

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON HEALTH CARE

Monday, Tuesday, and Wednesday, July 31-August 2, 2000

International Peace Garden, Dunseith, North Dakota

Minot State University - Bottineau and Forest Service, Bottineau, North Dakota

Minot State University, North Central Research Extension Center,

State Fair Association, North Central Human Service Center, and

Minot Vocational Adjustment Workshop, Inc., Minot, North Dakota

Representative Clara Sue Price, Chairman, called the meeting to order at 12:05 p.m.

Members present: Representatives Clara Sue Price, Audrey Cleary, William R. Devlin, David Drovdal, Todd Porter, Dale C. Severson, Ken Svedjan; Senators Judy L. DeMers, Tom Fischer, Ralph Kilzer, Randy A. Schobinger

Members absent: Representatives Byron Clark, Serenus Hoffner, Keith A. Kempenich, Deb Lundgren, Carol A. Niemeier, Wanda Rose; Senators Marv Mutzenberger, Russell T. Thane

Others present: See attached appendix

INTERNATIONAL PEACE GARDEN - BUDGET TOUR

Following a luncheon provided by the International Peace Garden, Chairman Price called on Mr. John McQueen, Executive Director, International Peace Garden, who introduced the members of the International Peace Garden Board of Directors present at the meeting. Mr. McQueen distributed International Peace Garden budget information and visitation statistics, a letter from Dr. David F. Anderson, President, International Peace Garden, and an informational brochure. A copy of each document is on file in the Legislative Council office.

Mr. Phil Lowe, International Peace Garden Board of Directors, Minot, discussed the horticulture operations of the International Peace Garden. He said each year the Peace Garden grows and plants approximately 150,000 annual flowers, but plans to increase the number of perennial flowers planted to provide more color in the floral gardens during spring and early summer.

Mr. Charles Refling, International Peace Garden Board of Directors, Bottineau, discussed the economic importance of the International Peace Garden. He said the local economy is primarily reliant upon agriculture, but the International Peace Garden adds an important diversity.

Ms. Pat DeMers, International Peace Garden Board of Directors, Dunseith, discussed visitations to the International Peace Garden and salaries paid to

Peace Garden employees. She said from July 17-24, 2000, 1,635 vehicles entered the Peace Garden, 441 from North Dakota, 533 from other states, 482 from Manitoba, and 179 from other Canadian provinces. She said during calendar year 1999, the International Peace Garden paid salaries of \$264,399 to United States employees and \$145,886 to Canadian employees (amounts in United States currency). She said salaries paid to International Peace Garden employees are primarily spent in local communities and have a significant impact on the local economy.

Mr. Mike Jacobs, International Peace Garden Board of Directors, Gilby, discussed the financial challenges facing the International Peace Garden and the Peace Garden's efforts to obtain private contributions. Mr. Jacobs distributed the Peace Garden's Millennium Peace Campaign fundraising brochure, a copy of which is on file in the Legislative Council office.

In response to a question from Representative Price, Mr. McQueen said he is concerned about the lack of funds available to maintain buildings at the Peace Garden. He said he is concerned infrastructure maintenance and improvement costs will cause funding to be diverted from the operation of the floral gardens at the International Peace Garden.

Mr. Refling said although the funding previously provided to the International Peace Garden by the North Dakota Legislative Assembly is appreciated, a 10 percent increase for the 2001-03 biennium is necessary.

Mr. McQueen said the 1999 North Dakota Legislative Assembly provided a general fund appropriation of \$364,583 to the International Peace Garden for the 1999-2001 biennium. He said for fiscal year 2000, the Manitoba Legislature appropriated \$182,000 (Canadian currency) for the operation of the International Peace Garden and appropriated an additional \$77,000 (Canadian currency) for upgrades to the pavilion.

In response to a question from Representative Svedjan, Mr. McQueen said although the majority of the support for the International Peace Garden comes from the state of North Dakota and the province of

Manitoba, there is no agreement that the support be provided equally by the state and the province.

In response to a question from Representative Svedjan, Mr. Refling said the International Peace Garden is governed by a board of directors, and the land is owned by a nonprofit corporation.

Representative Price said a delegation of North Dakota legislators recently visited Manitoba to meet with members of Manitoba's Legislature. She said members of the Manitoba Legislature have been invited to visit North Dakota during the 2001 legislative session. She said if the Manitoba delegation visits North Dakota, one of the issues discussed should be the funding of the International Peace Garden. Representative Price said based on the questions asked by committee members, it may be helpful for the International Peace Garden to develop information describing the organizational structure and history of the Peace Garden, including sources of funding, and to distribute that information to Appropriations Committee members during the 2001 legislative session.

The committee conducted a tour of the formal gardens at the International Peace Garden, recessed at 1:45 p.m., and traveled to Bottineau.

MINOT STATE UNIVERSITY - BOTTINEAU AND FOREST SERVICE - BUDGET TOUR

The committee reconvened at 2:35 p.m. at Minot State University (MSU) - Bottineau.

Chairman Price called on Dr. Kathleen Corak Sund, Executive Dean, MSU-Bottineau, who presented information on the mission, history, and current programs of MSU-Bottineau. She said between 1994 and 1999, FTE student enrollment increased by 38 percent, and headcount enrollment increased by 50 percent. She also discussed the new information technology program authorized by the 1999 Legislative Assembly.

In response to a question from Senator DeMers, Dr. Corak Sund said approximately half of the students at MSU-Bottineau go on to pursue a four-year degree. She said the percentage of students who transfer to Minot State University has increased due to the affiliation between the two institutions.

Chairman Price called on Mr. Jim Borkowski, MSU-Bottineau, who presented information on campus facilities, the status of the college's 1999-2001 biennium budget, and the amounts included in the college's 2001-03 biennium budget request. He said the highest priority capital project is the replacement of Old Main with an addition to Thatcher Hall at a cost of approximately \$2.7 million. He said the Old Main building violates the Americans with Disabilities Act (ADA) standards and current building codes and would cost more to remodel than to replace. He said the college plans to request funding for this project for the 2003-05 biennium. He said the 2001-03 biennium "hold even" budget request includes \$75,000 for

Thatcher Hall and for central heating plant electrical service upgrades and \$30,000 for ADA improvements.

In response to a question from Senator DeMers, Mr. Borkowski said faculty salary increases averaged 4.5 percent in 2000 and 3.5 percent in 1999.

Chairman Price called on Mr. Larry Kotchman, State Forester, Forest Service, who presented information on the mission and programs of the Forest Service, the status of the agency's 1999-2001 biennium budget, and the amounts included in the agency's 2001-03 biennium budget request. He said the Forest Service will be requesting \$140,000 for capital projects for the 2001-03 biennium. He said the highest priority capital project is construction of a tree storage building at the Towner State Nursery at a cost of \$120,000; the second priority is construction of an equipment storage building at the Lisbon field office at a cost of \$20,000.

In response to a question from Senator Schobinger, Mr. Kotchman said if none of the optional adjustment requests submitted by the agency as part of the 2001-03 biennium budget request are funded, the school tree program will be eliminated. He said the school tree program provides trees and tree planting educational materials to approximately 270 North Dakota schools and 38,000 elementary students each year on Arbor Day. He said if \$61,467 is restored to the Forest Service budget request for the 2001-03 biennium, the program will continue.

A copy of the information presented by Dr. Corak Sund, Mr. Borkowski, and Mr. Kotchman is on file in the Legislative Council office.

The committee conducted a tour of the MSU-Bottineau and Forest Service facilities on the college's campus, recessed at 4:50 p.m., and traveled to Minot.

MINOT VOCATIONAL ADJUSTMENT WORKSHOP, INC.

The committee reconvened at 8:35 a.m., Tuesday, August 1, 2000, at the Minot Vocational Adjustment Workshop, Inc., administrative offices.

It was moved by Representative Drovdal, seconded by Senator DeMers, and carried on a voice vote that the minutes of the June 27-28, 2000, meeting be approved as distributed.

Chairman Price called on Mr. Owen Larson, Director, Minot Vocational Adjustment Workshop, Inc., who presented information on the role, mission, and history of Minot Vocational Adjustment Workshop, Inc. Mr. Larson said Minot Vocational Adjustment Workshop, Inc., is the largest employer of persons with disabilities of any public or private agency in North Dakota. He said in addition to baking, laundry, recycling, and other business operations, Minot Vocational Adjustment Workshop, Inc., currently has eight operational contracts that result in employment for 121 persons with disabilities. A copy of Mr. Larson's testimony is on file in the Legislative Council office.

REPORT ON NURSE LICENSURE EXEMPTIONS FOR MEDICATION ADMINISTRATION

Chairman Price called on Ms. Bonnie Selzler, Department of Human Services, who presented information on the joint recommendation of the Department of Human Services and the Board of Nursing on nurse licensure exemptions for medication administration, pursuant to 1999 House Bill No. 1403. Section 1 of 1999 House Bill No. 1403 adds a new subsection to North Dakota Century Code (NDCC) Section 43-12.1-04 to provide a temporary exemption (through July 31, 2001) from the Nurse Practices Act to certain persons who provide medication administration. The bill directs the Department of Human Services and the Board of Nursing to prepare a joint recommendation relating to the temporary exemption.

Ms. Selzler said the joint recommendation developed by the Department of Human Services and the Board of Nursing is that the temporary exemption provided for in House Bill No. 1403 be made permanent for certain facilities certified by the Department of Human Services. A copy of the information presented by Ms. Selzler is on file in the Legislative Council office.

Chairman Price called on Ms. Constance Kalanek, Executive Director, Board of Nursing, Bismarck, who presented information relating to the joint recommendation on nurse licensure exemptions for medication administration. Ms. Kalanek said the Board of Nursing will introduce a bill for consideration by the 57th Legislative Assembly to provide various changes to NDCC Chapter 43-12.1, including adding a new subsection to Section 43-12.1-04 to provide a permanent exemption from the Nurse Practices Act for:

A person who provides administration of medications, other than by the parenteral route, by staff of a residential treatment center for children licensed under chapter 25-03.2, a treatment or care center for developmentally disabled persons licensed under chapter 25-16, or a residential child care facility licensed under chapter 50-11 certified by the department of human services. A licensed nurse may delegate medication administration to a person exempt from the provisions of chapter 43-12.1 pursuant to this subsection.

A copy of the information presented by Ms. Kalanek is on file in the Legislative Council office.

Senator DeMers said the proposed exemption will not ensure the safety of patients and clients receiving medications. Ms. Selzler said the agency or facility administering the medication is responsible to ensure that it is administered properly. She said quality assurance provisions will be included in the licensure process for facilities licensed by the Department of Human Services. She said persons administering medications will receive training through the

medication assistant program at Minot State University. Ms. Kalanek offered to send information to committee members on the Board of Nursing standards relating to the content of medication assistant courses.

In response to a question from Representative Price, Mr. Larson said the licensure requirements for Minot Vocational Adjustment Workshop, Inc., require that all employees involved in administering medication pass the medication assistant training course offered by Minot State University. He said he supports the joint recommendation on medication administration proposed by the Board of Nursing and the Department of Human Services.

Senator Kilzer said he is concerned with control procedures in small facilities if only one person is involved in administering medication. He suggested a legislative committee receive periodic reports from the Department of Human Services regarding how control issues are being addressed in small facilities.

It was moved by Senator Fischer and seconded by Representative Devlin that the Budget Committee on Health Care accept the joint recommendation of the Board of Nursing and the Department of Human Services presented pursuant to 1999 House Bill No. 1403 and recommend that the 57th Legislative Assembly support the recommendation, which will provide a permanent exemption from the Nurse Practices Act for persons administering medications in certain treatment and residential care facilities licensed or certified by the Department of Human Services.

Representative Devlin said the bill which will include the statutory changes necessary to implement the recommendation of the Board of Nursing and the Department of Human Services will be submitted to the 57th Legislative Assembly by the Board of Nursing. He said the committee's support for the portion of the joint recommendation relating to nurse licensure exemptions for the administration of medication does not indicate support for other statutory changes which may be included in the bill.

Representatives Price, Cleary, Devlin, Drovdal, Porter, Severson, and Svedjan and Senators Fischer, Kilzer, and Schobinger voted "aye." Senator DeMers voted "nay." **The motion carried.**

CHILDREN'S HEALTH INSURANCE PROGRAM

Chairman Price called on the Legislative Council staff who presented a bill draft relating to eligibility criteria for medical assistance benefits. The bill draft amends NDCC Section 50-24.1-02.6 to:

- Eliminate the asset limitation for Medicaid eligibility for children and pregnant women (consistent with the Healthy Steps program).
- Change from monthly to annually the Medicaid income review period for children and

pregnant women (consistent with the Healthy Steps program).

Chairman Price called on Mr. David Zentner, Department of Human Services, who presented information regarding the estimated fiscal impact of the bill draft. A copy of the information presented is on file in the Legislative Council office. Mr. Zentner said the department estimates that 631 children currently enrolled in the Healthy Steps program will become eligible for Medicaid if the asset limitation is eliminated. He said the department estimates that, in addition, 736 children who are currently uninsured will qualify for Medicaid if the asset limitation is eliminated. Consequently, the department estimates that 1,367 children will become eligible for the Medicaid program if the asset limitation is eliminated, including 631 children who are currently enrolled in the Healthy Steps program. He said the department estimates the net cost of eliminating the asset limitation for children and pregnant women for the 2001-03 biennium is \$1,852,256, of which \$565,286 is from the general fund.

Mr. Zentner said the Department of Human Services is considering submitting an optional adjustment budget request for the 2001-03 biennium for funding to allow for the elimination of the Medicaid asset limitation for children and pregnant women. He said in order to further simplify Medicaid eligibility requirements, the 2001 Legislative Assembly may wish to consider eliminating the asset limitation for the "1931 eligibility group," which consists of children and adult caretakers who generally have income below the federal poverty level. He said because there are very few "1931 eligibility group" families who do not meet Medicaid eligibility due to the asset limitation, the department believes this group can be exempted from the asset limitation without increasing the estimated fiscal impact of the bill draft.

Mr. Zentner discussed the estimated cost of changing the Medicaid eligibility income review period from monthly to annually for children and pregnant women. He said for federal fiscal year 1998, income eligibility requirements for the Medicaid program were met by 9,740 North Dakota children, of which 3,289 were eligible for the entire year. He said the remaining 6,451 children were eligible for an average of 5.96 months. He said it is unknown how many of the 6,451 children became ineligible for reasons other than income. He said based on the assumption that 50 percent of the 6,451 children would have remained enrolled in the Medicaid program if the income review period were changed from monthly to annually, the cost for the 2001-03 biennium would be approximately \$5.3 million, of which \$1.6 million is from the state general fund.

Mr. Zentner said the amounts presented by the department are "rough" estimates that need refinement. He said the committee may wish to consider including the "1931 eligibility group" in the annual

income review but did not provide a cost estimate for doing so. Mr. Zentner also presented the following suggested changes to the bill draft:

1. Remove from subsection 4 the words "who are otherwise eligible under subsection 1." Subsection 1 of NDCC Section 54-24.1-02.6 refers to the medically needy program, and the asset test is not being considered for removal for this group.
2. Remove from subsection 5 the words "and pregnant women." Pregnant women are not usually eligible for a 12-month period because their eligibility is due to pregnancy.

Representative Price said there should be a cost-savings for counties if the income review period is changed from monthly to annually. Mr. Zentner said counties may experience some savings as a result of both changes, but the department was unable to estimate those savings.

In response to a question from Representative Svedjan, Mr. Zentner said the cost-savings related to removing 631 children from the Healthy Steps program is included in the \$1.9 million cost estimate provided by the Department of Human Services related to eliminating the asset limitation for Medicaid eligibility for children and pregnant women.

Representative Svedjan said he is concerned the cost estimates presented by the Department of Human Services are based on 1998 information, which may not be a good basis for estimating costs for the 2001-03 biennium.

COMMUNITY HEALTH GRANT PROGRAM STUDY

Chairman Price called on the Legislative Council staff who presented a bill draft relating to interest earned on moneys in the water development trust fund. The bill draft provides that all interest earned on moneys in the water development trust fund would be deposited in the community health trust fund.

Senator DeMers said the bill draft will increase the amount of money being deposited in the community health trust fund and consequently the amount available to fund community health programs. She said North Dakota is not spending enough on tobacco control programs, and this additional money could be used for that purpose.

Senator Schobinger said he does not support the bill draft because under current law the interest earned on moneys in the water development trust fund is deposited in the general fund. He said if the money remains in the general fund, it can be appropriated by the 2001 Legislative Assembly for elementary and secondary education funding.

Representative Cleary said she supports the bill draft because it will provide additional money for tobacco control programs.

Chairman Price called on the Legislative Council staff who presented a memorandum containing a draft

of the portion of the committee's final report relating to the study of the State Department of Health plan for a community health grant program. The memorandum includes a summary of the Centers for Disease Control and Prevention recommendations and the recommendations of the State Department of Health for the use of moneys in the community health trust fund.

Chairman Price called on Ms. Linda Kohls, American Cancer Society, Bismarck, who discussed the need to allocate to tobacco control programs 10 percent of the moneys received by the state through the tobacco settlement. She said some tobacco control programs will be more effective and efficient if administered at the state level rather than the local level.

LONG-TERM CARE INCENTIVES STUDY

Chairman Price called on Representative Devlin who discussed the actions of the Intergovernmental Transfer Statewide Task Force. Representative Devlin said the Intergovernmental Transfer Statewide Task Force includes legislators and representatives of the Department of Human Services, the North Dakota Long Term Care Association, and the communities involved in the intergovernmental transfer process established pursuant to 1999 Senate Bill No. 2168. He said at the task force's last meeting, the following recommendations were made regarding the use of moneys generated through the intergovernmental transfer program and deposited in the North Dakota health care trust fund:

1. Nine million dollars should be used for incentive payments to encourage nursing facilities to reduce by 600 the number of licensed skilled care beds.
2. Loans for nursing facility alternative construction and renovation projects should be provided at an annual interest rate of two percent rather than at two percentage points less than the market rate for similar commercial loans, as currently provided by 1999 Senate Bill No. 2168.
3. Beginning January 1, 2002, all nursing facilities should receive a rate adjustment for salary or benefit enhancements in the amount of \$1.50 per full-time equivalent employee per hour.
4. The government-owned nursing facilities involved in the transfer process should each receive total transaction fees of \$500,000 for the five transfers during the 1999-2001 and 2001-03 bienniums, rather than the \$10,000 transaction fee authorized by 1999 Senate Bill No. 2168.

Representative Devlin said the task force recommendations are preliminary. He said the final recommendations of the task force will be incorporated into

a bill draft to be introduced during the 2001 Legislative Assembly.

In response to a question from Representative Price, Mr. Zentner said the Department of Human Services requested and received the approval of the Emergency Commission and the Budget Section in June 2000 to distribute an additional \$2.2 million from the health care trust fund for loans and grants for nursing facility alternatives. He said the Department of Human Services may request an additional \$2 to \$5 million of spending authority during the 1999-2001 biennium for loans and grants for nursing facility alternative projects.

Representative Price said the department has previously testified that it needs guidance in determining which long-term care projects should be funded. She asked if the department is hesitant to request additional spending authority to distribute loans and grants for nursing facility alternative projects without receiving guidance from the Legislative Assembly. Mr. Zentner said the department believes it can distribute loans and grants for viable projects that meet the existing criteria established by the Legislative Assembly and the Department of Human Services.

In response to a question from Representative Price, Mr. Zentner said the department is considering utilizing federal funds generated through the intergovernmental transfer process to conduct a statewide study of long-term care needs. He said the department will attempt to have this study completed in time for use by the 57th Legislative Assembly.

The committee recessed at 11:55 a.m. and traveled to the State Fairgrounds, Minot.

STATE FAIR ASSOCIATION - BUDGET TOUR

Following a luncheon provided for committee members in the State Fair Center, State Fairgrounds, the committee reconvened at 1:00 p.m.

Chairman Price called on Mr. Jerry Effertz, Chairman, North Dakota State Fair Association Board of Directors, Velva, who welcomed the committee members to the state fairgrounds. He said the State Fair Association Board of Directors consists of nine members from all regions of the state.

Chairman Price called on Mr. Gerald Iverson, Manager, State Fair Association, Minot, who discussed the 1999 and 2000 North Dakota State Fairs and the State Fair Association's budget request for the 2001-03 biennium. Mr. Iverson said funding requests for the 2001-03 biennium for the State Fair Association include:

1. Premiums and awards - \$400,000.
2. Capital improvement loan assistance - \$210,000.
3. Asphalt repair - \$350,000.
4. Grandstand replacement - \$6,000,000.
5. A natural resources center - \$530,000.

Mr. Iverson said the State Fair Association receives only 7.8 percent of its funding from state appropriations. He said for the 1999-2001 biennium, the State Fair received a general fund appropriation of \$550,000. He said for fiscal year 1999, State Fair income totaled \$3.1 million.

The committee toured the state fairgrounds, including the State Fair Center and grandstand, recessed at 3:00 p.m., and traveled to the North Central Research Extension Center, Minot.

NORTH CENTRAL RESEARCH EXTENSION CENTER - BUDGET TOUR

The committee reconvened at 3:25 p.m. at the North Central Research Extension Center.

Chairman Price called on Mr. Jay Fisher, Director, North Central Research Extension Center, who discussed the role and mission of the center. He said the North Central Research Extension Center has a three-part mission:

1. Foundation seed production and dissemination.
2. Extension service education.
3. Agricultural crop research.

Mr. Fisher said the center owns approximately 900 acres of land used for crop research and foundation seed production. He said an adjacent parcel of 320 acres of land is available to be purchased by the center at a cost of \$320,000. He said he hopes to include in the 2001-03 biennium budget request authority to purchase the land.

Representative Svedjan asked if the purchase of the land will impact the center's operating expenses. Mr. Fisher said the center currently rents land for foundation seed production and may be able to reduce the amount of land rented if the 320-acre parcel is purchased.

In response to a question from Representative Price, Mr. Fisher said if the 320-acre parcel is purchased, some of the land will be used for foundation seed production and some for agricultural research.

In response to a question from Senator Kilzer, Mr. Fisher said if the center purchases the property, it will no longer be subject to property taxes. Representative Drovdal said if the land is purchased, the center should consider making in lieu of tax payments to the county.

Representative Svedjan questioned the feasibility of purchasing a 320-acre parcel for \$320,000 if land is available for rent. Mr. Fisher said it is beneficial for the center to own the land to provide long-term stability for agricultural research projects.

Representative Porter asked about the average return realized by the center on each acre of land used for foundation seed production. Mr. Fisher said it is difficult to estimate the net return per acre because equipment and other costs are shared by the

center's foundation seed production and agricultural research functions.

The committee conducted a tour of the North Central Research Extension Center and returned to the center's office and technology center for discussion relating to the committee's study responsibilities.

COMMITTEE DISCUSSION RELATING TO STUDY RESPONSIBILITIES

Children's Health Insurance Program

At the request of Chairman Price, the committee discussed the bill draft relating to eligibility criteria for medical assistance benefits.

It was moved by Representative Devlin, seconded by Senator Kilzer, and carried on a voice vote that the bill draft relating to eligibility criteria for medical assistance benefits be amended to provide for a quarterly, rather than annual, income review period for Medicaid eligibility for children and pregnant women.

Senator DeMers said the committee should consider amending the bill draft to include the changes proposed by the Department of Human Services.

It was moved by Senator DeMers, seconded by Representative Severson, and carried on a voice vote that the bill draft relating to eligibility criteria for medical assistance benefits be amended as follows:

- **Remove from subsection 4 the words "who are otherwise eligible under subsection 1."**
- **Expand the persons to whom the elimination of the asset limitation applies to include the "1931 eligibility group."**

Representative Porter said he is concerned with the reliability of the cost estimates provided by the Department of Human Services. He said if the Department of Human Services considers the issues addressed in the bill draft to be priorities, they should be addressed through the agency's budget request.

Senator Kilzer said the Department of Human Services should be promoting the enrollment of children in the children's health insurance program. He said the proposed bill draft will remove children from the children's health insurance program.

Representative Price said she supports the quarterly income review period because under the current monthly income review period some clients may be ineligible due to an extra payroll period occurring in a particular month. She said in such a case the client needs to reapply for Medicaid eligibility the following month. She said a quarterly income review period will eliminate this problem.

It was moved by Representative Porter and seconded by Representative Svedjan that the bill draft, as amended, relating to eligibility criteria for medical assistance benefits not be approved and recommended to the Legislative Council. Representatives Drovdal, Porter, and Svedjan and Senators

Kilzer and Schobinger voted "aye." Representatives Price, Cleary, Devlin, and Severson and Senator Fischer voted "nay." **The motion failed.**

It was moved by Representative Cleary, seconded by Representative Drovdal, and carried on a voice vote that the bill draft relating to eligibility criteria for medical assistance benefits be amended to remove subsection 4 and to include only subsection 5, as amended, to provide for a quarterly income review period for children and pregnant women.

It was moved by Representative Drovdal, seconded by Representative Devlin, and carried on a roll call vote that the bill draft relating to eligibility criteria for medical assistance benefits, as amended, to provide for a quarterly income review period for children and pregnant women, be approved and recommended to the Legislative Council. Representatives Price, Cleary, Devlin, Drovdal, and Severson and Senators Fischer and Schobinger voted "aye." Representatives Porter and Svedjan and Senator Kilzer voted "nay."

Long-Term Care Incentives Study

At the request of Chairman Price, the committee discussed issues relating to the long-term care incentives study.

Representative Price said it is important the Department of Human Services conduct a statewide study of long-term care needs to provide information to be used in funding long-term care projects in the state.

Representative Svedjan said it is likely federal funds currently available through the intergovernmental transfer process will no longer be available when new federal regulations are promulgated by the Health Care Financing Administration. He said because these revenues may not be available to the state in the future, the 2001 Legislative Assembly needs to give special consideration to how the funds are used. He said the Department of Human Services should be authorized to use the funds for nursing facility renovation projects, such as the conversion of double rooms to single rooms. He said special consideration should be given to projects that involve cooperative and collaborative efforts to reduce the duplication of services. He said the future viability of each nursing facility needs to be considered in determining which projects should receive funding. He said although all projects funded during the 1999-2001 biennium are being funded with loans, it may be appropriate for some projects to be funded entirely with grant funds. He said projects funded with money generated through the intergovernmental transfer process should either provide an alternative to nursing facility care or should reduce nursing care bed capacity.

Senator Fischer and Representative Severson expressed concern that the Department of Human

Services is planning to continue to distribute intergovernmental transfer funds during the 1999-2001 biennium before completion of a statewide study to identify needs.

Representative Devlin said some members of the Intergovernmental Transfer Statewide Task Force do not support the use of intergovernmental transfer funds for conducting a statewide long-term care study because of the fear the study will lead to the closure of some nursing facilities in small towns. Representative Devlin said the committee should not be concerned that the Department of Human Services will fund inappropriate projects during the remainder of the 1999-2001 biennium. He said it is likely the 2001 Legislative Assembly will expand the eligibility criteria for funding long-term care alternative projects. He said consequently any projects funded during the 1999-2001 biennium will probably also qualify under new criteria to be established by the 2001 Legislative Assembly.

It was moved by Representative Svedjan, seconded by Representative Severson, and carried on a voice vote that the Budget Committee on Health Care recommend that the 57th Legislative Assembly consider requiring that moneys generated through the intergovernmental transfer process be used for projects and programs relating to the long-term care industry, including the funding of projects that provide alternatives to nursing facility services and projects that reduce nursing care bed capacity.

Community Health Grant Program Study

At the request of Chairman Price, the committee discussed the bill draft relating to interest earned on moneys in the water development trust fund.

Senator Schobinger said the bill draft will result in less interest income being deposited in the general fund. He said this will result in less money available for elementary and secondary education, and consequently he does not support the bill draft.

Representative Porter said he opposed the tobacco settlement proceeds allocation plan approved by the 1999 Legislative Assembly because it did not provide enough funding for public health programs. He said it will be difficult for the 2001 Legislative Assembly to change the allocation plan. He said the bill draft will increase the funding available for public health programs without changing the allocation plan.

Representative Drovdal said he is concerned about the amount of funding allocated to the community health trust fund by the 1999 Legislative Assembly. He said, however, if the interest on the water development trust fund continues to be deposited in the general fund, the Legislative Assembly has options regarding the use of that money, including appropriating it for public health programs.

Representative Severson said the Centers for Disease Control and Prevention recommendations

indicate that North Dakota is not spending enough on tobacco control programs. He said the bill draft will increase the funding in the community health trust fund and provide additional money that can be used for tobacco control programs.

It was moved by Representative Cleary, seconded by Representative Porter, and carried on a roll call vote that the bill draft relating to the interest earned on moneys in the water development trust fund be approved and recommended to the Legislative Council. Representatives Price, Cleary, Devlin, Porter, and Severson and Senator Fischer voted "aye." Representatives Drovdal and Svedjan and Senators Kilzer and Schobinger voted "nay."

At the request of Chairman Price, the committee discussed the State Department of Health plan for the use of moneys in the community health trust fund. The State Department of Health plan provides that moneys accumulating in the community health trust fund during the 1999-2001 biennium be used:

1. To maintain a balance in the community health trust fund for cash flow purposes.
2. To provide contingent funding for public health emergencies.

The State Department of Health plan provides that moneys accumulating in the community health trust fund during the 2001-03 and future bienniums be used to provide:

1. Two million dollars per biennium for a Healthy Schools grant program.
2. Two million dollars per biennium for a Healthy Families grant program.
3. One million dollars per biennium for a Healthy Communities grant program.

Representative Svedjan said most comments received by the committee have been in support of the State Department of Health plan. Representative Price said based on testimony received by the committee, those opposed to the State Department of Health plan have said:

1. The state should fund the Centers for Disease Control and Prevention recommendations.
2. Tobacco control programs should be run at the state level rather than the local level.
3. The entire 10 percent allocation to the community health trust fund should be used for tobacco control programs rather than other public health purposes.

Representative Porter said he is concerned with the State Department of Health recommendation that a portion of the moneys in the community health trust fund be set aside to provide contingent funding for public health emergencies. He said the State Department of Health should request Emergency Commission authority if funding is needed to address public health emergencies.

Representative Price said she supports the State Department of Health proposal for the use of moneys to be deposited in the community health trust fund during the 2001-03 and future bienniums but suggested the following be considered by the committee:

1. The Healthy Schools grant program focus on tobacco control programs.
2. Some of the moneys accruing in the community health trust fund during the 1999-2001 biennium be used for statewide tobacco countermarketing efforts.
3. Some of the moneys accruing in the community health trust fund during the 1999-2001 biennium be used by the State Department of Health to purchase supplies for and provide training to schools and communities to assist in the establishment and operation of tobacco prevention and tobacco cessation education programs.

It was moved by Representative Svedjan, seconded by Senator Fischer, and carried on a roll call vote that the Budget Committee on Health Care recommend that the 57th Legislative Assembly support the State Department of Health plan for the establishment of Healthy Schools, Healthy Families, and Healthy Communities grant programs with moneys to be deposited in the community health trust fund during future bienniums and recommend that a portion of the moneys accumulating in the community health trust fund during the 1999-2001 biennium be used for statewide tobacco countermarketing programs and to provide training and educational program materials to schools and communities to assist in the establishment and operation of tobacco prevention and tobacco cessation education programs. Representatives Price, Devlin, Drovdal, Porter, Severson, and Svedjan and Senators Fischer, Kilzer, and Schobinger voted "aye." Representative Cleary voted "nay."

It was moved by Representative Cleary and seconded by Representative Severson that the Budget Committee on Health Care recommend that the 57th Legislative Assembly consider directing schools to fund tobacco control and substance abuse programs with moneys received through the Healthy Schools grant program.

In response to a question from Senator Kilzer, Representative Cleary said the motion would not allow schools to use the moneys to fund school nurse programs.

Representative Porter said under the proposal presented by the State Department of Health, the local board of health and local school board can determine how to use grant moneys to meet the needs in their local community. Under the State Department of Health plan, schools can use the money to provide funding for a school nurse program

or a tobacco control program, whichever best meets the local needs.

Representative Svedjan said it may not be appropriate for the Legislative Assembly to direct how the money should be used in all cases. He said that determination should be made at the local level.

Representative Severson said he is concerned some school districts may not use the money for tobacco and substance abuse programs because of other important needs and a lack of funding. He said there is a need for tobacco and substance abuse education programs in all schools.

Representatives Price, Cleary, and Severson and Senator Schobinger voted "aye." Representatives Devlin, Drovdal, Porter, and Svedjan and Senators Fischer and Kilzer voted "nay." **The motion failed.**

The committee recessed at 6:30 p.m.

NORTH CENTRAL HUMAN SERVICE CENTER - BUDGET TOUR

The committee reconvened at 8:30 a.m. on Wednesday, August 2, 2000, at the North Central Human Service Center, Minot.

Chairman Price called on Mr. David Snyder, Director, North Central Human Service Center, who welcomed the committee members and provided an overview of the center's services. He said during fiscal year 1999, the North Central Human Service Center provided services to 4,703 children, families, and adults, a 20 percent increase from fiscal year 1997.

Mr. Keith Welsh, Business Manager, North Central Human Service Center, presented information on the status of the center's 1999-2001 biennium budget. He said 1999-2001 biennium salaries and wages and operating expenses are estimated to be 1.7 and 3.8 percent less than originally budgeted, respectively. He said actual federal and other fund collections are estimated to be 8.6 percent less than budget amounts.

Chairman Price called on the following employees of the North Central Human Service Center who presented information on the various programs provided by the center:

- Ms. Jean Burke presented information on the extended care and treatment unit, the Open Home program, and the regional supervision of county social service programs.
- Ms. Carol Laber presented information on the center's psychiatric and nursing services.
- Mr. Blaine Albertson presented information on the State Hospital alternative program.
- Mr. Bruce Schwan presented information on the center's alcohol and drug unit.
- Mr. Orvin Lommen presented information on the center's adult services unit.
- Dr. James Knudsen presented information on the center's child, adolescent, and family services.

- Ms. Fern Olson presented information on the center's developmental disabilities case management services.
- Ms. MariDon Sorum presented information on the center's aging services unit.
- Mr. Larry Lane presented information on the center's vocational rehabilitation services.

A copy of the information is on file in the Legislative Council office.

The committee recessed at 10:00 a.m. and traveled to Minot State University.

MINOT STATE UNIVERSITY - BUDGET TOUR

The committee reconvened at 10:15 a.m. at the Minot State University Student Union.

Chairman Price called on Dr. H. Erik Shaar, President, Minot State University, who welcomed the committee and thanked the Legislative Assembly for its support of Minot State University. He distributed information on Minot State University's mission and the McFarland Auditorium renovation fundraising campaign. A copy of the information distributed is on file in the Legislative Council office.

Chairman Price called on Ms. Lisa A. Johnson, Minot State University, who presented information on the university's enrollment. She said Minot State University enrollment was stable from fall 1998 to fall 1999 and that fall 1999 headcount enrollment was 3,155 students. She said Minot State University enrollment of North Dakota residents is one of the highest of the four-year institutions with resident students comprising 76 percent of the student population.

In response to a question from Representative Price, Dr. Shaar said Minot State University enrolls 32 new nursing students each year, 60 percent of whom are employed in-state upon graduation.

In response to a question from Representative Price, Ms. Johnson said enrollment of Canadian students has declined due to three factors:

1. Unfavorable currency exchange rates.
2. Changes by the Canadian government reducing financial assistance available to students attending higher education institutions in the United States.
3. Changes in United States federal regulations which restrict the work opportunities for Canadian students.

Representative Price requested information on the federal regulations restricting work opportunities available to Canadian students. Ms. Johnson said she will provide the information requested by Representative Price.

Chairman Price called on Mr. Larry Eide, Minot State University, who presented information on the status of Minot State University's budget for the 1999-2001 biennium and items to be included in the university's 2001-03 biennium budget request. He said the

university's highest priority capital project for the 2001-03 biennium is the \$7.1 million renovation of the Old Main building, including the McFarland Auditorium.

The committee conducted a tour of Minot State University, including Hartnett Hall and McFarland Auditorium.

COMMITTEE DISCUSSION RELATING TO BUDGET TOURS

The committee returned to the Student Union at Minot State University and discussed information presented during the budget tours.

International Peace Garden

Representative Price said if a delegation from the Manitoba Legislature visits the North Dakota Legislative Assembly during the 2001 legislative session, the issue of International Peace Garden funding should be discussed. She said she is concerned with the lack of federal funding provided to the Peace Garden. She said representatives of the Peace Garden need to make the Legislative Assembly aware of funding issues faced by the Peace Garden, including the lack of federal support.

Representative Devlin said the International Peace Garden requested a 10 percent increase in state funding for the 2001-03 biennium. He said a 10 percent increase in Peace Garden funding is a relatively small amount. He said most facilities visited by the committee presented conservative budget requests, and he complimented agencies on their budget presentations.

Minot State University - Bottineau

Representative Price said she is concerned with ADA and life safety issues that need to be addressed on the MSU-Bottineau campus. She said the Legislative Assembly will need to consider funding to address the infrastructure needs at MSU-Bottineau.

State Fair Association

Representative Cleary said she is concerned with the condition of the State Fair Association grandstand.

Representative Price said the State Fair Association does an excellent job maintaining the grandstand to keep it usable. She said state funding for premiums and awards goes entirely to support youth participants at the State Fair and she supports an increase in legislative appropriations for premiums and awards.

Representative Devlin said the amount of funding provided by the Legislative Assembly for premiums and awards does not determine the number of youth participants at the State Fair because the amount of the premiums and awards is insignificant. He said if the 57th Legislative Assembly provides additional funding to the State Fair Association, he would prefer

to use the additional funding to repay bonds for grandstand replacement rather than increase the amount of premiums and awards.

North Central Research Extension Center

Representative Cleary said she supports the North Central Research Extension Center request for funding to purchase an adjacent 320-acre parcel of land for \$320,000.

Representative Price said the North Central Research Extension Center is forced to rent land for foundation seed production. She said transporting farm machinery long distances to rented agricultural land is a liability issue for the state.

Senator Fischer said if the land purchase is authorized, the additional income generated by the North Central Research Extension Center through the sale of foundation seed may not equal the cost of the land due to the center's research activities. He said, however, that he supports the purchase of the land because it is a unique opportunity to purchase an adjacent parcel and to reduce the travel costs incurred by the center.

Representative Drovdal said if the land is purchased by the North Central Research Extension Center, funding should be provided to allow the center to make in lieu of tax payments to the county. He said the Legislative Assembly should also consider requiring the center to reduce its rented acreage if the land purchase is authorized.

Senator Kilzer said the purchase of the adjacent 320-acre parcel should be the center's highest priority for the 2001-03 biennium budget.

Minot State University

Senator Schobinger said he supports the Old Main renovation project. He said the city of Minot and the region provide significant financial support to Minot State University. He said, however, that the Old Main building is a state facility, and in addition to the local funds to be raised for the project, the state should provide funding for the project.

It was moved by Representative Devlin, seconded by Representative Cleary, and carried on a voice vote that the committee chairman and the staff of the Legislative Council be requested to prepare a report and the bill drafts recommended by the committee and to present the report and the recommended bill drafts to the Legislative Council.

It was moved by Representative Cleary, seconded by Senator Schobinger, and carried on a voice vote that the meeting be adjourned sine die. The meeting was adjourned at 12:40 p.m.

Joe R. Morrissette
Senior Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1