

# NORTH DAKOTA LEGISLATIVE COUNCIL

## Minutes of the

### BUDGET SECTION

Thursday, June 14, 2001  
Senate Chamber, State Capitol  
Bismarck, North Dakota

Representative Ken Svedjan, Chairman, called the meeting to order at 1:40 p.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, Robert Huether, Keith Kempenich, James Kerzman, Amy Kliniske-Warne, Kim Koppelman, Bob Martinson, David Monson, Bob Skarphol, Blair Thoreson, Francis J. Wald, John M. Warner; Senators John M. Andrist, Bill Bowman, Randel Christmann, Aaron Krauter, Ed Kringstad, Dave Nething, Larry J. Robinson, Randy A. Schobinger, Bob Stenehjelm, Russell T. Thane, Steven W. Tomac

**Members absent:** Representatives Eliot Glasheim, Pam Gulleason, Mike Timm, Janet Wentz; Senators Tony Grindberg, Joel C. Heitkamp, Ray Holmberg, Elroy N. Lindaas, Ken Solberg, Harvey Tallackson

**Others present:** See attached appendix

### RULES OF OPERATION AND PROCEDURE

At the request of Chairman Svedjan, the legislative budget analyst and auditor presented a memorandum entitled *Supplementary Rules of Operation and Procedure of the North Dakota Legislative Council*.

### STATUS OF THE STATE GENERAL FUND

At the request of Chairman Svedjan, Mr. Rod 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 presented information relating to bond ratings for the state of North Dakota. He said as of June 14, 2001, 20-year bonds have been issued for authorized projects in Minot and Williston. He said the interest rate on the bonds range from four percent for the early maturing bonds to 5.125 percent for longer-term bonds. He said Moody's and Standards and Poors stated North Dakota has a stable outlook for the future, thus the state has been assigned an A-1 bond rating.

Mr. Backman said the 1999-2001 biennium revenues through May 31, 2001, were \$46.2 million or 3.2 percent more than the 1999 legislative revenue

forecast and \$7.1 million or .5 percent more than the March 2001 legislative revenue forecast. Mr. Backman said during the month of May 2001, a \$2.6 million reduction was made to the amount for motor vehicle excise tax collections. This adjustment was a result of problems the Department of Transportation experienced in implementing the new computer system for registration of vehicles, which resulted in timing differences on the motor vehicle excise tax collections. He said the new system is now in place and actual numbers are now reflected in the general fund statement. Mr. Backman presented the following information on the status of the state general fund based on revenue collections through the month of May 2001:

Unobligated general fund balance - July 1, 1999	\$61,114,425
Add	
Actual general fund collections through May 31, 2001	1,502,653,370
Remaining forecasted general fund revenue for the 1999-2001 biennium (based on the 2001 legislative forecast)	92,166,010
Total estimated general fund revenue for the 1999-2001 biennium	\$1,655,933,805
Less	
1999-2001 biennium general fund expenditures (\$1,594,038,538 appropriated by the 1999 Legislative Assembly adjusted for deficiency appropriations made by the 2001 Legislative Assembly and estimated general fund turnback)	1,596,177,647
Estimated general fund balance - June 30, 2001 (\$7,093,458 more than the 2001 Legislative Assembly estimate of \$52,662,700)	\$59,756,158

### LEGISLATIVE COUNCIL ANALYSIS CHANGES TO THE EXECUTIVE BUDGET - 2001-03 BIENNIUM

At the request of Chairman Svedjan, Mr. Allen Knudson, Assistant Legislative Budget Analyst and

Auditor, Legislative Council, presented the Legislative Council report entitled *Fifty-seventh Legislative Assembly Analysis of Changes to the Executive Budget 2001-03 Biennium*. The report provides information on legislative changes to the executive budget, FTE changes, major programs, and related legislation for each state agency. The report also includes the analysis of various special funds and statistical information on state appropriations.

### **BUDGET STATUS REPORT FOR THE 2001-03 BIENNIUM**

At the request of Chairman Svedjan, Mr. Joe Morrisette, Senior Fiscal Analyst, Legislative Council, presented the Legislative Council report entitled *Fifty-seventh Legislative Assembly Budget Status Report for the 2001-03 Biennium*. The report provides information on the status of the general fund and estimated June 30, 2003, ending balance, legislative changes to general fund revenues, and legislative appropriation changes to both the Schafer executive recommendation and the Hoeven executive recommendation.

### **BUDGET SECTION DUTIES AND RESPONSIBILITIES FOR THE 2001-03 BIENNIUM**

At the request of Chairman Svedjan, the Legislative Council staff presented a memorandum entitled *Budget Section Duties and Responsibilities for the 2001-03 Biennium*. The memorandum listed the following Budget Section duties for the 2001-03 biennium:

1. Consider request for higher education campus improvements and building construction (Section 15-10-12.1, 2001 Senate Bill No. 2039).
2. Receive report on irregularities in the fiscal practices of the state (Section 54-14-03.1).
3. Consider requests for transfers exceeding \$50,000 (Section 54-16-04(2)).
4. Consider request to receive and spend more than \$50,000 of federal funds which were not appropriated (Section 54-16-04.1).
5. Consider request to receive and spend more than \$50,000 of other funds which were not appropriated (Section 54-16-04.2).
6. Consider request for the distribution of Children's Services Coordinating Committee grants (Section 54-56-03, 2001 Senate Bill No. 2014).
7. Receive statement from ethanol plants that receive production incentives (2001 Senate Bill No. 2019).
8. Review and report on budget data (Legislative Council directive).
9. Consider request to use moneys in the capital improvements preliminary planning revolving fund (Section 54-27-22).

10. Prescribe form of budget data (Section 54-44.1-07).
11. Consider request to change or expand state building construction projects (Section 48-02-20).
12. Receive report on tobacco settlement funds (Section 54-44-04).
13. Consider request to use moneys in the State Forest reserve account (Section 4-19-01.2).
14. Consider request by the Board of University and School Lands to invest in real property (Section 15-03-04).
15. Consider Game and Fish Department land acquisitions (Section 20.1-02-05.1).
16. Consider the provisions of contract services by the Developmental Center (Section 25-04-02.2).
17. Consider request to terminate the food stamp program (Section 50-06-05.1(17)).
18. Consider request to terminate the energy assistance program (Section 50-06-05.1(19)).
19. Consider request for transfers which will result in program elimination (Section 54-16-04(1)).
20. Consider request to use cash flow financing (Section 54-27-23).
21. Receive report on transfers from the budget stabilization fund (Section 54-27.2-03).
22. Consider objecting to budget allotments for expenditures (Section 54-44.1-12.1).
23. Consider the reduction of budgets due to initiative or referendum action (Section 54-44.1-13.1).
24. Consider the provision of extraterritorial workers' compensation insurance (Section 68-08.1-02).
25. Consider request for program terminations, reductions, or changes resulting from federal funding reductions (2001 House Bill No. 1015).
26. Hold any legislative hearings required for federal block grants (2001 Senate Concurrent Resolution No. 4002).
27. Consider requests by the Game and Fish Department to reduce the balance of the game and fish fund below \$10 million (Section 20.1-02-16.1).
28. Receive reports on medical assistance expenditures and approve any request to spend funds resulting in a request for deficiency appropriations (2001 House Bill No. 1012).
29. Consider request to use projected budget savings and transfer authority to fund the closing of the State Hospital landfill (2001 House Bill No. 1012).
30. Consider request to make transfers from the Bank of North Dakota to offset declines in

- general fund revenues (2001 House Bill No. 1015).
31. Consider a waiver of exemption on special assessments levied for flood control purposes on state property (Section 40-23-22.1, 2001 House Bill No. 1015).
  32. Consider request for approval of a debt forgiveness plan at the Fargo Family Health-care Center (2001 House Bill No. 1015).
  33. Receive report on sources of funds received for construction projects of entities under the State Board of Higher Education for projects approved after July 1, 2001 (Section 15-10-12.3, 2001 House Bill No. 1015).
  34. Receive periodic reports on the status of the risk management workers' compensation program (Section 65-04-03.1, 2001 House Bill No. 1015).
  35. Receive report on additional FTE positions at the Workers Compensation Bureau (2001 House Bill No. 1024).
  36. Receive report on rental space in proposed Workers Compensation Bureau building (2001 House Bill No. 1024).
  37. Receive report on Workers Compensation Bureau building maintenance account (2001 House Bill No. 1024).
  38. Receive annual report on transfers to the state tuition fund (Section 15.1-02-14, 2001 House Bill No. 1058).
  39. Receive report on job insurance trust fund (Section 52-02-17, 2001 House Bill No. 1084).
  40. Receive report on survey of all political subdivision-owned armories (2001 House Bill No. 1215).
  41. Receive report on annual audits of renaissance fund organizations (Section 40-63-07, 2001 House Bill No. 1460).
  42. Consider request for construction of the Towner Nursery tree storage building (2001 Senate Bill No. 2003).
  43. Consider request for addition to the Blikre Activities Center (2001 Senate Bill No. 2003).
  44. Consider request for an additional .5 FTE position in the Department of Financial Institutions (2001 Senate Bill No. 2008).
  45. Consider request for replacement of federal funding with general or special fund moneys in the Department of Corrections and Rehabilitation (2001 Senate Bill No. 2016).
  46. Receive reports on new correctional programs which exceed \$100,000 of cost during a biennium (Section 54-23.3-08, 2001 Senate Bill No. 2016).
  47. Receive periodic reports on the status of the Department of Commerce (2001 Senate Bill No. 2019).
  48. Receive report on performance measures for the Department of Commerce (2001 Senate Bill No. 2019).
  49. Receive report on workforce training funds raised by the University System (2001 Senate Bill No. 2020).
  50. Receive status report on the State Board of Agricultural Research and Education (2001 Senate Bill No. 2021).
  51. Receive a status report on the State Board of Agricultural Research and Education (Section 4-05.1-19, 2001 Senate Bill No. 2021).
  52. Receive a report on transfers of funds between line items for the Information Technology Department (2001 Senate Bill No. 2022).
  53. Consider request by the Information Technology Department to finance the purchase of software, equipment, or implementation of services (Section 54-59-05(4), 2001 Senate Bill No. 2043).
  54. Receive a report from the Information Technology Department (Section 54-59-19, 2001 Senate Bill No. 2043).
  55. Receive a report on performance measures developed in the Information Technology Department (2001 Senate Bill No. 2043).

**It was moved by Representative Wald, seconded by Representative Kempenich, and carried on a voice vote that the Budget Section receive the following items at its next meeting:**

- **A report on rental space to be included in the proposed Workers Compensation Bureau building.**
- **A report on the status of the Department of Commerce.**

### **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 North Dakota Century Code (NDCC) Sections 54-16-04, 54-16-04.1, and 54-16-04.2. The information relating to the requests was sent to the Budget Section members prior to the meeting and is on file in the Legislative Council office.

Senator Krauter requested the Information Technology Department Request #1350 for \$3.5 million of additional other funds spending authority be discussed separately.

Mr. Rod Backman, Director, Office of Management and Budget, said the Information Technology Department manages consultant contracts for other state agencies, which often results in cost-savings. In response to a question from Senator Krauter, Mr. Backman said the appropriations for the projects are within each agency's budget. He said the agency

may deal with a vendor directly or receive assistance from the Information Technology Department. He said when an agency uses the Information Technology Department, the department receives revenue from the agency and makes the corresponding payments for the project. He said the Information Technology Department has been used by agencies more than budgeted and is therefore requesting additional spending authority for those projects.

In response to a question from Representative Koppelman, Mr. Mike Ressler, Director of Operations, Information Technology Department, said the department did not request the additional spending authority during the session because it had not projected its need for additional spending authority. He said the department became aware of the problem in April when it reexamined its outstanding contracts for the 1999-2001 biennium and determined the need for an additional \$3.5 million in spending authority.

In response to a question from Representative Delzer, Mr. Ressler said the department's request is not due to additional costs incurred by agencies but rather is a result of additional unanticipated requests for assistance from agencies. He said the Information Technology Department may have also underestimated the appropriation authority needed for this purpose for the 2001-03 biennium. He said there more than likely will be projects presented to the Information Technology Department that were not anticipated when the department's budget was prepared.

**It was moved by Senator Nething, seconded by Representative Wald, and carried on a roll call vote that the Budget Section approve the following request which has been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to North Dakota Century Code Section 54-16-04.2:**

- **Information Technology Department (Request #1350) - To increase other fund spending authority by \$3.5 million to accept funds from other state agencies and allow for payment for various services contracted by the Information Technology Department, on behalf of state agencies, with outside vendors for software development, consulting services, and related technology.**

Representatives Svedjan, Aarsvold, Bernstein, Boehm, Byerly, Carlisle, Delzer, Huether, Kempenich, Kerzman, Kliniske-Warnke, Koppelman, Martinson, Monson, Skarphol, Thoreson, Wald, and Warner and Senators Andrist, Bowman, Christmann, Krauter, Kringstad, Nething, Robinson, Schobinger, Stenehjem, Thane, and Tomac voted "aye." Representative Boucher voted "nay."

**It was moved by Senator Robinson, seconded by Senator Krauter, and carried on a roll call vote that the Budget Section approve the following requests that 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:**

- **University of North Dakota (Request #1342) - To increase spending authority (\$12 million) for a line of credit from the Bank of North Dakota to pay expenses relating to the 1997 flood disaster pending receipt of funds from the Federal Emergency Management Agency (FEMA) and/or insurance carrier reimbursements.**
- **Children's Services Coordinating Committee (Request #1344) - To increase the grants line item by \$750,000 of special funds from "refinancing" activities (federal funds received through the Department of Human Services) to be provided to the regional and tribal children's services coordinating committees.**
- **Department of Human Services (Request #1345) - To increase the federal funds spending authority and the grants line item by \$3,806,147 for providing grants to individuals under the low-income home energy assistance program (LIHEAP).**
- **Department of Human Services (Request #1346) - To increase the federal funds spending authority and the grants line item by \$2,125,000 to be provided to counties for reimbursement of child welfare-related administrative costs (\$1.6 million) and to the Children's Services Coordinating Committee for assistance to regional and tribal children's services coordinating committees (\$525,000).**
- **Department of Human Services (Request #1347) - To transfer \$250,000 of general fund appropriation authority from the State Hospital to the grants line item of the medical services program to provide additional general fund moneys to use as state matching funds under the Medicaid program if needed to cover the costs of the program for the 1999-2001 biennium.**
- **Office of the Adjutant General (Request #1348) - To increase other funds spending authority and the capital improvements line item by \$100,000 to accept federal funds from the Division of Emergency Management for the completion of the addition to the Fraine Barracks Emergency Operations Center.**
- **Bismarck State College (Request #1349) - To increase other funds spending authority from higher than anticipated fiscal year 2001 tuition collections and the operating expenses line item by \$75,000 for increased utility costs.**

- **Department of Corrections and Rehabilitation - Prisons Division (Request #1351) - To transfer \$150,000 from the program services line item and \$500,000 from the security and safety line item to increase the support services line item by \$650,000 for increased inmate medical costs.**
- **Division of Emergency Management (Request #1352) - To increase spending authority by \$14,841,660 to accept federal funds (\$13,071,870) from FEMA and from a loan from the Bank of North Dakota (\$1,769,790) for salaries (\$136,800), operating expenses (\$27,360), equipment (\$15,000), and grants (\$14,662,500) for expenses associated with flooding during the spring of 2001.**
- **Division of Emergency Management (Request #1353) - To increase spending authority by \$868,216 to accept federal funds (\$766,759) from FEMA and from a loan from the Bank of North Dakota (\$101,457) for salaries (\$6,850), operating expenses (\$9,920), equipment (\$5,200), and grants (\$846,246) for expenses associated with severe weather during November 2000.**
- **Department of Agriculture (Request #1356) - To increase federal funds spending authority by \$393,000 to accept funds available from the Environmental Protection Agency 319 nonpoint pollution prevention program to accelerate the completion of digitized soil maps used to assess potential ground water contamination from agricultural pesticide uses.**
- **North Dakota State University (Request #1358) - To increase spending authority (\$12.5 million) for a line of credit from the Bank of North Dakota to pay expenses relating to the 2000 flood disaster pending receipt of funds from FEMA and/or insurance carriers.**

Representatives Svedjan, Aarsvold, Belter, Bernstein, Boehm, Boucher, Byerly, Carlisle, Delzer, Huether, Kempenich, Kerzman, Kliniske-Warnke, Koppelman, Martinson, Monson, Skarphol, Thoreson, Wald, and Warner and Senators Andrist, Bowman, Christmann, Krauter, Kringstad, Nething, Robinson, Schobinger, Stenehjem, Thane, and Tomac voted "aye." No negative votes were cast.

### **FARGO FAMILY HEALTHCARE CENTER**

The Legislative Council distributed a copy of Section 21 of 2001 House Bill No. 1015 relating to the request by the Fargo Family Healthcare Center for \$395,000 of debt forgiveness from the University of North Dakota (UND) School of Medicine and Health Sciences. The section provides for the 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.

Ms. Sherlyn Dahl, Executive Director, Fargo Family Healthcare Center, presented information on the plan for debt forgiveness for the center. A copy of the information presented is on file in the Legislative Council office. Ms. Dahl presented background information relating to forgiveness of debt owed by the center to the UND School of Medicine and Health Sciences and a history of the center. She said the center was organized in 1994 as a federally funded community health center serving primarily low income, uninsured, and minorities in the Fargo-Moorhead area. She said since its opening, there has been a relationship with the UND School of Medicine and Health Sciences to provide resident physicians to serve the center's patients. She said during the first two years of operation the center had significant cash flow problems which led to debt. She said the cash flow problem was a result of the original contract that was entered into with the University of North Dakota and computer conversion problems which led to the inability to bill Medicaid. She said corrective action was taken in 1996 and the center has been paying \$40,000 a year on the debt owed to the UND School of Medicine and Health Sciences. She said, however, the announcement two years ago that the University of North Dakota will be transitioning its residency program away from the center has had a significant impact on the center's ability to continue. She said the need to hire physicians to replace the residents and the need for a computer system has significantly increased expenses over the last year. She said there has also been an increasing trend in the number of uninsured.

Ms. Dahl said the plan to address sustainability of the center includes an examination and definition of the center's core services. She said the center has started to eliminate services that are determined to be available elsewhere. She said the center has searched for savings by building partnerships with other members of the community.

Mr. Shane Walaski, Director of Operations, Fargo Family Healthcare Center, presented areas where the center will increase efficiency and production. He said efforts are being made to increase collections on accounts receivable, increase cash on hand reserves, and increase annual patient volume.

In response to a question from Representative Boucher, Ms. Dahl said the center is a 501(c)(3) nonprofit organization with a governing board of 17 members. She said the center is a primary care provider, not a public health facility. She said

approximately 20 percent of the center's patients have some form of insurance, over 40 percent are on medical assistance, and about 35 percent have no insurance. She said those that have no insurance pay for services based on a sliding fee scale.

In response to a question from Representative Boucher, Ms. Dahl said a major reason for the debt is because a high percentage of the patients have no insurance. She said the center currently has a budget of \$4 million per year which consists of 65 percent from fees for services and the remainder is from federal and other grants. She said many of the Medicaid reimbursements that were not billed during the first six months of operations due to computer problems were written off during the second year of operation. She said the unreimbursed Medicaid charges put the center behind financially, and the center has not been able to "catch up."

In response to a question from Senator Bowman, Ms. Dahl said the center has been audited by an external auditor each of its seven years. She said copies of the audit reports can be made available to the committee. She said corrective action relating to the debt accumulation was taken after the first full fiscal year of operation of the center. She said the center has not been operating at a deficit every year. She said from 1996 until 2000 when the transition from a residency program was announced, the center did realize profits.

In response to a question from Senator Bowman, Ms. Dahl said the debt payments have been \$40,000 per year to the UND School of Medicine and Health Sciences. She said she is not aware if the UND School of Medicine and Health Sciences has made any additional budget requests as a result of the debt forgiveness.

In response to a question from Representative Kempenich, Ms. Dahl said with the financial assistance received from the city of Fargo, the center will show a profit for the year ended June 2001.

Representative Martinson said the UND School of Medicine and Health Sciences will ask for additional revenues if the debt is forgiven. He said the school has counted on the \$395,000 as income.

Senator Nething said the \$395,000 of debt forgiveness requested relates to the startup costs of the Fargo Family Healthcare Center. He said it is his understanding that the UND School of Medicine and Health Sciences has already written off this debt. He said the Budget Section will need to receive testimony from the UND School of Medicine and Health Sciences prior to approving the write off. Senator Nething said the law pertaining to the debt forgiveness does not go into effect until July 1, 2001, and the information provided is for the committee's background and the Budget Section should consider approval at a fall meeting.

In response to a question from Representative Delzer, Ms. Dahl said the Fargo City Commission has

forgiven amounts owed for past due rent of \$117,720 and agreed to a reduction in future lease costs.

In response to a question from Representative Wald, Ms. Dahl said the revenue shortfall began during the startup period of the center. She said the center is paying on the debt; however, the phaseout of the residency program created the need for the debt forgiveness. She said the higher cost of employing physicians versus the lower contract rate for medical student residents plus the increasing number of refugees and uninsured in the Fargo area has created financial difficulties for the center during this past year.

In response to a question from Senator Christmann, Ms. Dahl said beginning July 1, 2001, the center will be down to four medical student residents, and by June 30, 2002, the residency program will end. Ms. Dahl said she believes the reasons the UND School of Medicine and Health Sciences decided to close the residency program at the center include a desire to focus on rural medicine programs, a difficulty in sustaining four residency programs in the state, and possibly differences in philosophy with the center.

Representative Carlisle requested that a representative from the UND School of Medicine and Health Sciences testify before the next Budget Section meeting prior to any action by the committee on the plan for debt forgiveness.

Dr. Clayton Jensen, President of the Board, Fargo Family Healthcare Center, said the four family health care centers in the state of North Dakota currently provide over \$1.8 million of uncompensated care to residents of North Dakota. He said it is his understanding the reason the UND School of Medicine and Health Sciences is closing the residency program at the center is a result of its plan to move resources to other programs which would be more beneficial in training family doctors for the state.

In response to a question from Representative Svedjan, Dr. Jensen said the city of Fargo has forgiven over \$117,720 of debt and has agreed to reduce the lease payments for the center by one-half. He said other support has come from the city of Moorhead, Clay and Cass Counties, local foundations, and state agencies. Dr. Jensen said the original debt to the UND School of Medicine and Health Sciences was approximately \$695,000, and through the annual payments of \$40,000, the debt has been reduced to the current value of \$395,000. He said of the 10,000 patients seen during the year at the center, 3,000 are children, some of whom would have no way of receiving primary medical care. Dr. Jensen said the center serves close to 3,000 refugees each year and interprets for 12 different languages at a cost of \$130,000 per year.

In response to a question from Representative Svedjan about the center's ability to pay the \$395,000 debt, Ms. Dahl said the only remaining debt of the center is the \$395,000 owed to the UND School of

Medicine and Health Sciences. She said forgiveness of the debt would provide the center with a solid financial future.

Senator Bowman said the Beach Hospital closed 10 years ago because of debt problems. He said Bowman has had to add a one cent sales tax and is currently trying to raise \$2 million for health care. He said rural hospitals are struggling throughout the state but trying to work out financial problems on their own. Ms. Dahl said she understands the center is not alone in dealing with the shortage of health care funding. She encouraged the state to consider increasing its role in helping all health care providers in the state to serve the underserved.

In response to a question from Representative Kempenich, Ms. Dahl said Lutheran Social Services is the local sponsor in Fargo for the refugees. She said the refugees are on medical assistance for only eight months, thus there is pressure for the refugees to find employment. She said there is some federal funding available through state agencies; however, there is a need to explore additional federal funding for refugee assistance.

In response to questions from Representative Skarphol, Dr. Jensen said he is not sure whether the medical student residents assigned to the center would be transferred to the three remaining family practice centers throughout the state or whether they may elect to go elsewhere. Representative Skarphol said it is his understanding that a medical foundation in Fargo offered \$1 million for a new facility in Fargo and that the University of North Dakota declined the offer due to a shortage of medical student residents. Dr. Jensen said it is possible that once the center has reestablished its financial "footing" and the needed community support, it might consider resuming the family practice residency program in the future.

Representative Skarphol said the University of Minnesota School of Medicine might receive funding offered by the medical foundation.

Representative Svedjan said the Fargo Family Healthcare Center needs to establish a plan to encourage a communitywide campaign effort to raise funds and look at integrating services into existing Fargo health facilities.

### **CORRESPONDENCE FROM ETHANOL PLANTS**

The legislative budget analyst and auditor distributed and explained correspondence from North Dakota ethanol plants receiving production incentives from the state provided pursuant to 1999 House Bill No. 1019. The correspondence relates to the Alchem, Ltd., plant and indicates that the plant did produce a profit in calendar year 2000 after deducting the payments received from the North Dakota ethanol production incentive program. A copy of the correspondence is on file in the Legislative Council office.

The meeting was adjourned subject to the call of the chair at 4:00 p.m.

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Jim W. Smith  
Legislative Budget Analyst and Auditor

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Donald J. Wolf  
Fiscal Analyst

ATTACH:1