

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET SECTION

Thursday and Friday, December 10-11, 1998
Senate Chamber, State Capitol
Bismarck, North Dakota

Representative Jack Dalrymple, Chairman, called the meeting to order at 1:00 p.m.

Members present: Representatives Jack Dalrymple, Ole Aarsvold, LeRoy G. Bernstein, James Boehm, Rex R. Byerly, Ron Carlisle, Al Carlson, Jeff W. Delzer, Pam Guleson, Serenus Hoffner, Robert Huether, James Kerzman, Edward H. Lloyd, David Monson, Ronald Nichols, Ken Svedjan, Mike Timm, Ben Tollefson, Francis J. Wald, Janet Wentz; Senators John Andrist, Bill L. Bowman, Tony Grindberg, Ray Holmberg, Aaron Krauter, Ed Kringstad, Elroy N. Lindaas, Tim Mathern, Gary J. Nelson, David E. Nething, Larry J. Robinson, Ken Solberg, Rod St. Aubyn, Steve Tomac

Members absent: Representatives Merle Boucher, John Dorso, Jim Poolman; Senators Pete Naaden, Harvey D. Tallackson

Others present: See attached appendix

1999-2001 EXECUTIVE BUDGET REVENUE FORECAST

At the request of Chairman Dalrymple, Mr. Rod Backman, Office of Management and Budget, presented information on the executive budget revenue forecast for the 1999-2001 biennium and the status of the state general fund for the 1997-99 and 1999-2001 bienniums. A copy of the information presented is on file in the Legislative Council office. Mr. Backman discussed the economic assumptions used in the executive budget revenue forecast, including the price of oil increasing from \$10.84 per barrel in 1999 to \$13.25 per barrel in 2001 and production staying constant at approximately 100,000 barrels per day.

Mr. Backman presented the following information on the status of the state general fund:

Unobligated general fund balance - July 1, 1997	\$65,000,000
Add:	
Estimated general fund collections (based on the November 1998 revenue forecast)	1,483,463,193
Less:	
Estimated general fund expenditures for the 1997-99 biennium (appropriation authority of \$1,489,240,087 less turnback of \$20,900,000, plus a recommended deficiency appropriation of \$22,142,447)	1,490,482,534
Estimated general fund balance - June 30, 1999 (\$47.1 million more than the legislative estimate of \$10,855,936)	\$57,980,659
Add:	
Estimated general fund revenue for the 1999-2001 biennium	1,567,585,848
Less:	
Recommended general fund appropriations for the 1999-2001 biennium	1,615,319,416
Estimated general fund balance - June 30, 2001	\$10,247,091

Mr. Backman said 1999-2001 biennium general fund revenues are projected to be \$1.57 billion, which is 5.7 percent more than the current estimate for the 1997-99 biennium. Mr. Backman said general fund revenues for the 1999-2001 biennium include a \$60 million transfer from the Bank of North Dakota compared to the \$29.6 million transfer included in the 1997-99 biennium general fund revenue forecast.

In response to a question from Representative Carlson, Mr. Backman said the \$20.9 million estimated general fund turnback included in the 1999-2001 biennium general fund revenue forecast includes the estimated \$12.3 million turnback from the foundation aid program.

1999-2001 EXECUTIVE BUDGET RECOMMENDATIONS

At the request of Chairman Dalrymple, Ms. Sheila Peterson, Office of Management and Budget, introduced the executive budget analysts and discussed the availability of executive budget summary and detail books for legislators. Ms. Peterson discussed the executive recommendations for capital projects. She said the executive budget includes \$50.8 million in capital projects, \$24.7 million in extraordinary repairs, and \$411.8 million in other capital improvement projects. She said these projects are recommended to be paid from the following sources: \$24.2 million from the state general fund,

\$309.8 million from federal funds, and \$153.3 million from other funds.

In response to a question from Senator Krauter, Ms. Peterson said the executive recommendation includes the issuance of bonds in the amount of \$52 million for Grand Forks flood control and \$20 million for construction of a Devils Lake outlet and other water development projects. She said these bonds will not be issued by the state building authority and will not be subject to the statutory limitation provided by North Dakota Century Code (NDCC) Section 54-17.2-23.

In response to a question from Senator Robinson, Ms. Peterson said the executive budget recommendation assumes that capital projects under \$1 million will be paid from the general fund or other funds, not from bonding proceeds.

Representative Byerly expressed concern that the executive budget recommendation assumes the proposed bonds for the Grand Forks and Devils Lake projects will not be subject to the statutory limitation on bonding authority. Ms. Peterson said the executive budget proposal is similar to 1997 House Bill No. 1482, which authorized the State Water Commission to issue up to \$20 million of bonds for the construction of an outlet to Devils Lake or for other water development projects. She said the bonds authorized by House Bill No. 1482 were not subject to the limitation provided in NDCC Section 54-17.2-23.

At the request of Chairman Dalrymple, Mr. Dan LeRoy, Central Personnel Division, presented information on executive recommendations for state employee compensation. A copy of the information presented is on file in the Legislative Council office. Mr. LeRoy said the Central Personnel Division recommends that the Legislative Assembly continue to provide state agencies flexibility in distributing salary increases and that the state salary structure be revised to reduce the number of salary ranges and to adjust the midpoints of salary ranges.

Mr. LeRoy said the executive budget includes three adjustments to address employee compensation:

1. Salary adjustments for classified employees --\$5.4 million (\$2.7 million from the general fund, \$2.7 million from other funds).
2. Salary adjustments for elected and appointed officials--\$394,699 (\$306,557 from the general fund, \$88,142 from other funds).
3. Annual employee salary increases of three percent per year, distributed at the discretion of each state agency.

At the request of Chairman Dalrymple, Ms. Arvy Smith, Office of Management and Budget, presented information on executive budget recommendations for health and human services agencies. A copy of the information presented is on file in the Legislative Council office. Ms. Smith said the executive recommendation for the Department of Health is

\$88.5 million (\$15 million from the state general fund), a 12.6 percent increase from the 1997-99 biennium; the executive recommendation for the Veterans Home is \$8.45 million (\$2.5 million from the state general fund), a 14.5 percent increase from the 1997-99 biennium; and the executive recommendation for the Children's Services Coordinating Committee is \$6.8 million from special funds, a 20 percent increase from the 1997-99 biennium.

Senator Nething asked if the executive recommendation changed the allocation of Children's Services Coordinating Committee refinancing proceeds from the allocation provided by the 1997 Legislative Assembly. Ms. Smith said the percentage allocated to regional and tribal committee administrative costs was increased from 18 to 20 percent, and the percentage allocated to regional and tribal committee grants was decreased from 42 to 40 percent.

Senator Solberg expressed concern that by spending funds carried over from the 1995-97 biennium, regional and tribal children's services coordinating committees spent more on 1997-99 biennium administrative costs than had been anticipated by the 1997 Legislative Assembly.

Ms. Smith said the executive budget recommendation for the Department of Human Services is \$1.216 billion (\$355.2 million from the state general fund), a 3.1 percent increase from the 1997-99 biennium. She said the executive recommendation for the State Hospital eliminates 75.5 FTE positions and provides for the closure of one chemical dependency ward and the transfer of 14 patients to a community geropsychiatric program.

In response to a question from Senator Nething, Ms. Smith said the executive recommendation for the State Hospital is based on a projected population of 161 patients, which is based on the State Hospital's budget request, adjusted for the programs eliminated in the executive budget.

At the request of Chairman Dalrymple, Ms. Karen Borr, Office of Management and Budget, presented information on the executive budget recommendations for the Department of Public Instruction and other education agencies. She said the executive recommendation for the Department of Public Instruction is \$733 million (\$539.3 million from the state general fund), a 1.8 percent increase from the 1997-99 biennium. She said the executive recommendation for the foundation aid program is \$475.9 million, a \$9.6 million increase from the 1997-99 biennium appropriation.

In response to a question from Senator Andrist, Ms. Borr said the executive recommendation includes \$398,000 for a certification program for teachers. She said through the proposed program, certified teachers will receive an additional \$5,000 salary each year, from moneys appropriated by the Legislative Assembly.

At the request of Chairman Dalrymple, Ms. Celeste Kubasta, Office of Management and Budget, presented information on the executive recommendation for the North Dakota University System office and the institutions of higher education. Ms. Kubasta said the executive recommendation for all higher education institutions provides a \$29.7 million, or 9.8 percent, general fund increase from the 1997-99 biennium appropriation. She said the executive recommendation includes a \$16.9 million salary pool to provide the board flexibility to address needs at each campus.

Ms. Kubasta said the executive budget recommendation includes tuition increases of five percent per year at University of North Dakota and North Dakota State University; 4.6 percent per year at Minot State University; 4 percent per year at Mayville State University, Valley City State University, and Dickinson State University; and 2.5 percent per year at Bismarck State College, UND-Lake Region, UND-Williston, and the State College of Science.

Ms. Kubasta discussed the executive budget recommendations for the Upper Great Plains Transportation Institute, the North Dakota State University Extension Service, the Northern Crops Institute, the North Dakota State University Main Research Center, and the research and extension centers. She said the executive recommendation for the Main Research Station includes \$422,400 for salary adjustments at the Main Station, research and extension centers, the NDSU Extension Service, the Upper Great Plains Transportation Institute, and the Northern Crops Institute.

Ms. Kubasta discussed the executive budget recommendation for the Department of Transportation which is \$635.2 million of other funds, a 13.6 percent increase from the 1997-99 biennium. She said the executive recommendation continues the current motor fuel tax, increases registration fees for passenger cars, pickups, farm trucks, and commercial trucks, and provides a \$2.8 million appropriation for the issuance of new license plates.

Representative Delzer asked if legislative authorization is required to issue new license plates. Senator Nething said the legislative approval is provided through the appropriation process. Mr. Chester E. Nelson, Jr., Legislative Budget Analyst and Auditor, Legislative Council, said a separate bill is not required to authorize the Department of Transportation to issue new license plates, but the department will be required to follow any legislative intent specified in the appropriation bill.

At the request of Chairman Dalrymple, Mr. Jeff Larshus presented information on the executive budget recommendations for the Department of Agriculture, State Seed Department, and the State Fair. Mr. Larshus said the executive recommendation for the Department of Agriculture is \$8.7 million

(\$4.6 million from the state general fund), a 14.6 percent reduction from the 1997-99 biennium.

At the request of Chairman Dalrymple, Mr. Dave Krabbenhoft presented information on the executive recommendations for the Department of Economic Development and Finance and Job Service North Dakota. He said the executive recommendation for the Department of Economic Development and Finance is \$12.7 million (\$9 million from the state general fund), a 5.9 percent reduction from the 1997-99 biennium and the executive recommendation for Job Service North Dakota is \$58.4 million (\$2 million from the state general fund), a 4.5 percent reduction from the 1997-99 biennium.

The committee recessed at 4:40 p.m. and reconvened at 9:00 a.m., Friday, December 11, 1998.

BILL DRAFT RELATING TO DICKINSON STATE UNIVERSITY STUDENT UNION PROJECT

A copy of a bill draft authorizing the State Board of Higher Education to issue and sell self-liquidating, tax-exempt bonds in an amount not exceeding \$1.5 million for the purpose of renovating and expanding the student union at Dickinson State University was distributed to members of the committee.

Representative Wald said the 1995 Legislative Assembly approved the project and provided authority for Dickinson State University to issue bonds. He said because of other projects at the institution, the project was not started during the 1995-97 biennium. He said Chapter 3 of the 1995 Session Laws provided the authority to issue the bonds only during the 1995-97 biennium, and consequently, this bill is required to reauthorize the issuance of bonds by Dickinson State University for the project.

Representative Byerly said it would be more appropriate for the bill to be introduced by an individual legislator rather than by the Budget Section. He said bills authorizing capital projects are usually introduced either to support the executive budget or at the request of individual legislators. He said the approval and introduction of this bill by the Budget Section would bypass the regular budget process. Senator Nething said it is appropriate for this issue to be addressed by the Budget Section. He said approval of the bill draft will show support for the project and will expedite the project's authorization by the Legislative Assembly. Chairman Dalrymple said Budget Section approval of the bill draft will not authorize the project. He said the 1999 Legislative Assembly will still be required to vote on the bill.

It was moved by Representative Wald, seconded by Senator Bowman, and carried on a roll call vote that the bill draft relating to the renovation and expansion of the student union at Dickinson State University be approved and introduced to the 1999 Legislative Assembly.

Representatives Dalrymple, Aarsvold, Carlisle, Carlson, Hoffner, Huether, Kerzman, Lloyd, Monson, Svedjan, Timm, Wald, and Wentz and Senators Andrist, Bowman, Grindberg, Holmberg, Krauter, Kringstad, Lindaas, Mathern, Nething, Robinson, and St. Aubyn voted "aye." Representatives Bernstein, Boehm, Byerly, and Delzer and Senator Solberg voted "nay."

INSURANCE DEPARTMENT REPORT ON INSURANCE PAYMENTS DISTRIBUTED TO FIRE DISTRICTS

At the request of Chairman Dalrymple, Mr. Ken Rood, Insurance Department, presented information on the amount of insurance payments distributed to fire districts and actions taken by the department to stabilize distributions to fire districts, as required by Section 8 of 1997 House Bill No. 1010. A copy of the information presented is on file in the Legislative Council office. Mr. Rood said that pursuant to NDCC Section 26.1-03-17, the Insurance Department collects a tax based on the gross amount of insurance premiums collected within the state at the rate of two percent with respect to life insurance and 1.75 percent with respect to all other lines of insurance. Collections from this tax, up to \$2.6 million per year, are deposited into the insurance tax distribution fund and distributed to fire districts. Mr. Rood said each fire district receives a proportionate share of the \$2.6 million annual distribution based on the amount of insurance premium tax collected in each district. Mr. Rood said variances occur because the volume of insurance premiums collected varies from district to district and from year to year. Mr. Rood said to comply with legislative intent contained in 1997 House Bill No. 1010, the Insurance Department has developed procedures to identify and analyze significant variances in the amount of premium tax allocated to fire districts to ensure that districts are treated equitably.

Representative Huether suggested that the department use a three-year average of insurance premium tax collections to reduce variances in the amounts allocated to districts. Mr. Rood said using a three-year average method to determine distributions would reduce variances, but would not be permissible under NDCC Section 18-04-05.

In response to a question from Representative Wald, Mr. Rood said significant year-to-year variances in the amount of crop insurance purchased by farmers leads to significant variances in the amount of insurance premium tax collected and distributed to fire districts.

DEVELOPMENTAL CENTER TRAUMATIC BRAIN INJURY PROGRAM

At the request of Chairman Dalrymple, Ms. Karen Shimek, Developmental Center, presented a request

to establish a traumatic brain injury program at the Developmental Center, pursuant to Section 29 of 1997 House Bill No. 1012. Pursuant to this section, the request was considered and approved by the Emergency Commission on December 2, 1998. Ms. Shimek said the Developmental Center proposes to establish the program in the Cedar Grove building at the Developmental Center. She said the portion of the Cedar Grove building designated for the traumatic brain injury unit will be licensed as a skilled nursing facility. She said the Developmental Center proposes to establish the program for one to four individuals but could accommodate up to 12 individuals in the Cedar Grove building. She said the Developmental Center has estimated that four patients with traumatic brain injury could be served by the center at a per patient cost of approximately \$195 per day.

In response to a question from Senator Nething, Ms. Shimek said the proposed Developmental Center program will not be in competition with existing programs in North Dakota. She said the program would be established to handle North Dakota patients currently being served out of state at a cost of approximately \$300 per day.

Senator Krauter expressed concern that the Legislative Council's interim Budget Committee on Long-Term Care did not receive any information from the Department of Human Services on the proposed traumatic brain injury program at the Developmental Center.

Representative Delzer said the Developmental Center's proposed traumatic brain injury program should be considered by the 1999 Legislative Assembly along with 1999 Senate Bill No. 2038, recommended by the Budget Committee on Long-Term Care, which allows for the establishment of a traumatic brain injury facility in western North Dakota.

Representative Timm expressed concern that the program might be authorized by the Budget Section and established by the Developmental Center but not funded for the 1999-2001 biennium by the 1999 Legislative Assembly. Senator St. Aubyn said funding for the program for the 1999-2001 biennium will be included in the Department of Human Services budget. He said funds necessary to establish the program are currently being paid to out-of-state facilities, and the 1999 Legislative Assembly will be required to appropriate money to pay those costs whether or not the Developmental Center program is established.

Representative Byerly said the Developmental Center's traumatic brain injury program should have been addressed by an interim Legislative Council committee and, if appropriate, included in an interim bill approved by the Legislative Council.

Senator Bowman expressed concern about the potential costs to be incurred by the Developmental Center and questioned whether establishment of the

program will result in savings to the state in the care of traumatic brain-injured patients.

Representative Svedjan said the 1997 Legislative Assembly provided legislative intent that the Developmental Center could establish a traumatic brain injury program if it was determined that there would be no additional cost incurred to care for patients within the state. He said he is concerned about the potential cost of the program if it is authorized by the Budget Section for one to four patients, then expanded by the Developmental Center to include up to 12 patients.

It was moved by Representative Svedjan, seconded by Representative Lloyd, and carried on a voice vote that the Budget Section table Emergency Commission Request #1182 from the Department of Human Services to allow the establishment of a traumatic brain injury program at the Developmental Center.

DEPARTMENT OF HUMAN SERVICES TECHNOLOGY PROJECTS

At the request of Chairman Dalrymple, Mr. Roger Hertz, Department of Human Services, presented information on the status of two of the department's computer projects: the medical/temporary assistance for needy families (TANF) project and the State Hospital project. A copy of the information presented is on file in the Legislative Council office. Mr. Hertz said the amount appropriated by the 1997 Legislative Assembly for the medical/TANF computer project was \$2.9 million, but the only bid received for the project was in excess of \$10 million. He said the department is discussing with the Information Services Division, the possibility of using a combination of Information Services Division staff and other staff to complete the project. The project, if completed in this manner with the approval of the Legislative Assembly, is currently estimated to cost approximately \$5 million.

Mr. Hertz said the State Hospital project continues on schedule. He said to complete the project, the various software modules included in the project must be evaluated and tested. He said the department has set aside a reserve of \$25,000 to address unanticipated needs identified during the evaluation process. He said the department is requesting Budget Section approval to increase the total budget for the project from \$1.8 million to \$1,890,000 to address unanticipated needs that may become apparent during the evaluation process.

Senator Nething asked how the department arrived at the \$90,000 figure. Mr. Hertz said there are 14 software modules involved in the project which will each be tested and evaluated. He said additional costs could result from required vendor modifications, staff training, or additional software. He said the \$90,000 figure is based on five percent of the original project budget of \$1.8 million.

It was moved by Senator Nething, seconded by Representative Carlisle, and carried on a voice

vote that pursuant to Section 19 of 1997 House Bill No. 1012, the Budget Section approve increasing the budget for the State Hospital computer project from \$1,800,000 to \$1,890,000.

EMERGENCY COMMISSION REQUESTS

Chairman Dalrymple directed the committee to consider agency requests authorized by the Emergency Commission and forwarded to the Budget Section, pursuant to North Dakota Century Code (NDCC) Sections 54-16-04, 54-16-04.1, and 54-16-04.2. Information relating to the requests was distributed to Budget Section members prior to the meeting and is on file in the Legislative Council office.

Senator Solberg requested that Emergency Commission Request #1187 relating to the Department of Corrections and Rehabilitation be considered separately. Senator St. Aubyn requested that Emergency Commission Request #1185 relating to the Department of Agriculture be considered separately. Representative Carlson requested that Emergency Commission Request #1188 relating to the Department of Corrections and Rehabilitation be considered separately. Representative Delzer requested that Emergency Commission Requests #1180 and #1181 relating to the Department of Human Services be considered separately.

Representative Delzer suggested that the 1999 Legislative Assembly, rather than the Budget Section, should consider the establishment of the program proposed in Emergency Commission Request #1180. Ms. Brenda Weisz, Department of Human Services, said the department has been awarded a new federal grant to establish community programs to reduce the number of minors consuming alcohol and wants to move forward with the project as quickly as possible. In response to a question from Representative Delzer, she said the grant is a two-year grant, and the department does not plan to request general fund appropriation authority to replace the federal funds when the grant ends.

In response to a question from Senator Nething, Ms. Weisz said the authority for the project during the 1999-2001 biennium is included in the agency's budget request.

It was moved by Senator Nething, seconded by Representative Huether, and carried on a roll call vote that pursuant to North Dakota Century Code Section 54-16-04.1, the Budget Section approve Emergency Commission Request #1180 from the Department of Human Services to increase federal funds spending authority and the operating expenses line item by \$150,000 for community programs to reduce the number of minors consuming alcohol and that the authority for the program be for the 1997-99 biennium only unless authorized by the 1999 Legislative Assembly.

Representatives Dalrymple, Aarsvold, Bernstein, Carlisle, Hoffner, Huether, Kerzman, Svedjan, and

Wentz and Senators Bowman, Grindberg, Krauter, Lindaas, Mathern, Nething, Robinson, St. Aubyn, and Tomac voted "aye." Representatives Boehm, Byerly, Carlson, Delzer, Lloyd, and Monson and Senator Solberg voted "nay."

In response to a question from Representative Delzer, Ms. Weisz said Emergency Commission Request #1181 relates to a federal grant awarded to the department to evaluate a program that was established through a previous federal grant.

It was moved by Senator Nething, seconded by Representative Hoffner, and carried on a roll call vote that the Budget Section approve the following request which has been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to North Dakota Century Code Section 54-16-04.1:

- **Department of Human Services (Request #1181) - To increase federal funds spending authority by \$208,290 (\$18,921 for salaries and wages, \$189,369 for operating expenses) for evaluation of the department's substance abuse services delivery system.**

Representatives Dalrymple, Aarsvold, Bernstein, Byerly, Carlisle, Carlson, Hoffner, Huether, Kerzman, Lloyd, Monson, Svedjan, and Wentz and Senators Andrist, Bowman, Grindberg, Krauter, Lindaas, Mathern, Nething, Robinson, Solberg, St. Aubyn, and Tomac voted "aye." Representative Delzer voted "nay."

In response to a question from Senator St. Aubyn, Mr. Jeff Weispfenning, Department of Agriculture, discussed Request #1185 to increase federal funds spending authority by \$25,000 for the design, development, and promotion of an Internet web site for the Pride of Dakota program. Mr. Weispfenning was unsure if the development of the Pride of Dakota web site was part of the department's information technology plan. He said the grant for the web site was effective June 1, 1998, and will expire May 30, 1999.

Senator Solberg said the \$25,000 cost for the web site seemed excessive. Mr. Weispfenning said the proposed site is more expensive to establish than typical web sites because it will allow for secure transactions for people ordering merchandise from the Pride of Dakota program.

In response to a question from Senator Grindberg, Mr. Weispfenning said companies listed on the Pride of Dakota web site will pay a \$350 fee and a percentage of their Internet sales.

It was moved by Senator St. Aubyn, seconded by Senator Robinson, and carried on a roll call vote that pursuant to North Dakota Century Code Section 54-16-04.1, the Budget Section approve Emergency Commission Request #1185 from the Department of Agriculture to increase federal funds spending authority and the operating expenses line item by \$25,000 for the design,

development, and promotion of an Internet web site for the Pride of Dakota program, subject to the Department of Agriculture amending its information technology plan to include the design, development, and promotion of the web site and the approval of that plan by the Information Services Division.

Representatives Dalrymple, Aarsvold, Carlisle, Hoffner, Huether, Kerzman, Lloyd, Monson, Nichols, and Wentz and Senators Andrist, Grindberg, Krauter, Lindaas, Mathern, Nelson, Nething, Robinson, St. Aubyn, and Tomac voted "aye." Representatives Bernstein, Boehm, Byerly, Carlson, Delzer, and Wald and Senators Bowman and Solberg voted "nay."

Senator Solberg questioned the necessity of the equipment purchases proposed by the Department of Corrections and Rehabilitation - Roughrider Industries in Emergency Commission Request #1187. Senator Solberg said that through the appropriation process, the 1999 Legislative Assembly should address the need for these equipment items.

It was moved by Senator Solberg and seconded by Representative Byerly that the Budget Section table Emergency Commission Request #1187 from the Department of Corrections and Rehabilitation - Roughrider Industries to transfer \$300,000 of spending authority from operating expenses to equipment for equipment purchases at the Bismarck and Jamestown facilities.

Representatives Bernstein, Boehm, Byerly, Carlson, Delzer, Monson, Svedjan, and Wald and Senators Andrist, Bowman, Grindberg, Nelson, Solberg, and St. Aubyn voted "aye." Representatives Dalrymple, Aarsvold, Carlisle, Hoffner, Huether, Kerzman, Lloyd, Nichols, and Wentz and Senators Krauter, Lindaas, Mathern, Nething, Robinson, and Tomac voted "nay." **The motion failed.**

It was moved by Senator Nething, seconded by Representative Carlisle, and carried on a roll call vote that the Budget Section approve the following request which has been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to North Dakota Century Code Section 54-16-04:

- **Department of Corrections and Rehabilitation - Roughrider Industries (Request #1187) - To transfer \$300,000 of spending authority from operating expenses to equipment for equipment purchases at the Bismarck and Jamestown facilities.**

Representatives Dalrymple, Aarsvold, Carlisle, Hoffner, Huether, Kerzman, Nichols, and Wentz and Senators Holmberg, Krauter, Lindaas, Mathern, Nething, Robinson, and Tomac voted "aye." Representatives Bernstein, Boehm, Byerly, Carlson, Delzer, Lloyd, Svedjan, and Wald and Senators Andrist, Bowman, Grindberg, Nelson, Solberg, and St. Aubyn voted "nay."

Representative Carlson asked if the two addiction counselor positions for which authorization is requested by the Department of Corrections and Rehabilitation - Adult Services Division in Emergency Commission Request #1188 will be permanent positions. Mr. Backman said the department plans to continue the addiction counseling program next biennium and has requested authority for the positions in its 1999-2001 biennium budget request. Senator Nething said the department needs the positions to establish an addiction treatment program to meet the needs of inmates at the James River Correctional Center.

Representative Byerly expressed concern about the lack of shared services between the James River Correctional Center and the State Hospital. He said the 1999 Legislative Assembly should consider the issue of establishing an addiction treatment program at the James River Correctional Center when it considers funding for the State Hospital and the Department of Corrections and Rehabilitation. Representative Carlson said it seems inappropriate for the Budget Section to authorize two new positions now, then reconsider those positions during the 1999 legislative session.

It was moved by Senator Robinson, seconded by Representative Carlisle, and carried on a roll call vote that the Budget Section approve the following request which has been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to North Dakota Century Code Section 54-16-04.1:

- **Department of Corrections and Rehabilitation - Adult Services Division (Request #1188) - To increase federal funds spending authority by \$58,320 for salaries and wages and to authorize two FTE addiction counselor positions for the James River Correctional Center.**

Representatives Dalrymple, Aarsvold, Carlisle, Hoffner, Huether, Kerzman, Nichols, Svedjan, Wald, and Wentz and Senators Andrist, Grindberg, Holmberg, Krauter, Lindaas, Mathern, Nelson, Nething, Robinson, St. Aubyn, and Tomac voted "aye." Representatives Bernstein, Boehm, Byerly, Carlson, Delzer, and Lloyd and Senators Bowman and Solberg voted "nay."

It was moved by Senator St. Aubyn, seconded by Senator Robinson, and carried on a roll call vote that the Budget Section approve the following requests which have been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to North Dakota Century Code Sections 54-16-04, 54-16-04.1, and 54-16-04.2:

- **Office of Administrative Hearings (Request #1173) - To increase other funds spending authority and the operating expenses line item**

by \$74,000 for professional services relating to Workers Compensation Bureau hearings.

- **Children's Services Coordinating Committee (Request #1175) - To increase other funds spending authority and the grants line item by \$2 million of refinancing proceeds.**
- **Department of Corrections and Rehabilitation - Central Office (Request #1176) - To increase federal funds spending authority by \$20,889 for operating expenses (\$13,500) and equipment (\$7,389) for correctional officers and managers training and a data projection system and to transfer spending authority of \$2,874 from the operating expenses line item to the equipment line item to provide the required match for the equipment purchase.**
- **Department of Transportation (Request #1178) - To increase other funds spending authority and the highways program line item by \$30 million (\$25 million federal funds, \$5 million from the state highway fund) for highway construction.**
- **Department of Corrections and Rehabilitation - Adult Services Division (Request #1179) - To transfer \$175,000 of spending authority from the victims services program line item to the institutional offender services program line item for additional institutional offenders services program costs relating to background checks on incoming inmates, informational summaries on inmates appearing before the parole board, and identifying inmates for community placement.**
- **Parks and Recreation Department (Request #1183) - To transfer \$100,000 of spending authority from the administration program line item to the natural resources program line item to allow the expenditure of additional special funds collected by the agency.**
- **Department of Agriculture (Request #1184) - To increase federal funds spending authority and the operating expenses line item by \$60,000 for a contract coordinator and facility rental for the department's "Marketplace '99" event and for an evaluation of the impact of the event on the state's rural economy.**
- **Aeronautics Commission (Request #1186) - To transfer \$250,000 of spending authority from the grants line item to the operating expenses line item to allow the receipt and expenditure of additional planning grant funds for airport layout plans and master plans for Cando, Valley City, Washburn, Edgeley, Lakota, Glen Ullin/Hebron, and Kindred.**
- **Dickinson Research Extension Center (Request #1189) - To increase other funds spending authority and the equipment line item by \$130,000 of oil royalty income for the**

purchase of a specialized combine for the center's agronomy program.

- **Labor Commissioner (Request #1190)** - To increase federal funds spending authority by \$5,450 of additional funds received through the state's Equal Employment Opportunity Commission (EEOC) contract.
- **Division of Emergency Management (Request #1191)** - To increase federal funds spending authority by \$80,575,000 of disaster assistance funds for grants (\$80 million), salaries and wages (\$445,000), and operating expenses (\$130,000).
- **Highway Patrol (Request #1192)** - To increase federal funds spending authority and the field operations line item by \$150,000 for a grant which will be provided to the Upper Great Plains Transportation Institute at North Dakota State University for software development associated with the motor carrier safety assistance program.
- **Office of Management and Budget - Facility Management (Request #1193)** - To increase other funds spending authority and the facility management program line item by \$97,750 for the replacement of a boiler and a lighting retrofit project in the Liberty Memorial building.
- **Office of Intergovernmental Assistance (Request #1194)** - To increase federal funds spending authority and the grants line item by \$4,400,000 of federal disaster assistance funds.

Representatives Dalrymple, Aarsvold, Bernstein, Boehm, Byerly, Carlisle, Carlson, Delzer, Hoffner, Huether, Kerzman, Lloyd, Nichols, Svedjan, Wald, and Wentz and Senators Bowman, Grindberg, Holmberg, Krauter, Lindaas, Mathern, Nelson, Nething, Robinson, Solberg, St. Aubyn, and Tomac voted "aye." No negative votes were cast.

At the request of Chairman Dalrymple, General Keith D. Bjerke, Adjutant General, discussed Emergency Commission Request #1171 which was authorized by the Emergency Commission on November 5, 1998, to increase other funds spending authority for the office of the Adjutant General by \$6,020,000. General Bjerke said the request included \$6 million of federal funds and \$20,000 of special funds.

It was moved by Representative Wald, seconded by Senator Holmberg, and carried on a voice vote that pursuant to NDCC Sections 54-16-04.1 and 54-16-04.2, the Budget Section approve Emergency Commission Request #1171 from the office of the Adjutant General to increase federal and other funds spending authority by \$6,020,000.

At the request of Chairman Dalrymple, information was distributed to committee members relating to Emergency Commission Request #1191 from the Division of Emergency Management for additional

spending authority for federal funds received for flood-related disasters. A copy of the information distributed is on file in the Legislative Council office.

CONTINUATION OF EXECUTIVE BUDGET RECOMMENDATIONS

At the request of Chairman Dalrymple, Ms. Borr discussed the executive budget recommendations for the Highway Patrol, State Radio Communications, Division of Emergency Management, Adjutant General, and the Department of Corrections and Rehabilitation. She said the executive recommendation for the Department of Corrections and Rehabilitation is \$92.7 million (\$67.1 million from the state general fund), 23.4 percent more than the 1997-99 biennium appropriation. She said the executive recommendation for the Department of Corrections and Rehabilitation includes funds to complete the fifth and sixth floors of the James River Correctional Center and to expand the Youth Correctional Center educational program to 12 months.

At the request of Chairman Dalrymple, Mr. Krabbenhoft discussed the executive recommendations for the State Historical Society, Council on the Arts, Game and Fish Department, Tourism Department, Parks and Recreation Department, Homestead Tax Credit, Governor's office, Secretary of State, State Auditor, State Treasurer, Attorney General, Tax Commissioner, Office of Administrative Hearings, and Insurance Commissioner.

At the request of Chairman Dalrymple, Mr. Larshus presented information on the executive recommendations for the Department of Labor, Aeronautics Commission, Department of Banking and Financial Institutions, and the Securities Commissioner.

At the request of Chairman Dalrymple, Ms. Eileen Holwegner, Office of Management and Budget, presented information on the executive recommendations for the Office of Management and Budget, Information Services Division, Central Services Division, Retirement and Investment Office, and Public Employees Retirement System.

At the request of Chairman Dalrymple, Ms. Borr presented information on the executive recommendations for the Industrial Commission, Bank of North Dakota, Housing Finance Agency, and Mill and Elevator.

COMMITTEE DISCUSSION AND STAFF DIRECTIVES

Mr. Nelson said the Legislative Council fiscal staff will prepare an analysis of the executive budget which will be available to legislators at the start of the 1999 legislative session. He said the Legislative Council will also have available a booklet on tour group reports which were presented to the Budget Section during the 1997-98 interim.

Senator Solberg requested that the Legislative Council staff prepare information on all requests

authorized by the Emergency Commission which provided additional spending authority to state agencies and institutions during the 1997-99 biennium.

The meeting was adjourned subject to the call of the chair at 12:40 p.m.

Joe R. Morrissette
Senior Fiscal Analyst

Chester E. Nelson, Jr.
Legislative Budget Analyst and Auditor

ATTACH:1