University System graduates.

Subsection 3 of NDCC Section 15-10-41 directs the State Board of Higher Education to "allocate funds from appropriations for undesignated centers of excellence relating to economic development based on the criteria established" and to "report on such allocations, in partnership with the North Dakota economic development foundation, to the budget section." The subsection further provides that recipients of funds under this section must use the funds to:

1. Enhance capacity.
2. Enhance infrastructure.
3. Leverage state, federal, and private sources of funding.

The law provides that recipients may include:

1. Research universities.
2. University-related foundations.
3. Public institutions "that are located in the state which demonstrate the potential to deliver expertise and service to industry clusters that will contribute to the gross state product."

The subsection further provides that if the recipient is an institution of higher education under the control of the State Board of Higher Education or if the recipient is a nonprofit university-related foundation, it must:

1. Provide the board with documentation of the availability of \$2 of matching funds for each \$1 of funds awarded as a condition of eligibility.
2. Provide annual reports for four fiscal years to the board, the Governor, and the North Dakota Economic Development Foundation.

A copy of NDCC Section 15-10-41 is attached. Since the statutory language regarding centers of excellence was incorporated in the appropriations bill for the Department of Commerce (2003 House Bill No. 1019), portions of that bill's legislative history which cover amendments relating to centers of excellence are also attached. References to centers of excellence in the conference committee minutes do not appear to add much clarity to the specific language in Section 15-10-41.

ATTACH:2