

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET SECTION

Wednesday, January 16, 2002
Senate Chamber, State Capitol
Bismarck, North Dakota

Representative Ken Svedjan, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Ken Svedjan, Ole Aarsvold, Wesley R. Belter, LeRoy G. Bernstein, James Boehm, Merle Boucher, Rex R. Byerly, Ron Carlisle, Jeff Delzer, Eliot Glassheim, Robert Huether, Keith Kempenich, James Kerzman, Kim Koppelman, Bob Martinson, David Monson, Bob Skarphol, Blair Thoreson, Mike Timm, Francis J. Wald, John M. Warner, Amy Warnke; Senators John M. Andrist, Bill Bowman, Randel Christmann, Tony Grindberg, Joel C. Heitkamp, Aaron Krauter, Ed Kringstad, Elroy N. Lindaas, Dave Nething, Larry J. Robinson, Randy A. Schobinger, Ken Solberg, Bob Stenehjem, Harvey Tallackson, Russell T. Thane, Steven W. Tomac

Members absent: Representatives Pam Gulle-son, Janet Wentz; Senator Ray Holmberg

Others present: See attached appendix

It was moved by Senator Robinson, seconded by Representative Kempenich, and carried on a voice vote that the minutes of the October 9, 2001, meeting of the Budget Section be approved as distributed.

STATUS OF THE STATE GENERAL FUND

At the request of Chairman Svedjan, Mr. Rod A. Backman, Director, Office of Management and Budget, presented a report on the status of the state general fund. A copy of the information presented is on file in the Legislative Council office. Mr. Backman said North Dakota's unemployment rate for November 2001 was 2.2 percent as compared to 2.6 percent in November 2000 and 1.4 percent in October 2001.

Mr. Backman said the December 2001 revised revenue forecast for the 2001-03 biennium is \$1.691 billion, \$14.8 million less than the \$1.706 billion estimated in the 2001 legislative revenue forecast. He presented the following information on the status of the state general fund, based on actual revenue collections through the month of December 2001, and the revised revenue forecast for the remainder of the 2001-03 biennium:

Budget Section	
Unobligated general fund balance - July 1, 2001	\$62,240,652
Add	
General fund collections through December 31, 2001	368,516,659
Forecasted general fund revenue for the remainder of the 2001-03 biennium (based on the December 2001 revised revenue forecast)	1,323,084,813
Total estimated general fund revenue for the 2001-03 biennium	\$1,753,842,124
Less	
2001-03 biennium general fund appropriations	1,746,983,713
Estimated general fund balance - June 30, 2003 (\$5,136,283 less than the 2001 legislative estimate of \$11,994,694)	\$6,858,411

Mr. Backman said 2001-03 biennium general fund revenues through December 31, 2001, are one-tenth of 1 percent, or \$421,437 more than estimated in the 2001 legislative revenue forecast and 5.7 percent, or \$19,900,000 more than the revenues for the first six months of the 1999-2001 biennium.

In response to a question from Representative Delzer, Mr. Backman said the current oil production of 85,258 barrels per day is expected to increase to the 90,000 to 95,000 barrel per day range that was forecasted during the 2001 legislative session once the Cedar Hills production field comes on-line in southwestern North Dakota. He said at current production levels, oil tax collections would still exceed the \$62 million needed for funds to be deposited in the permanent oil tax trust fund for the 2001-03 biennium.

In response to a question from Senator Nething, Mr. Backman said interest from the student loan trust fund has not been transferred to the general fund as of January 16, 2001.

In response to a question from Representative Glassheim, Mr. Backman said the reduction in corporate income tax collections is due to declining profit levels experienced by national corporations and refunds being issued for corporate net operating loss carrybacks.

In response to a question from Senator Krauter, Mr. Backman said oil and gas tax collections in

excess of \$62 million are transferred to the permanent oil trust fund. At the end of the 1999-2001 biennium, approximately \$13 million was deposited into the permanent oil tax trust fund. The revised 2001-03 biennium oil and gas gross production tax and oil extraction tax collections projected to be transferred to the oil tax trust fund are \$5.4 million, \$3.6 million less than the \$9 million estimated at the close of the 57th Legislative Assembly.

Senator Krauter said South Dakota has indicated it will receive millions of dollars in additional federal funding as a result of a recalculation of 2000 census figures indicating an increase in South Dakota's population. In response to a question from Senator Krauter, Mr. Backman said he is unaware of the dollar impact on federal funding received by North Dakota related to new census numbers indicating a decrease in North Dakota's population. He said the population drop was about 1 percent. He said not all federal programs use census figures and generally when population is used, it is only one of multiple factors. He said any change in federal funding received would only be a fraction of that 1 percent. He said he is not concerned that the decrease in North Dakota population would result in a significant loss of federal funds to state agencies. He said he would contact state agencies when federal funds may be affected by population changes and report the findings to the next Budget Section meeting.

PRELIMINARY PLANNING REVOLVING FUND

Chairman Svedjan called on Mr. Joel Leapaldt, State Facilities Planner, Office of Management and Budget, who presented recommendations for the use of moneys in the preliminary planning revolving fund, pursuant to North Dakota Century Code (NDCC) Section 54-27-22. A copy of the information presented is on file in the Legislative Council office. Mr. Leapaldt said agency requests for moneys from the preliminary planning revolving fund were evaluated based on the following criteria:

- External mandates, such as court order, health, life safety, and building code concerns.
- Program needs, such as the impact of the facility on achieving departmental goals or program requirements.
- State policy direction, including gubernatorial and legislative priorities.
- Funding for the project, including the amount available from non-general fund sources.
- Scope of the project, including the estimated costs and the need to complete the project in multiple phases.

Mr. Leapaldt said the January 2002 balance in the preliminary planning revolving fund is \$148,000. He said five projects totaling \$142,000 are recommended to receive funding, pursuant to NDCC Section 54-27-22:

Agency	Project Description	Recommended Funding From the Preliminary Planning Fund
Lake Region State College	Science building and associated spaces renovation	\$22,000
University of North Dakota	O'Kelly Hall renovation (first phase)	35,000
North Dakota State College of Science	Horton Hall renovation	59,000
Valley City State University	Graichen Gymnasium egress and health/safety project	14,000
State Historical Society of North Dakota	Medora Visitor Center addition	12,000
Total		\$142,000

In response to a question from Representative Delzer, Mr. Leapaldt said the University System capital project priority list for the 2003-05 biennium will not be finalized until June 2002. Mr. Backman said projects included in the planning list are anticipated to be approved within four to six years. He said, however, the planning may conclude these projects should not be built. He said there is minimal general fund capital construction bonding authority available for the 2003-05 biennium based on projected bond payments relating to previously state-approved construction projects and the statutory bond payment limit of 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax.

In response to a question from Senator Bowman, Mr. Leapaldt said there are projects with a higher University System priority ranking than the projects included in the recommended preplanning list but those projects either do not qualify for preplanning or are already in preplanning.

In response to a question from Representative Timm, Mr. Leapaldt said the preplanning funds are used for architect and consulting engineer fees.

In response to a question from Senator Nething, Mr. Backman said the Office of Management and Budget does not plan to request additional funding from the preliminary planning fund for the remainder of the 2001-03 biennium.

It was moved by Representative Wald, seconded by Senator Nething, and carried on a voice vote that pursuant to NDCC Section 54-27-22, the Budget Section approve the distribution of \$142,000 from the preliminary planning revolving fund, as recommended by the Office of Management and Budget.

TOBACCO SETTLEMENT PROCEEDS

Mr. Backman presented information on the status of tobacco settlement proceeds received by North Dakota. A copy of the information presented is on file

in the Legislative Council office. He said \$60.2 million has been received by the state as a result of the tobacco settlement and deposited in the tobacco settlement trust fund. He said the \$60.2 million was allocated among the community health trust fund, common schools trust fund, and water development trust fund, pursuant to NDCC Section 54-27-25, as follows:

Tobacco settlement trust fund	
Community health trust fund	\$6,019,943
Common schools trust fund	27,089,744
Water development trust fund	27,089,744
Total transfers from the tobacco settlement trust fund	\$60,199,431
Community health trust fund	
Deposits	\$6,019,943
Expenditures	352,509
January 15, 2002, balance	\$5,667,434
Water development trust fund	
Deposits	\$27,089,744
Expenditures	3,313,216
January 15, 2002, balance	\$23,766,528

2003-05 BIENNIUM BUDGET FORM CHANGES

Chairman Svedjan called on Ms. Sheila Peterson, Director, Fiscal Management, Office of Management and Budget, who presented, pursuant to NDCC Section 54-44.1-07, a report on changes to the form of budget data to be presented to the 2003 Legislative Assembly and the feasibility and desirability of locating new positions, new programs, or new construction away from a central office setting. A copy of the information presented is on file in the Legislative Council office.

Ms. Peterson said in December 1999 the Budget Section asked the Office of Management and Budget to include in the budget data an analysis of whether or not any new positions being requested by agencies could be "telecommute positions." She said the Legislative Assembly passed 2001 House Bill No. 1035 providing for a state employee telecommuting incentive program. She said the telecommuting incentive program provides bonuses to agencies and employees based on savings realized by locating full-time equivalent (FTE) positions away from a central office setting. She said the incentive program lessens the need for the telecommute analysis form. She asked for Budget Section approval to remove the requirement that a telecommute analysis form be completed for any new full-time equivalent positions.

Senator Krauter said because of the high cost of infrastructure and new construction, the Budget Section requested this analysis form be completed to make sure agencies examine the feasibility and potential cost-savings of locating employees away from a central office setting. In response to a

question from Senator Krauter, Ms. Peterson said the Suggestion Incentive Committee has not received any telecommuting proposals. She said there are state employees telecommuting on a limited basis.

In response to a question from Senator Andrist, Ms. Peterson said all state job listings are available on the Central Personnel web site. She said the job listings do not currently indicate whether or not telecommuting is an option but that information could be added to the web site.

Senator Krauter said the statutory incentive program has been in place for only six months. He said the analysis needs to be continued for at least one more biennium to provide the Legislative Assembly with the information necessary to analyze the benefits and feasibility of telecommuting.

It was moved by Senator Krauter, seconded by Representative Aarsvold, and carried on a voice vote that pursuant to NDCC Section 54-44.1-07, the budget data prepared by the Office of Management and Budget continue to include an analysis to be completed by each agency of the feasibility and desirability, including the costs and benefits of locating any new positions, new programs, or new capital construction away from a central office setting.

Ms. Peterson said the Governmental Accounting Standards Board has issued new guidelines on governmental financial reporting. She said the 2001 Legislative Assembly passed important legislation to help North Dakota's transition to the new reporting model. She said to coincide with the reporting model, the Office of Management and Budget is proposing that equipment under \$5,000 be moved from an equipment line item to the operating line item. She said, in addition, a new capital assets line item would replace the capital improvements and equipment line items and include all equipment over \$5,000, land and buildings, and other capital payments.

Representative Delzer said he is concerned about the Legislative Assembly's ability to track information technology equipment purchases. Ms. Peterson said the Legislative Assembly will be provided the same details regarding information technology equipment purchases.

In response to a question from Representative Timm, Ms. Peterson said purchases of equipment costing less than \$5,000 will be reported as operating expenses under separate object codes for office equipment and furniture, information technology equipment, or other equipment.

Representative Byerly said a significant amount of equipment will be reclassified to the operating expenses line item, resulting in the loss of Legislative Assembly oversight for these assets. Ms. Peterson said the Legislative Assembly could actually gain more control over equipment purchases under \$5,000 by moving it to the operating line item. She said agencies are prevented from spending more than

75 percent of the budgeted amount for salaries and operating expenses in the first 18 months of the biennium. She said that limit does not apply to the equipment line item. Representative Byerly said agencies could make significant equipment purchases in the last quarter of the biennium.

Representative Byerly said he is aware of object code details being provided only for leases over \$50,000. In response to a question from Representative Skarphol, Ms. Peterson said lease payments for equipment will remain in the operating line item under object code 3011, lease/rents-equipment.

In response to a question from Representative Kempenich, Ms. Peterson said the object code detail is included in the multivolume books and in the state-wide integrated budget and reporting (SIBR) system.

In response to a question from Representative Skarphol, Ms. Peterson said all state agencies use the same budgeting coding levels.

In response to a question from Representative Glasheim, Ms. Peterson said there is a net gain of three object codes under the proposed system.

Representative Delzer said he is concerned with the loss of the equipment line item in the appropriation bills. He said currently Budget Section approval is needed for an agency to transfer more than \$50,000 of budget authority from one line item to another. He said the proposed change would allow agencies to use budget authority provided for equipment purchases under \$5,000 for other operating expenses, resulting in future appropriations requests for equipment that has already been funded.

It was moved by Senator Nething, seconded by Representative Kempenich, and carried on a roll call vote that pursuant to NDCC Section 54-44.1-07, the budget data prepared by the Office of Management and Budget be changed to reflect the removal of the equipment and the capital improvements line items and the addition of a capital assets line item with equipment costing less than \$5,000 included in the operating expenses line item and equipment costing \$5,000 or more and capital improvements combined in the capital assets line item. Representatives Aarsvold, Boucher, Carlisle, Glasheim, Huether, Kempenich, Kerzman, Wald, and Warner and Senators Andrist, Bowman, Christmann, Grindberg, Heitkamp, Krauter, Kringstad, Lindaas, Nething, Robinson, Solberg, Stenehjem, Tallackson, Thane, and Tomac voted "aye." Representatives Svedjan, Belter, Bernstein, Boehm, Byerly, Delzer, Koppelman, Martinson, Monson, Skarphol, Thoreson, and Timm and Senator Schobinger voted "nay."

HOMELAND SECURITY COST

Chairman Svedjan called on Ms. Peterson who reported on homeland security costs incurred by state agencies and institutions. A copy of the information presented is on file in the Legislative Council office.

She said through December 31, 2001, state agencies and institutions have incurred \$326,756 of state-funded costs for homeland security measures. She said Job Service North Dakota, the Department of Human Services, and *Economy.com* have indicated that to their knowledge no industries have shut down, no one has lost their job, and unemployment insurance claims have not increased in North Dakota as a result of the September 11, 2001, terrorist attacks. She said in addition, North Dakota has not experienced an increase in welfare caseloads or emergency food or medical services as a direct result of terrorist activities.

In response to a question from Senator Bowman, Ms. Peterson said it is anticipated state agencies will have additional 2003-05 budget requests relating to homeland security issues.

In response to a question from Senator Krauter, Ms. Peterson said the federal government is providing \$865 million to states for bioterrorism efforts. She said this money will be distributed under federal public health laws, with a majority of the funds being provided to state health departments. She said she is not aware of any federal law enforcement funding available to the states for homeland security issues.

In response to a question from Senator Christmann, Ms. Peterson said the University of North Dakota is required by one of its aircraft leaseholders to carry war risk coverage. She said this coverage was carried on the existing policy at no additional premium cost. She said however, as a result of the September 11 attacks, the coverage was dropped with seven days' notice. She said after extensive analysis, the University of North Dakota decided to purchase separate war risk coverage for its entire fleet of aircraft as well as for the hangar keepers liability policy. She said the additional premium for the remaining nine months of fiscal year 2002 is approximately \$75,000.

In response to a question from Senator Solberg, Ms. Peterson said the cost incurred by the National Guard for providing security at eight state airports is reimbursed by the federal government. She said the Adjutant General's office has incurred state costs of \$28,000 for salaries, travel, and other supplies. She said the Pembina water contamination problem cost incurred by the State Department of Health relates to homeland security issues but is not a direct result of the September 11 terrorist attacks.

In response to a question from Representative Delzer, Ms. Peterson said the Highway Patrol is continuing to patrol high-risk areas. She said the Highway Patrol will be experiencing additional costs in the future and the Budget Section will be provided quarterly updates.

In response to a question from Senator Nething, Ms. Peterson said homeland security-related overtime costs incurred by the Division of Emergency Management through December 31, 2001, were \$19,955.

She said costs associated with the Homeland Security Conference, including printing, mailing, and conference facility, were \$5,000.

DEPARTMENT OF FINANCIAL INSTITUTIONS - FTE REQUEST

At the request of Chairman Svedjan, Mr. Timothy Karsky, Commissioner, Department of Financial Institutions, presented a report on the request for an additional .5 FTE position at the Department of Financial Institutions for the licensing and regulation of deferred presentment service providers pursuant to Section 2 of 2001 Senate Bill No. 2008 and Emergency Commission Request #1371, which was approved by the Emergency Commission in October 2001. A copy of the information presented is on file in the Legislative Council office. Mr. Karsky said the 2001 Legislative Assembly authorized a .5 FTE position for licensing and regulation of deferred presentment service providers and instructed the Department of Financial Institutions to receive Emergency Commission and Budget Section approval for authorization of an additional .5 FTE position if it was determined necessary by the agency. He said the department did advertise for a half-time position but the applicants did not meet the minimum qualifications. He said currently there are 63 licensed deferred presentment service providers operating in North Dakota which the department will examine and enforce laws, rules, and regulations. He said in addition, the department is responsible for taking action against payday lenders who are operating in North Dakota without a license.

In response to a question from Representative Delzer, Mr. Karsky said the Department of Financial Institutions has a good working relationship with other states regarding cooperative examinations of collection agencies or other entities operating in multiple states. He said some states do not require licensing or examinations of the collection agencies or other entities; thus, North Dakota is required to conduct an examination.

It was moved by Representative Wald, seconded by Senator Krauter, and carried on a voice vote that pursuant to NDCC Section 54-16-04.2 and Section 2 of 2001 Senate Bill No. 2008, the Budget Section approve the following request which has been authorized by the Emergency Commission:

- **Department of Financial Institutions (Request #1371) - To increase special funds spending authority by \$52,627 relating to the licensing and regulation of deferred presentment service providers for salaries and wages (\$41,659), operating expenses (\$10,968), and authority for a .5 FTE position.**

AGENCY REQUESTS AUTHORIZED BY THE EMERGENCY COMMISSION

Chairman Svedjan directed the committee to consider agency requests which have been authorized by the Emergency Commission and forwarded to the Budget Section, pursuant to NDCC Sections 54-16-04, 54-16-04.1, and 54-16-04.2. The information relating to the requests was sent to Budget Section members prior to the meeting and is on file in the Legislative Council office.

It was moved by Representative Timm, seconded by Representative Delzer, and carried on a voice vote that pursuant to NDCC Sections 54-16-04(2) and 54-16-04.1, the Budget Section approve the following request which has been authorized by the Emergency Commission:

- **Department of Corrections and Rehabilitation (Request #1376) - To accept federal passthrough funds of \$67,920 from the Attorney General's office for inmate treatment programs at the James River Correctional Center (\$40,320), for the Prisons Division cognitive program (\$21,600), and for bulletproof and stabproof vests (\$6,000).**

In response to a question from Representative Skarphol, the legislative budget analyst and auditor said the 2001-03 biennium budget is adjusted to reflect Emergency Commission adjustments when shown in comparison to the 2003-05 budget request.

In response to a question from Senator Bowman, Mr. Paul Schadewald, Chief, Administrative Services Division, Game and Fish Department, said the Game and Fish Department does not consider the prairie dog an endangered species in North Dakota.

In response to a question from Representative Byerly, Mr. Schadewald said the agency's request could result in the development of hunting seasons for animals that the department does not currently have a season for but that is not the primary goal.

In response to a question from Senator Tallackson, Mr. Backman said the Emergency Commission Request #1376, #1379, #1382, and #1384 were approved without the requested FTE positions because the federal funding for these programs will not be available for the next biennium and agencies could use existing vacant FTE positions or temporary positions.

In response to a question from Representative Wald, Mr. Schadewald said the nongame wildlife conservation strategy relates to gathering information on nongame wildlife, preserving or restoring habitat, and potentially requesting Legislative Assembly approval to protect or buy land for a specific species.

In response to a question from Representative Skarphol, Mr. Schadewald said examples of nongame wildlife species in North Dakota include song birds, prairie dogs, and river otters.

In response to a question from Representative Wald, Mr. Schadewald said the Game and Fish Department is opposed to and did not cooperate with national movements to expand prairie dog towns.

Senator Bowman said the black-footed ferret is an endangered species; thus, individuals cannot protect their own property against the damage caused by this animal. In response to a question from Senator Bowman, Mr. Schadewald said the Game and Fish Department is not proposing or involved in any plans to introduce the black-footed ferret into North Dakota. He said there are federal lands in western North Dakota in which the United States Forest Service or the United States Fish and Wildlife Service could potentially introduce the black-footed ferret.

In response to a question from Representative Kerzman, Mr. Schadewald said the Governor's office believes the Game and Fish Department should not be involved with the "grasslands coalition."

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

- **Game and Fish Department (Request #1379) - To increase federal funds spending authority by \$324,000 for salaries and wages (\$200,000), operating expenses (\$24,000), and grants (\$100,000) to develop a nongame wildlife conservation strategy and gather information on nongame wild-life species in North Dakota.**

Representatives Svedjan, Belter, Bernstein, Boehm, Byerly, Carlisle, Delzer, Glassheim, Huether, Kempenich, Koppelman, Martinson, Monson, Thoreson, Timm, Wald, and Warnke and Senators Andrist, Christmann, Grindberg, Heitkamp, Kringstad, Nething, Robinson, Stenehjelm, and Tallackson voted "aye." Representatives Aarsvold, Boucher, Kerzman, Skarphol, and Warner and Senators Bowman, Krauter, Lindaas, Schobinger, Solberg, Thane, and Tomac voted "nay."

It was moved by Senator Grindberg, seconded by Senator Robinson, and carried on a voice vote that pursuant to NDCC Section 54-16-04.1, the Budget Section approve the following request which has been authorized by the Emergency Commission:

- **Department of Commerce (Request #1382) - To increase federal funds spending authority by \$2,114,313 for salaries (\$255,497), operating expenses (\$22,500), equipment (\$8,000), and grants (\$1,828,316) for a technical skills training project addressing shortages in health-related occupations.**

Senator Solberg said he has concerns about the State Department of Health Request #1383 for \$338,817 for higher than anticipated building costs.

It was moved by Representative Byerly, seconded by Representative Belter, and carried on a voice vote that pursuant to NDCC Section 54-16-04.1, the Budget Section approve the following request which has been authorized by the Emergency Commission:

- **State Department of Health (Request #1383) - To increase federal funds spending authority by \$823,878 and the capital improvements line item for higher than anticipated costs per square footage (\$338,817) and an additional 1,700 square feet (\$485,061) to the Laboratory Building additional project.**

It was moved by Representative Carlisle, seconded by Representative Wald, and carried on a voice vote that pursuant to NDCC Sections 54-16-04(2), 54-16-04.1, and 54-16-04.2, the Budget Section approve the following request which has been authorized by the Emergency Commission:

- **State Department of Health (Request #1384) - To increase spending authority by \$5,445,230 to accept federal funds (\$5,245,230) and passthrough funds from the State Water Commission (\$200,000) from the water development trust fund as approved in 2001 House Bill No. 1023 for salaries and wages (\$158,573), operating expenses (\$809,937), and grants (\$4,476,720) for bioterrorism efforts, the national pharmaceutical stockpile program, emerging diseases, immunization programs, women, infants, and children (WIC) program, breast and cervical cancer screening, leaking underground storage tank (LUST) cleanup in Mandan, non-point source water projects, and family violence services.**

It was moved by Representative Wald, seconded by Representative Huether, and carried on a voice vote that pursuant to NDCC Section 54-16-04.1, the Budget Section approve the following request which has been authorized by the Emergency Commission:

- **Labor Department (Request #1385) - To accept federal funds (\$51,288) and use carryover federal funds (\$28,926) from the 1999-2001 biennium for a total of \$80,214 for operating expenses associated with fair housing enforcement (\$61,554) and equal employment (\$18,660).**

It was moved by Senator Nething, seconded by Senator Robinson, and carried on a voice vote that pursuant to NDCC Section 54-16-04.1, the Budget Section approve the following request

which has been authorized by the Emergency Commission:

- **Information Technology Department (Request #1386) - To increase federal funds spending authority by \$310,000 and the operating expenses line item to develop technical architecture, data standards, and implement high-priority criminal justice information-sharing projects.**

HIGHER EDUCATION

Chairman Svedjan called on Mr. Larry Isaak, Chancellor, North Dakota University System, who presented information regarding the State Board of Higher Education policy for college president retention awards. A copy of the information presented is on file in the Legislative Council office. Mr. Isaak said the new executive compensation policy was established by the State Board of Higher Education as an incentive for good presidents to stay with the University System. He said presidential tenure has been declining nationally over the last 20 years. He said the North Dakota University System had a turnover of 14 presidents and executive deans in the last nine years. He said North Dakota presidential salaries, in most cases, do not compare well with regional peer institutions. He said the policy is to promote retention of institution presidents by entitling them to additional compensation based on years of service. He said there is no entitlement to the additional compensation until after six years of service and the maximum payment may not exceed the final annual base salary.

In response to a question from Representative Delzer, Mr. Isaak said the average age of college presidents in North Dakota is in the mid-50s. Representative Delzer said he would rather see the additional compensation based on service for 10 to 12 years rather than six years.

In response to a question from Representative Skarphol, Mr. Isaak said the average tenure of the 14 presidents who have left the University System in the last 9 years ranges from 3 years to 13 years. He said there has been one college president in the last four years who has been asked to resign. Senator Heitkamp said this new policy should force the State Board of Higher Education to be more proactive in replacing a marginal college president. He said the State Board of Higher Education is responsible for this substantial investment to retain college presidents and will need to manage these funds in the best interest of the state's higher education institutions.

Senator Heitkamp said one benefit that could be instituted to retain qualified people throughout the University System is providing tuition assistance to the children of employees who work at the college or university. Mr. Isaak said Dickinson State University has instituted a policy for tuition assistance for children of employees at the university.

Chairman Svedjan called on Dr. H. David Wilson, Dean, University of North Dakota School of Medicine and Health Sciences, who presented a request to increase other funds spending authority from \$350,000 to \$465,000 for construction of a front entrance to the UND School of Medicine and Health Sciences, pursuant to NDCC Section 15-10-12.1. A copy of the information presented is on file in the Legislative Council office.

Dr. Wilson said the purpose of the renovation is to improve the appearance of and add visual identity to the front entrance of the UND School of Medicine and Health Sciences. He said in addition, the renovation would provide a functional entrance for mobility-impaired individuals. He said the \$115,000 of additional funding being requested is from private funds.

In response to a question from Senator Christmann, Dr. Wilson said future maintenance costs will probably decrease with the new entrance due to modern, more efficient lighting and reduced maintenance.

It was moved by Senator Solberg, seconded by Senator Robinson, and carried on a voice vote that pursuant to NDCC Section 15-10-12.1, the Budget Section approve the request to increase other funds spending authority from \$350,000 to \$465,000 for construction of a front entrance to the UND School of Medicine and Health Sciences.

Chairman Svedjan called on Mr. Joseph McCann, President, Williston State College, who presented information on a request to increase spending authority from \$4.5 million to \$5.25 million for the Health Science and Sports Complex Project, pursuant to NDCC Section 48-02-20. A copy of the information presented is on file in the Legislative Council office. Mr. McCann said the \$4.5 million appropriation was based upon an architectural estimate made prior to the 1999 legislative session on a 60,000-square-foot addition. He said the design phase is currently being finalized for a 57,000-square-foot addition to the current main campus building. He said construction costs have increased since the original estimate was prepared. He said the earlier estimate also did not include the cost of bleachers and architectural fees which have been included in the \$5.25 million estimate. He said the additional \$750,000 will be available from increased fundraising, from \$2,400,000 to \$3,000,000, and increased student fees, from \$300,000 to \$450,000.

It was moved by Representative Wald, seconded by Representative Carlisle, and carried on a voice vote that pursuant to NDCC Section 48-02-20, the Budget Section approve the request to increase other funds spending authority by \$750,000, and the total authorization from \$4,500,000 to \$5,250,000 for the Williston State College Health Science and Sports Complex Project.

WORKERS COMPENSATION BUREAU

At the request of Chairman Svedjan, Mr. Brent Edison, Executive Director and CEO, Workers Compensation Bureau, presented a status report on the risk management workers' compensation program, pursuant to NDCC Section 65-04-03.1. Mr. Edison said effective July 1, 2001, 141 state agencies were consolidated into one account for purposes of workers' compensation, pursuant to Section 65-04-03.1. He said the Risk Management Division of the Office of Management and Budget has hired Mr. Derek Watkins as manager for the risk management workers' compensation program. He said Section 65-04-03.1 requires the Workers Compensation Bureau to use the combined payroll, premium, and loss history of the agencies involved to determine rates, dividends, assessments, and premiums. He said it is anticipated that this consolidation will provide substantial savings in workers' compensation premiums and efficient claims management for covered state entities. He said the consolidated account maintained by the Risk Management Division has collected approximately \$3.3 million in premiums from state entities. He said the actual premium paid to the Workers Compensation Bureau this biennium for the consolidated accounts is approximately \$1.27 million. He said the balance of the Risk Management Division's fund for claims payment is approximately \$1.8 million.

Mr. Edison presented a report on additional FTE positions at the Workers Compensation Bureau, pursuant to Section 2 of 2001 House Bill No. 1024. He said Section 2 of 2001 House Bill No. 1024 authorized up to 10 additional FTE positions and \$500,000 for related wages, salaries, and benefits for the Workers Compensation Bureau. He said the Workers Compensation Bureau has hired 8.67 FTE positions to provide services previously provided under contract with an out-of-state vendor, consisting of two advocates within the Office of Independent Review and 6.67 FTE positions for information technology staff within the Workers Compensation Bureau's information services department. He said of the remaining 1.33 FTE positions, 1 FTE position will be used to fill a facility manager position for the Workers Compensation Bureau office building under construction.

In response to a question from Senator Bowman, Mr. Edison said by hiring the 8.67 FTE positions instead of contracting for their services, the Workers Compensation Bureau is expected to generate a savings of approximately \$595,000 during the 2001-03 biennium.

In response to a question from Representative Wald, Mr. Edison said the advocates act on the workers' behalf to resolve disputes, arrive at a settlement, and avoid litigation. In response to a question from Representative Skarphol, Mr. Edison said the advocates are not licensed attorneys.

In response to a question from Representative Warner, Mr. Edison said to avoid the appearance of a conflict of interest, the Office of Independent Review is located in office space separate from the Workers Compensation Bureau and has its own director who reports to the Workers Compensation Board Audit Committee.

STATUS OF THE DEPARTMENT OF COMMERCE

Chairman Svedjan called on Ms. Linda Butts, Director, Division of Economic Development and Finance, Department of Commerce, who reported on the status of the Department of Commerce, pursuant to Section 7 of 2001 Senate Bill No. 2019. Ms. Butts said the Division of Community Services is working on new lending policies and procedures for the community development loan fund. She said the department is developing a comprehensive statewide tracking report for primary sector job creation and retention. She said the web site *ndhasjobs.com* provides a single, statewide web site for employment openings, internships, and student workbase learning opportunities and provides information about businesses to prospective employees. She said in addition, employees may post their resumes on the web site. She said the Department of Commerce is collaborating with other entities on developing a statewide labor availability and underemployment study. She said the study will identify workforce vacancies and skills shortages that may emerge in the next 10 years as baby boomers retire.

Senator Krauter requested an update on the Department of Commerce's northern California energy campaign. He said the campaign was to be completed on November 3, 2001, and the commissioner of the Department of Commerce at the last meeting had agreed to update the Budget Section. Chairman Svedjan requested the Department of Commerce report on the northern California campaign at the next Budget Section meeting.

In response to a question from Senator Bowman, Mr. Jim Hirsch, Director, Division of Workforce Development, Department of Commerce, said when workforce training is requested by a business, the department works with the University System customized workforce training program for providing curriculum and instructors.

STATUS OF THE JOB INSURANCE TRUST FUND

Chairman Svedjan called on Ms. Maren Daley, Executive Director, Job Service North Dakota, who reported on the status of the job insurance trust fund, pursuant to NDCC Section 52-02-17. A copy of the information presented is on file in the Legislative Council office. Ms. Daley said 1999 House Bill No. 1135 provides a seven-year timeframe to achieve targeted unemployment compensation fund reserve

goals based in part on a national economic model that estimates the funds needed to pay unemployment claims for a one-year recessionary period based on current wages and historical claims. She said 1999 House Bill No. 1135 also shifted unemployment funding burdens to negative balance employers. She said the trust fund balance as of December 31, 2001, was \$30.8 million, slightly below the December 31, 2000, balance. She said currently Job Service North Dakota would only be able to pay about one-quarter's worth of targeted benefits. She said the trust fund is projected to reach the target balance within the seven-year period using the existing tax rate schedule.

In response to a question from Senator Grindberg, Ms. Daley said Job Service North Dakota has been speaking to various chambers of commerce around the state to generate awareness of the Work Force 2000 program.

In response to a question from Senator Solberg, Ms. Daley said the unemployment compensation fund is affected by other factors in addition to the unemployment rate, including taxable wages and established tax rate limiters. She said in North Dakota an individual can earn up to 60 percent of weekly unemployment benefits and still collect unemployment benefits.

In response to a question from Representative Glassheim, Mr. John Graham, Director, Centralized Services, Job Service North Dakota, said North Dakota is responsible for unemployment on an individual that leaves the state when the claim history relates to North Dakota earnings.

FARGO FAMILY HEALTHCARE CENTER

Chairman Svedjan called on Ms. Sherlyn Dahl, Executive Director, Fargo Family HealthCare Center, who presented an update on the center's request for debt forgiveness. A copy of the information presented is on file in the Legislative Council office. Section 21 of 2001 House Bill No. 1015 provides for the Fargo Family HealthCare Center to present a plan addressing the sustainability of programs and services at the center to the Budget Section for approval. The section also provides that, upon approval of the plan by the Budget Section, adoption by the city of Fargo of a plan to provide support to the center and forgiveness by the city of Fargo of at least \$100,000 in center debt relating to rental expenses, the Budget Section may approve the debt forgiveness of up to \$395,000.

Ms. Dahl said since the October 2001 Budget Section meeting, the Fargo Family HealthCare Center has received final confirmation of support from local governments, including the cities of Fargo, Moorhead, West Fargo, and Dilworth, and Cass and Clay Counties. She said the Fargo Family HealthCare Center's net income for the first six months of its fiscal year is \$19,481. She said the Fargo Family HealthCare

Center does not have a cash reserve and remains very vulnerable to any unexpected expenses or delays in revenue. She said grant writing will remain the center's primary fundraising activity until the completion of a philanthropy planning effort. She said the current debt owed to the UND School of Medicine and Health Sciences occurred in the period from March 14, 1994, through June 30, 1996.

In response to a question from Representative Boucher, Ms. Dahl said the center's primary relationship with the state of North Dakota involves the medical assistance program. She said the Fargo Family HealthCare Center has also had discussions with the State Department of Health regarding potential grants and the Department of Human Services regarding refugee resettlement funds.

In response to a question from Representative Boucher, Ms. Dahl said the Fargo Family HealthCare Center does not consider itself in competition with other community health care providers. She said the center serves individuals who would otherwise not receive care.

In response to a question from Senator Bowman, Ms. Dahl said Fargo hospitals are not directly subsidizing the Fargo Family HealthCare Center. She said the center is looking at possible ways in which to partner with the local hospitals, including having physicians come directly to the center to provide treatment services for its patients and by creating a patient referral network for the local hospitals' specialty programs.

In response to a question from Senator Christmann, Ms. Dahl said the Fargo Family HealthCare Center made an offer through Senator Grindberg to negotiate the amount of debt forgiveness with the UND School of Medicine and Health Sciences and received no response.

In response to a question from Representative Warnke, Ms. Dahl said there has not been any other contact with the UND School of Medicine and Health Sciences.

In response to a question from Representative Byerly, Ms. Dahl said the Fargo Family HealthCare Center would use the funds available from debt writeoff to build reserves and provide additional patient services.

Representative Svedjan said the 2001 Legislative Assembly eliminated the asset test for the Medicaid program, making it easier for individuals to access the children's health insurance program. He said over 25 percent of the Fargo Family HealthCare Center's business is providing services to insured individuals who could be served by local hospitals. Ms. Dahl said some patients who have been able to obtain insurance continue with the Fargo Family HealthCare Center to remain with their primary doctor or because of the need for an interpreter.

Representative Svedjan said the Fargo Family HealthCare Center serves over 2,600 commercially

insured patients, which is more than some private sector clinics within North Dakota. He said the state has not forgiven debt owed by the private sector clinics.

In response to a question from Senator Solberg, Ms. Dahl said the Fargo Family HealthCare Center made a \$40,000 payment to the UND School of Medicine and Health Sciences in fiscal year ended 2001. Senator Solberg expressed concern at the Fargo Family HealthCare Center's inability to identify where the payment appears on the financial statements.

Senator Grindberg said his involvement with Fargo Family HealthCare Center involved sending an e-mail message to the Grand Forks members of the Budget Section requesting a meeting, which did not take place because of timing or schedule conflicts. He said he felt it would be beneficial for individual members of the committee to try to reach an agreement prior to the Budget Section meeting.

In response to a question from Representative Glasheim, Mr. Shane Waslaski, Director of Operations, Fargo Family HealthCare Center, said the Fargo Family HealthCare Center financial situation has improved over the last year. He said the restricted assets on the financial statements are assets reserved for an identified purpose such as grant requirements.

In response to a question from Representative Skarphol, Ms. Dahl said the Fargo Family HealthCare Center is North Dakota's only federally funded community health center. She said by being a federally qualified health center, the center is able to receive federal funds and enhanced Medicaid cost reimbursement. She said Fargo has a large number of uninsured people but she does not have data to support whether or not there is a higher percentage of uninsured in Fargo than the rest of the state.

In response to a question from Senator Kringstad, Ms. Dahl said the Fargo Family HealthCare Center still shares costs with the residency program. She said the University of North Dakota reimburses the center for shared clerical support and printing costs. She said the Fargo Family HealthCare Center pays for physician time.

In response to a question from Senator Solberg, Mr. Waslaski said the \$558,027 increase in unrestricted net assets between December 31, 2000, and December 31, 2001, is the result of many activities, including the removal of bad debts.

Senator Bowman said rural North Dakota continues to lose population and struggles with raising funds for health care. He said the request, in effect, asks the rural residents of the state to forgive a debt of a clinic in a city with substantial economic growth and development. Mr. Waslaski said the patients served by the Fargo Family HealthCare Center, including the number of uninsured and refugees, are unique as compared to the patients served in the clinics and hospitals in the rest of the state.

In response to a question from Representative Timm, Ms. Dahl said the Fargo Family HealthCare Center receives slightly over \$1 million per year in federal grants.

In response to a question from Representative Timm, Mr. Waslaski said the accounts receivable balance represents outstanding patient accounts and amounts due from payers, such as Blue Cross Blue Shield and Medicare. Representative Svedjan said approximately one-third of the payments received by the Fargo Family HealthCare Center are from commercial insurance and Medicare.

In response to a question from Representative Boucher, Mr. Waslaski said adjustments are made to the accounts receivable balance to reflect amounts actually determined collectible as opposed to the amounts billed for services.

Chairman Svedjan called on Dr. Wilson who provided testimony on the Fargo Family HealthCare Center request of debt forgiveness owed the UND School of Medicine and Health Sciences. He said attorneys for the University of North Dakota believe the agreement by the Fargo Family HealthCare Center to pay \$40,000 annually to the UND School of Medicine and Health Sciences is a legal contract. He said the UND School of Medicine and Health Sciences has not received a payment from the Fargo Family HealthCare Center in over one and one-half years.

It was moved by Representative Martinson and seconded by Representative Warnke that pursuant to Section 21 of 2001 House Bill No. 1015, the Budget Section approve the Fargo Family HealthCare Center plan to address sustainability of programs and services, approve the forgiveness of \$117,720 of debt owed by the center to the UND School of Medicine and Health Sciences, and continue to monitor the Fargo Family HealthCare Center to determine whether additional debt should be forgiven.

Senator Grindberg said the Budget Section needs to consider adopting the plan for sustainability before the committee can approve forgiveness of debt. The legislative budget analyst and auditor said the intent of Section 21 of 2001 House Bill No. 1015 appears to require approval of the plan for sustainability prior to the forgiveness of debt.

In response to a question from Representative Byerly, Representative Svedjan said according to testimony, Clay County has pledged in-kind or financial support to the Fargo Family HealthCare Center. He said North Dakota is the only state to receive a request for forgiveness of debt.

Senator Andrist requested the motion be divided as follows:

Division A

That pursuant to Section 21 of 2001 House Bill No. 1015, the Budget Section approve the Fargo

Family HealthCare Center plan to address sustainability of programs and services.

Division B

The Budget Section approve the forgiveness of \$117,720 of debt owed by the center to the UND School of Medicine and Health Sciences and continue to monitor the Fargo Family HealthCare Center to determine whether additional debt should be forgiven.

Senator Grindberg said the Fargo Family HealthCare Center is receiving grants from the state of Minnesota and Fargo is providing \$80,000 of additional financial support.

Division A was approved on a roll call vote.

Representatives Aarsvold, Belter, Bernstein, Boucher, Byerly, Carlisle, Delzer, Glasheim, Huether, Kempenich, Kerzman, Koppelman, Martinson, Monson, Skarphol, Thoreson, Warner, and Warnke and Senators Andrist, Bowman, Christmann, Grindberg, Heitkamp, Krauter, Kringstad, Lindaas, Nething, Robinson, Schobinger, Solberg, Stenehjem, Tallackson, Thane, and Tomac voted "aye." Representatives Svedjan, Timm, and Wald voted "nay."

Senator Grindberg said he opposes the motion for only \$117,720 of debt forgiveness for the Fargo Family HealthCare Center.

It was moved by Representative Wald, seconded by Representative Timm, and defeated on a roll call vote that Division B be amended and then approved as follows: The Budget Section approve the forgiveness of \$195,000 of debt owed by the center to the UND School of Medicine and Health Sciences, and the Fargo Family HealthCare Center repay the balance of the debt by making annual payments of \$40,000 for five years, a total of \$200,000. Representatives Svedjan, Byerly, Glasheim, Kempenich, Martinson, Monson, Skarphol, Timm, Wald, and Warnke voted "aye." Representatives Aarsvold, Belter, Bernstein, Boucher, Carlisle, Delzer, Huether, Kerzman, Koppelman, Thoreson, and Warner and Senators Andrist, Christmann, Grindberg, Heitkamp, Krauter, Kringstad, Lindaas, Nething, Robinson, Schobinger, Solberg, Stenehjem, Tallackson, Thane, and Tomac voted "nay."

Senator Solberg said he generally does not favor debt writeoff but would like the UND School of Medicine and Health Sciences to be able to move on with its business and for the committee to resolve the issue and approve the debt writeoff.

Representative Warnke said legislative members from Grand Forks agree that the Fargo Family HealthCare Center provides a needed service for the city of Fargo and that some of the debt should be forgiven. She said the UND School of Medicine and Health Sciences was instructed by the Legislative Assembly to develop a strategic plan for efficient operations. She said the UND School of Medicine and Health Sciences needed to close one of its residency

programs and it was determined the city of Fargo has the best resources to absorb the loss of a residency program. She said it appears the UND School of Medicine and Health Sciences is now being penalized for trying to be efficient with its resources.

Senator Heitkamp said support of the debt forgiveness is a realization of circumstances and not a reflection on the UND School of Medicine and Health Sciences. He said the Legislative Assembly will support future needs of the UND School of Medicine and Health Sciences.

Representative Belter said it does not benefit the University of North Dakota to maintain an accounts receivable that cannot be paid. He said the Legislative Assembly has the ability to address the UND School of Medicine and Health Sciences financial needs during the next session.

Representative Glasheim said he has concerns about forgiving debt when other long-term payment options are available that would not put the Fargo Family HealthCare Center operations in jeopardy.

Senator Nething said support of the forgiveness of the \$395,000 of debt owed to the University of North Dakota does not indicate a lack of support for the UND School of Medicine and Health Sciences. He said it would be extremely difficult for the Fargo Family HealthCare Center to raise funds with this outstanding debt.

It was then moved by Senator Grindberg, seconded by Representative Thoreson, and carried on a roll call vote that Division B be amended and approved as follows: The Budget Section approve the forgiveness of \$395,000 of debt owed by the Fargo Family HealthCare Center to the UND School of Medicine and Health Sciences. Representatives Aarsvold, Belter, Bernstein, Boucher, Carlisle, Delzer, Huether, Kerzman, Koppelman, Monson, Thoreson, Timm, and Warner and Senators Andrist, Christmann, Grindberg, Heitkamp, Kringstad, Lindaas, Nething, Robinson, Schobinger, Solberg, Stenehjem, Tallackson, Thane, and Tomac voted "aye." Representatives Svedjan, Byerly, Glasheim, Kempenich, Martinson, Skarphol, Wald, and Warnke and Senator Krauter voted "nay."

STATUS OF ACTUAL MEDICAL ASSISTANCE EXPENDITURES

Chairman Svedjan called on Mr. David Zentner, Director, Medical Services, Department of Human Services, who reported, pursuant to Section 20 of 2001 House Bill No. 1012, on the status of actual medical assistance expenditures to date compared to projections and whether the actual expenditures for the biennium are anticipated to exceed funding appropriated. A copy of the information presented is on file in the Legislative Council office. Mr. Zentner said based on the current nursing facility expenditures and increases in Medicaid eligibles through December 2001, the Department of Human Services

anticipates the need for an additional \$2.2 million general fund appropriation to fund the program as it is currently operated. He said because of an increase in North Dakota's average personal income, the federal medical assistance percentage (FMAP) is scheduled to decrease from 69.87 percent to 68.36 percent in October 2002 and remain at that level for the remainder of the biennium. He said this change will result in a \$4.5 million decrease in federal reimbursement. He said, however, there are proposals in Congress that would increase the federal medical assistance percentage as part of an economic stimulus package. He said under these proposals North Dakota could receive anywhere from \$5.2 million to \$8.9 million in increased federal medical assistance percentage. He said regardless of the action taken at the federal level, the Department of Human Services will be implementing measures to control costs. He said those measures will include controlling overutilization of services, changing prescription practices, and ensuring that nursing facilities are properly classifying residents based on care needs.

In response to a question from Representative Warner, Mr. Zentner said the Department of Human Services monitors drug prescription practices to reduce the number of compounded drugs paid for by the Medicaid program. He said a compounded drug is the use of a combination of drugs for unintended remedies.

In response to a question from Representative Delzer, Mr. Zentner said nursing facility expenditures for the 2001-03 biennium are currently estimated to be \$294 million as compared to \$299 million appropriated by the 2001 Legislative Assembly.

In response to a question from Representative Svedjan, Mr. Zentner said the \$5 million projected savings in nursing facility expenditures is considered in the \$2.2 million projected general fund shortfall.

In response to a question from Representative Delzer, Mr. Zentner said the Department of Human Services staff, consisting of professional nurses, will be used to conduct onsite nursing home case management visits.

NORTH DAKOTA FAMILIES RECEIVING ASSISTANCE FROM STATE PROGRAMS

Chairman Svedjan called on Mr. Blaine Nordwall, Director, Economic Assistance Policy, Department of Human Services, who reported on the number of families in North Dakota receiving assistance from state programs, including temporary assistance for needy families (TANF), food stamps, medical assistance, and child care. A copy of the information presented is on file in the Legislative Council office. Mr. Nordwall said the statewide average participation in North Dakota's medical assistance programs for calendar year 2001 was:

- 43,050 enrolled recipients in the Medicaid program.
- 16,042 households in the food stamp program.
- 2,969 families in the TANF program.
- 2,874 families in the child care program.

Chairman Svedjan called on Mr. Mike Schwindt, Director, Child Support Enforcement, Department of Human Services, who presented a report on the number of child support enforcement cases in North Dakota. A copy of the information presented is on file in the Legislative Council office. Mr. Schwindt said for the quarter ended December 31, 2001, there were 13,131 non-IV-D cases and 39,047 IV-D cases in North Dakota. He said during calendar year 2001, the Department of Human Services received \$52.2 million for IV-D cases and \$32.4 million in collections for non-IV-D cases. He said the number of child support enforcement cases is increasing both nationally and in North Dakota.

STATE AGENCY "IRREGULAR" SALARY PAYMENTS SURVEY

At the request of Chairman Svedjan, the Legislative Council staff presented a memorandum entitled *State Agency "Irregular" Salary Payments Survey*. The memorandum states that pursuant to NDCC Section 54-14-03.1, the Office of Management and Budget is to report any fiscal irregularity discovered to the Budget Section. The Legislative Council staff said irregularities are defined as the use of state funds to provide bonuses, cash incentive awards, and temporary salary adjustments for state employees. The Legislative Council staff said state agencies were surveyed and provided details on the types and amounts of irregular salary payments provided to employees for fiscal years ended 1999, 2000, and 2001.

The Legislative Council staff said unless specifically exempted, employees covered by the Fair Labor Standards Act must receive overtime pay for hours worked in excess of 40 hours in a workweek at a rate not less than one and one-half times the regular rate of pay. Employees of a public agency, which is a state, political subdivision of a state, or an interstate government agency, may receive, in lieu of overtime compensation, compensatory time off at a rate not less than one and one-half hours for each hour of employment for which overtime compensation is required. The Legislative Council staff said the state agency survey responses included a description of agencies' nonmonetary compensation policies.

In response to a question from Representative Skarphol, the legislative budget analyst and auditor said the bonuses, cash incentive awards, and temporary salary adjustments would generally not be included in the employees' base pay when determining a budget request for the next biennium.

BUDGET TOUR REPORTS

Chairman Svedjan called on Senator Nething to present the report on budget tours conducted by the Higher Education Committee during its November 7-8, 2001, meeting. The committee conducted budget tours of North Dakota State University, Northern Crops Institute, Upper Great Plains Transportation Institute, North Dakota State University Extension Service, and North Dakota Agricultural Experiment Station. **It was moved by Senator Nething, seconded by Senator Solberg, and carried on a voice vote that the Budget Section accept the report on the budget tour conducted by the Higher Education Committee.**

Chairman Svedjan called on Representative Kempenich to present the report on a budget tour conducted by the Budget Section tour group on December 18-19, 2001. The tour group conducted budget tours in conjunction with the Corrections Committee of the State Penitentiary, Roughrider Industries, and Missouri River Correctional Center in Bismarck; the Youth Correctional Center in Mandan; and the James River Correctional Center and State Hospital in Jamestown. The tour group also toured

the South Central Human Service Center. **It was moved by Representative Kempenich, seconded by Representative Monson, and carried on a voice vote that the Budget Section accept the report of the Budget Section’s tour group.**

It was moved by Representative Warner, seconded by Senator Heitkamp, and carried on a voice vote that the Budget Section meeting be adjourned subject to the call of the chair. Chairman Svedjan adjourned the meeting at 4:50 p.m.

Donald J. Wolf
Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1