

**2013 HOUSE APPROPRIATIONS**

**HB 1023**

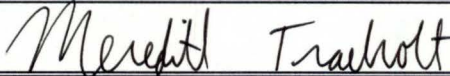
# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Appropriations Committee Roughrider Room, State Capitol

HB 1023  
1/29/13  
Job 17933

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of various state departments and institutions; and to declare an emergency.

### Minutes:

You may make reference to "attached testimony."

**Chairman Delzer:** Opened the hearing on HB 1023. This is the deficiency appropriation; we'll take them in the order they are in the bill. Is there anyone here from the tax commissioner? Attorney general's office? DPI ?

02:15

**Gwyn Marback, Assistant Director of the Teacher and School Effectiveness Unit, Department of Public Instruction (DPI):** See Attachment 1.

**Chairman Delzer:** What's the eligibility for these grants?

**Marback:** They need to be admitted to the program. They need to be in the program and have documentation to verify, and they need to have three years of teaching experience.

**Chairman Delzer:** Was this program started two years ago?

**Marback:** No, this is the second biennium of this grant program.

**Chairman Delzer:** Was there shortfall last session?

**Marback:** Yes, we did not ask for it as a deficiency at that time. There were 15-20 applications that I was not able to award. I did contact all the individuals that had previously applied and asked if they still qualified; those that did, did submit an application again.

**Chairman Delzer:** Was the intent to cap this at \$100,000, or to cover everybody that could possibly apply for it? Could you provide the language from the initial authorization?

**Marback:** I can provide that for you. (Later during the hearing provided Attachment 2.)

**Rep. Dosch:** Why is this a deficiency appropriation? It's a grant; we allocated a certain amount for it. If the funds are used, they are used.

**Chairman Delzer:** When we get the information, we'll look at that.

08:05

**Marcy Dickerson, State Supervisor of Assessments and Director of Property Tax Division, Tax Department:** We are requesting a deficiency appropriation for the disabled veterans property tax credit for the biennium we are currently in. The current program started in 2009; the state reimburses counties, who further reimburse the political subdivisions, for the property tax revenue lost due to this credit being granted. The credit is on the taxable value of the disabled veteran's homestead, the buildings and fixtures but not on the land, up to \$5400 of taxable value, multiplied by the disabled veteran's disability percentage. They have to have a minimum 50% disability to qualify. The cost in 2010 for the 2009 property taxes was \$1.6M. In 2011, we paid \$1.96M for the 2010 taxes. In 2012, we paid \$2.3M. Our approved appropriation was \$4,243,920; through June 30, 2012, we have spent \$2,322,775, leaving \$1,921,145 of the appropriation, which is obviously less than half of the biennial appropriation. We appear to have underestimated the growth in utilization of this program, and we have every reason to believe we are going to need more money. We're estimating a 25% increase over 2012, for the 2013 payment. That would bring us to a shortfall of \$981,855. It's very difficult to estimate that, because we do have more veterans coming back now from overseas; we don't know how many of them will be disabled and to what percent; we don't know how many of them are homeowners.

**Chairman Delzer:** When will we have numbers for 12 paid in 13?

**Dickerson:** Abstracts are supposed to be in by March 1, but we don't always get all of them by that date.

**Chairman Delzer:** But you should have a good idea of the actual amount you are looking at for the second half of the legislative session?

**Dickerson:** An idea, but I'm not sure how good. If the big abstracts are in, we might be able to make some comparisons to last year, based on the percentage increase.

**Rep. Bellew:** You're estimating a 25% increase from 12 to 13?

**Dickerson:** That's correct, I'd rather be high than low. From 2010 to 2011 it was 21%, 2011 to 2012 it was 18%. More veterans are coming back and property values are increasing.

**Chairman Delzer:** If you're granted this money and you don't need it, what happens to it?

**Dickerson:** It gets turned back to the general fund.

**Chairman Delzer:** And if you're still short?

**Dickerson:** We have to go before the emergency commission. There is no provision in the credit for prorating, or first-come first-serve.

**Chairman Delzer:** Where do they get the money, the contingency fund?

**Dickerson:** I don't know. I can find out.

**Rep. Monson:** This is to reimburse the counties that have not charged those veterans?

**Dickerson:** Correct.

**Monson:** Who qualifies as veterans? Is there a residency length requirement?

**Dickerson:** They would have to have their disability certification by February 1 of the year for which they are applying. If they purchase a house in the middle of the year, it is a proratable credit.

**Rep. Monson:** So we could be seeing increases by people moving here?

**Dickerson:** Yes, I could see it going that way. Or a veteran could move out of the state in the middle of the year, in which case the credit is also prorated.

18:30

**Tom Trenbeath, Office of the Attorney General:** Our budget expert Kathy Roll is unable to be here, but I asked her about the \$40,000 contained in the bill, and she assures me you can amend that out. We received some funds from the emergency commission.

20:00

**Jerry Coleman, DPI:** I will handle the piece on the rapid enrollment grant shortfall. See Attachment 3.

**Chairman Delzer:** Since you prorated that, is that the way the language was put in the bill? Is there anything in HB 1013 which deals with this same issue?

**Coleman:** The language is on the handout; it says we would prorate it down, see subsection 2. There is nothing in the budget bill for funding this.

**Chairman Delzer:** Why did you put in a deficiency appropriation when the language said it would be prorated down?

**Coleman:** The intent was to fund them at the full rate. Because it was short, we felt it would be appropriate to make that up for the school districts. It is included in the executive budget recommendation.

**Chairman Delzer:** The language clearly said it would be prorated down, I would think that would be legislative intent, that it was only to go up to the \$5M.

**Coleman:** The language is clear on how to handle the shortfall, I will agree with that.

23:50

**Brian Foisy, Vice President for Administrative Services, Minot State University:** Presented Attachment 4.

**Chairman Delzer:** What is your overall maintenance budget at Minot State?

**Foisy:** Approximately \$3.5-4M.

29:15

**Brenda Weisz, Director of Accounting, ND Department of Health (DOH):** Presented Attachment 5.

**Chairman Delzer:** DOH was given 3 FTEs during interim and there was money involved with that; did that not take care of this issue?

**Weisz:** Those were for the environmental health section, this is in the food and lodging section. Resumed presentation of Attachment 5 on page 1. At conclusion, added in light of the fact that only \$45,000 has been spent, DOH would be comfortable if you would want to decrease our request for the litigation contingency to \$300,000. We weren't sure when we prepared the deficiency appropriation how slow or fast things would progress.

**Chairman Delzer:** What happens if there is excess at the end of the current biennium?

**Weisz:** Any unspent money for either request would go back to the general fund.

**Chairman Delzer:** How long has that litigation been going on?

**Weisz:** The entire biennium.

35:05

**Deb McDermott, Chief Financial Officer, Department of Human Services (DHS):** Presented Attachment 6.

**Chairman Delzer:** How solid are these numbers, since usage varies?

**McDermott:** If it was overappropriated any general fund monies would be returned at the end of the biennium. It is our intention to do another cash flow at crossover, so we can refine these numbers.

**Chairman Delzer:** It would then be handled on the Senate side. I thought we were down to 50 on almost all of the next budget, where is the trigger to change from 52 to 50?

**McDermott:** Three months, July, August, and September, within our budget that would be at 52.27%, the remainder of the budget would be at 50%.

38:05

**Sheila Peterson, Office of Management and Budget (OMB):** I can quickly tell you about the Job Service deficiency. There were federal dollars coming the direction of Job Service ND during the national economic slowdown. What they were authorized to do was borrow



that money from the Bank of North Dakota (BND) until the dollars arrived. That money has arrived; however, the federal government will not reimburse the interest costs. The \$5847 is the interest on that short-term loan from BND.

40:15

**James Prochniak, Superintendent of the Highway Patrol:** Presented testimony, see Attachment 7, and a proposed amendment, see Attachment 8.

**Chairman Delzer:** Was the housing something that came before the legislature, or something that was done after the legislature left?

**Prochniak:** Afterwards. We secured some FEMA trailers, and the property which they sit on and associated costs. We have also found it necessary to try to secure housing when it becomes available, even if it is a few months before a recruit class graduates, so it is available for the individual renter or officer when it is needed.

**Chairman Delzer:** I'm not arguing the need for it, but what did you use as grounds for being able to do it? It's not been authorized before.

**Prochniak:** I don't have any grounds other than trying to respond best to the citizens out there and get our officers out there. We had to become very creative in our options available to us. For budgeting purposes we were instructed to use a program code that identifies energy impact expenditures, so we are trying to keep track of those.

**Rep. Nelson:** Do you offer troopers in the oil producing counties a housing allowance?

**Prochniak:** No, we are in the process of implementing a policy of using a base rate for rent in the state; anything above that the agency would try to augment, and the person leasing the apartment would be responsible for the rest.

**Chairman Delzer:** Is there language in the bill for 13-15 that authorizes it?

**Prochniak:** No.

47:15

**Peterson:** (Referring to the Job Service deficiency) The emergency commission approved the borrowing from BND the amount of \$21,350,784 in June 2011. I misstated earlier; this was disaster unemployment assistance. The federal Department of Labor was behind in sending out those dollars to the various states, and that's why the authorization to borrow the funds was given.

**Chairman Delzer:** Did they borrow all of it?

**Peterson:** I believe they did. In the request, they did indicate that the interest expense would not be reimbursed and that they would be coming through a deficiency appropriation for that.

48:30

**Gary Knell, President, ND State Fair Association:** Presented Attachment 9.

**Chairman Delzer:** The 347 does not seem to be 90%, like most of the FEMA.

**Knell:** When we started out, our loan was \$4.7M. FEMA has paid us \$3,756,674. This is just one more payment.

**Chairman Delzer:** How much is FEMA denying? FEMA should pay 90% of costs, the state 6%, and local 4%.

**Craig Rudland, Assistant General Manager, ND State Fair:** We never received anything from the state that I'm aware of.

**Peterson:** Because the state fair is a state agency, the entire 10% is paid by the state, there is no local match for a state agency. Everything is covered under FEMA. There were no disallowed or ineligible costs.

**Chairman Delzer:** It's a state agency, but how much of this property is state owned?

**Peterson:** I believe it's all state owned.

**Rep. Kempenich:** You didn't get anything from the state? Was the \$5M granted out?

**Knell:** The \$4.7M was borrowed to protect our infrastructure.

**Rep. Kempenich:** So the \$3.5M you are asking for now in this biennium is for what?

**Knell:** On SB 2009 that's parking lot gravel and pavement.

**Rep. Skarphol:** The gravel and the pavement was a result of the flood?

**Knell:** Yes. Some buildings on the grounds were used for filling sandbags, and the extreme traffic, plus being under 10 feet of water for several weeks taking down and putting up the dike, cracked it all up.

**Rep. Skarphol:** But that damage is not FEMA eligible?

**Knell:** No, it did not meet their guidelines.

**Rep. Monson:** Did we just put money into that parking lot right before the flood?

**Knell:** Not in the past several years.

**Rep. Dosch:** Did the fair make any money this year?

**Knell:** We had a good year.

**Rep. Dosch:** I think we need to take a look at the financial statements of the fair so we can better determine the financial need.

**Knell:** We'll get that to you.

57:55

**Grant Levi, Interim Director, Department of Transportation:** Presented Attachment 10.

**Chairman Delzer:** This would pay back all you've borrowed from BND?

**Levi:** That's correct.

**Chairman Delzer:** Along with the federal money?

**Levi:** Our project payments came in from contractors. By that time we already had access to federal money, so we never had to borrow the federal money from BND, only the state matching portion.

**Chairman Delzer:** How much is done?

**Levi:** To date, we have borrowed about \$33M from BND, we have a lot of project work in various stages to be completed yet, and until a project is finalled out and the books have closed, we usually retain portions of the payment from the contractor. Off the top of my head I cannot give you a percentage. I can get that for you. We are in the process of refining our request, and we will communicate with the legislative body.

**Chairman Delzer:** Do you have any authority to borrow after June 30, 2013?

**Levi:** None identified in SB 2012, but we do have general language that allows us to borrow funds for ER work, in state statute, in Chapter 24. We'll get that to you.

**Chairman Delzer:** In some areas, you are building beyond what common sense tells you should be built, because it's ER and the feds are telling you you have to do this. Don't we have some way to mitigate with them, and not do some of the stuff that is more expensive than what actually had to be done?

**Levi:** We sat down with FHWA, and because of the history of what's happened in ND, where some roadways have been raised three or four times, they said to us, establish a process by which we can be assured we won't have to come back and make another federal investment. At the time we did this, we were still in a very wet cycle. We established a process to take the roadways to the elevation that they will be above the natural outlets for the basins they are in. We did not do that in all roadways, because in some instances that would have required a raise of 25-30 feet and it just didn't make sense. So some roadways today look high, but we had a dry year last year, and it was a compromise with FHWA to use the federal money we used to do the project.

**Chairman Delzer:** What is this, 80/20?



**Levi:** When an emergency occurs, when a roadway goes under water, and you get federal eligibility for it, during the first 180 days to restore the roadway to service, to get it out of the water, that's 100% federal participation. After that, it becomes an 80/20 relationship.

**Chairman Delzer:** Anything further on HB 1023? Any further testimony? If not, we'll close the hearing on HB 1023 and stand adjourned.

# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Appropriations Committee Roughrider Room, State Capitol

HB 1023

2/7/13

Job 18522

☐ Conference Committee

Committee Clerk Signature

*Meredith Traubolt*

### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of various state departments and institutions; and to declare an emergency.

### Minutes:

You may make reference to "attached testimony."

**Chairman Delzer:** We have requested an amendment based on agency testimony asking for reductions; it is not here yet. The tax commissioner wanted everything in the bill; the office of the attorney general section can come out; we need to have a discussion on DPI. It seemed like the last legislative assembly was pretty solid on what they had said was supposed to be done with that grant.

**Rep. Kempenich:** Looking at putting money in these grant programs, we give them a certain number to work with. Some can't say no and then come in and ask for forgiveness. We put these numbers in place for a reason.

**Chairman Delzer:** I think they have done the right thing and haven't issued beyond their granting authority, they prorated the second year, but they'd like enough money to go back and make the amounts up for rapid enrollment. We will ask for a separate amendment so we can vote on that issue by itself. The bill very plainly said in the language it would be prorated if there were more applications than money. On the second page, anything on Minot State? Health department asked to go down to \$300,000 on the litigation. Human services is FMAP. This is the makeup amount for the last few months.

**Rep. Pollert:** We never had any updates from the agency, if it was more or less. Long term care was \$15M, caseloads we had underestimated, but hospital medical services was short the same amount, and DD was short \$15-20M. With the FMAP added in, that's why we're sitting at \$20.9M. What we got was a segregation. Total deficiency was \$20.9M, we asked for it by section.

**Chairman Delzer:** They've been before us three or four times saying this was all FMAP. This is the total of all their ups and downs?

**Rep. Pollert:** Correct. There were little extra moneys in there from the human service centers, \$200,000-\$300,000.

**Chairman Delzer:** Do we have a list for agency turnback?

**Sheila Sandness, Legislative Council:** Yes, I don't have it with me but I can get that.

**Chairman Delzer:** Highway patrol said \$100,000 less than the bill. What about the state fair association?

06:20

**Rep. Wieland:** It shows in the annual statement at the end of 2012 that they have about \$2.9M in the bank. Is the deficiency supposed to take care of a situation where they would have that kind of money available? Or is it for some other purpose?

**Rep. Streyle:** That is to repay them for spending some of their reserves to protect state owned buildings. I don't know what other choice they would have had.

**Chairman Delzer:** There is also the question about whether or not they get more FEMA share paid. This is over and above that, or is that totally separate from this?

**Rep. Streyle:** Some of that is separate. If this isn't included, and they get don't get the FEMA, then they are going to be really short. Do we expect them not to protect the buildings? They were in a tough spot and I feel they did the right thing.

**Chairman Delzer:** Further comments?

**Rep. Skarphol:** I don't necessarily disagree they did the right thing, but if they have \$2.9M in reserves, is it necessary to come for a deficiency appropriation, or should they come to us in their budget to ask for reimbursement for those expenses? They have the reserves; however, those reserves are to guarantee contracts to entertainers. The state fair has a reputation of always covering the contracts.

**Chairman Delzer:** We'll have legislative council draw up some amendments: one with the agency requests; one for DPI for line 21 to come out; does anyone want an amendment on the state fair?

**Rep. Monson:** Does the state own those buildings?

**Chairman Delzer:** We own some of the property and some of the buildings; they might be in the state's list. The city of Minot did some. I'm not sure about ownership. LC will get us that information.

**Rep. Streyle:** I don't know 100%, but Minot put most of the money in for the state fair center.

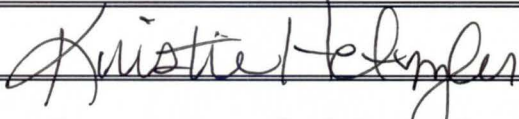
**Chairman Delzer:** I think the Senate has passed the state fair's budget already, so we'll need to look at that. The committee continued on to the next bill.

# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Appropriations Committee Roughrider Room, State Capitol

HB 1023  
2/19/13  
Job 19198

☐ Conference Committee



### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of various state departments and institutions; and to declare an emergency.

### Minutes:

**Chairman Delzer:** Called the committee to order and a quorum was declared. We'll start with HB 1023, with the two different amendments .01002 and .01003 and DOT letter.

**Rep Skarphol:** Motion to adopt amendments .01002 and .01003

**Rep Kempenich:** Second.

Voice vote carried.

**Rep Skarphol:** Motions to amend replace 41,500,000 with 36,138,193.

**Rep Wieland:** Second.

Voice vote carried.

**Rep Skarphol:** Moves a Do Pass as Amended.

**Rep Monson:** Second.

12-0-1

**Carried by:** Rep Delzer

2/21/13  
JG

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1023

Page 1, remove lines 14 through 18

Page 1, line 19, replace "3." with "2."

Page 1, replace lines 21 through 23 with:

"Grants \$45,000

Total general fund \$45,000"

Page 1, line 24, replace "4." with "3."

Page 2, line 4, replace "5." with "4."

Page 2, replace lines 7 and 8 with:

"Litigation contingency 300,000

Total general fund \$426,000"

Page 2, line 9, replace "6." with "5."

Page 2, line 13, replace "7." with "6."

Page 2, line 17, replace "8." with "7."

Page 2, replace lines 19 and 20 with:

"Field operations \$300,000

Total general fund \$300,000"

Page 2, line 21, replace "9." with "8."

Page 2, line 25, replace "10." with "9."

Page 2, replace lines 27 and 28 with:

"Capital assets \$36,138,893

Total general fund \$36,138,893"

Page 2, line 29, replace "11." with "10."

Page 2, replace line 31 with:

"Grand total general fund \$59,524,701"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment makes the following deficiency appropriation adjustments:



282

- Removes the \$40,000 appropriation to the Attorney General's office relating to prosecution witness fees (\$20,000) and litigation fees (\$20,000).
- Removes the \$3,100,000 appropriation to the Department of Public Instruction relating to rapid enrollment grants.
- Reduces the State Department of Health's litigation contingency appropriation from \$500,000 to \$300,000.
- Reduces the Highway Patrol's field operations appropriation by \$102,000, from \$402,000 to \$300,000, relating to a reduction in the anticipated funding needed for motor pool costs.
- Reduces the Department of Transportation's capital assets appropriation by \$5,361,107, from \$41,500,000 to \$36,138, 893, relating to repayment of a loan from the Bank of North Dakota for the state match portion of emergency relief projects on the state highway system during the 2011-13 biennium.

Date: 2/19/13  
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1023

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number .01002 + .01003

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Skarphol Seconded By Rep. Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe		
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg		
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarphol					

Total Yes \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

voice vote carried

Date: 2/19/13  
Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1023

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Skarphol Seconded By Rep. Wieland

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe		
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg		
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarphol					

Total Yes \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

dollar amt for DOT on lines 27-28  
replace 41,500,000 with 36,138,193  
voice vote carries

Date: 2/19/13  
Roll Call Vote #: 3

2013 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1023

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Skarphol Seconded By Rep. Monson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Rep. Streyle	X	
Vice Chairman Kempenich	X		Rep. Thoreson	X	
Rep. Bellew	X		Rep. Wieland	X	
Rep. Brandenburg	X				
Rep. Dosch					
Rep. Grande	X		Rep. Boe	X	
Rep. Hawken	X		Rep. Glassheim	X	
Rep. Kreidt	X		Rep. Guggisberg	X	
Rep. Martinson	X		Rep. Holman	X	
Rep. Monson	X		Rep. Williams	X	
Rep. Nelson	X				
Rep. Pollert	X				
Rep. Sanford	X				
Rep. Skarphol	X				

Total Yes 21 No 0

Absent 1

Floor Assignment Rep. Delzer

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1023: Appropriations Committee (Rep. Delzer, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1023 was placed on the Sixth order on the calendar.

Page 1, remove lines 14 through 18

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Page 1, replace lines 21 through 23 with:

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**2013 SENATE APPROPRIATIONS**

**HB 1023**

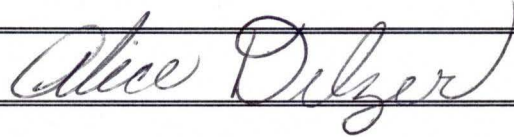
# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

HB 1023  
03-07-2013  
Job # 19536

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of various state departments and institutions; and to declare an emergency.

### Minutes:

See Attached Testimony

**Chairman Holmberg** called the committee to order on Thursday, March 07, 2013 at 8:30 am in regards to HB 1023. Roll call was taken. All committee members were present. Brady Larson from Legislative Council and Sheila Peterson from OMB were present.

**Chairman Holmberg:** We will walk through all these agencies and want to hear from them today. We will have a subcommittee for this bill. He asked Brady Larson to walk through the changes because we don't have the changes that were made in the House.

**(0:01:54) Brady Larson** walked through the changes that were made.

1. Funding for Atty General, \$40,000 that was provided to the AG for prosecution witness fees and litigation fees, that \$40,000 was removed.
2. A \$3.1M appropriation to the Department of Public Instruction (DPI) for Rapid Enrollment Grants, that funding was removed.
3. The State Department of Health has some funding for litigation contingency and in the current version of the bill they have \$300,000. In the original bill there was \$500,000, and the House reduced that by \$200,000.
4. The Highway Patrol there was funding for HP that was reduced by \$102,000 so originally they had \$400,200. And now they have \$300,000 and that's for funding for Motor Pool costs and other field operations.
5. The last adjustment made by the House relates to the Department of Transportation (DOT) and they have funding to repay a loan that was taken out during the 11-13 biennium for emergency relief projects. In the original bill there was \$41.5M, that amount has been reduced down to \$36.1M (3.18)

**Chairman Holmberg:** And we will hear from DOT as to their thoughts about that reduction. I'd like to start by hearing from the HP.

**(0:04:00) Highway Patrol - James Prochniak, Superintendent of the HP** provided Testimony attached # 1. Which is a request for \$402,000 as a deficiency appropriation for the HP. His testimony shares the breakdown as follows:

1. State Fleet Costs.
2. Damaged Equipment.
3. Energy impact expenses.
4. Overtime.

This concludes my testimony. (7.43)

**(0:07:54) Attorney General - Sheila Peterson, OMB:** That was removed from the Deficiency Bill at their request so that is why they are out and they had gotten those dollars through the contingency fund.

**(0:08:32) Tax Department - Marcy Dickerson, State Supervisor for Assessments** Stated there were no changes and stated she is here in support of HB 1023 and provided Testimony attached # 2. Our request is for the purpose of reimbursing counties for Disabled Veterans' Property Tax Credits granted for taxable years 2011 and 2012, payable in 2012 and 2013. (11.44)

**Chairman Holmberg:** We will have this bill around for another month. Would you have a more exact number by that time?

**Ms. Dickerson:** - Ward county, an increase of at least 30%, a major area where many of the disabled veterans' reside.

**Chairman Holmberg:** It is a statutory program so you have to pay it.

**Ms. Dickerson:** There is no provision for pro-rate or first come first serve.

**(0:13:22) Minot State University - Brian Foisy,** stated they are in support of HB 1023 and that they are only asking for a small amount request and submitted testimony attached # 3. Two events - rain event in 2010 and flood event (Mouse River) in 2011. The bulk of the restoration work was not completed by the end of the 2012 construction season, and will therefore be submitted for consideration during the 64<sup>th</sup> Legislative Assembly. He referred to the charts on page 2 of his testimony.

**Chairman Holmberg:** We are aware that you will be back; it takes a long time to close the books.

**(0:17:42) Senator Robinson:** on the June 2010 event. Why wasn't that part of the 2011 deficiency?

**Mr. Foisy:** the timing relates to how quickly we were able to do the restoration process. All bills had been paid; this process was not done-done.

**Chairman Holmberg:** The State Fair - they left it alone.

**(0:18:58) State Fair - Sheila Peterson, OMB:** This is the state share of the flood damage that was done, the none federal share, since they are a state agency, we pay the local and the state share. I believe they have successfully finished and this will be their last request. They have restored completely

**(0:19:49) Job Service - Sheila Peterson, OMB:** An emergency unemployment payments out, because of the flooding they were given authorization to get the money from the BND, but the interest charges, this is the interest payment for unemployment benefits. (20.51)

**(0:21:32) Dept. of Human Services-Debra McDermott, Chief Financial Officer of the Department of Human Services:** Testified in favor of HB 1023 and provided Testimony attached # 4. (23.46)

**Chairman Holmberg:** The committee is well aware that FMAP changed. 50% is the current statutory floor.

**(0:24:19) Senator Wanzek:** I am trying to recall, last session, we had already picked up money last session; we are somewhere north of \$200M that the state has picked up.

**Ms. McDermott:** That is correct; we were approximately at 70% at that time now we are at 50%.

**Chairman Holmberg:** How successful the state is as personal income.

**(0:25:32) Senator Kilzer:** When the subcommittee starts working, I would like a rebasing for the various categories.

**(0:26:04) DOT- Grant Levi, Interim Director of DOT** testified in favor of HB 1023 and provided Testimony attached # 5. This bill is our most recent estimate for the ER work that has been and will be completed on the state highway system. We have readjusted all our figures to pay back the BND the principal and the interest.

**(0:29:38) Dept. of Health - Brenda Weisz, Director of Accounting for the ND Department of Health** provided Testimony attached # 6 and testified in support of HB 1023. Their request is for Salaries and Wages and Litigation Contingency. (33.50)

**Senator Mathern:** What are the consequences to your department if we were not to appropriate this money?

**Ms. Weisz:** Informed the committee that it is in statute and they are required by law to pay the line of credit. We would have to prioritize in our Department we are required by law, we are stuck between a rock and hard place.

**Senator Mathern:** the second one then. I understand it is statute. What happens in your department if we not to appropriate this money for the legal work?



**Ms. Weisz** Prioritizing that you wouldn't do. We have to by statute we have to pay the line of credit. We would have to prioritize other areas.

**Senator Mathern** would there be a reconsideration of the legal action.  
(35.44) is concerned about one department taking legal action against another department.

**(0:36:00) Dave Glatt, Chief Environmental Health for the Dept. of Health:** The EPA has overstepped their bounds. Really critically putting controls, on state interests that are not identified in law if we didn't pursue EPA.

**Senator Mathern:** One part of government is litigation against another part of government. Have all steps been considered out of litigation.

**Dave Glatt:** We have. For several years we have sat down with EPA, my own personal experience, the HAYS issues the comment that came back, yes, that is what it says, but we don't care. If they followed the law as it is written.

**Senator Mathern** is that written anyplace.

**(0:37:57) Dave Glatt** - No in the litigation meetings that we have, in the legal briefs outline the issues. It says in the law that states are allowed, EPA is taken to task in several states. Unfortunately that seems to be the nature of the beast right now.

**Chairman Holmberg** the argument is interesting, but the bill before us is to pay for the loan that they took out.

**(0:39:18) Senator Warner:** I have 3 related question. When a group sues the EPA, if the state wins there is a recovery of costs will we recover our costs. 2. Seeing the pots of litigation in a lot of different budgets, would it be more effective if we had a central location for these funds, as the AG office. 3. Who pulls the trigger for the decision to litigate?

**(0:40:33) Dave Glatt:** funds in one area, procedurally how that works, I don't care, the reason they have been split out the statute are so different, how that works that if the environmental health section, if we see an area that needs to be litigated we go to the state officer, if they feel we need to move forward we go to the AG office, then if we all agree, we go forward to make that challenge. We do have a council that is assigned to us.

Recovery of costs, we typically haven't done that but the last one we are looking at that. The group pooled to withdraw, and now you want to walk away, no, you need to pay for our costs. We are looking into that now.

**Senator Warner** your dept. and the EPA could you sue the federal Gov.?

**Dave Glatt** we have never gone to that point, it may be an option.

**(0:43:46) Department of Public Instruction (DPI) Jerry Coleman** introduced Gwen Marback who will be handling the deficiency rates

**(0:44:08) Gwen Marback, Assistant Director of the Teacher and School Effectiveness Unit for the DPI** provided Testimony attached # 7 in support of HB 1023. This request is for more grants that they need money for to pay for those grants. We are seeking money to meet the shortfall.

**Chairman Holmberg** these people qualify by statute and you don't have the money to pay them. Do you anticipate more?

**Gwen Marback:** yes, I do see folks applying for this at this time of year and then right at the end of May, I had 20 to 26 applications I wasn't able to award because we ran out of money.

**(0:47:01) Vice Chairman Bowman:** Are there any requirements once their awarded these grants that they have to complete?

**Gwen Marback:** No, the state statute does not require us to do that.

**Chairman Holmberg** they are locked into a statute.

One other issue with DPI.

**(0:47:48) Jerry Coleman,** printout to back up the information Testimony attached # 8 the enrollment report for 2012. Those qualify for the rapid enrollment grant, their current year versus their prior year, exceeded 7% and 25 students they were eligible for a 3980 payment. The first year qualified at a 39/10 rate, the second year that ballooned up, 1432 students, 19 districts that met the requirement, so we were limited by the amount of the appropriation that came out of the oil and tax fund so we are short, the language is section 34 of SB 2150. Asking for your reconsideration. The House removed these grants.

**Chairman Holmberg** the money came originally from oil and Gas or the general fund.

**Jerry Coleman** it would come from general fund.

**(0:51:26) Vice Chairman Grindberg** who started this, how long has it been in place, how it started, who promoted it. I can't understand why the House took it out.

**Jerry Coleman** the end of last session, it came from the oil and gas impact, northwest areas, they came up with the 7%, and identifying students, why I am sure because of the economic boom, we are seeing enrollment growths that we haven't seen before.

**Vice Chairman Grindberg.** Let's take West Fargo close to my district, they get the payments.

**Jerry Coleman** they do, payments are based on last year's average. That is the number available. Our foundation aid formula from prior year, if they have to add staff there should be additional help for those schools.

**Vice Chairman Grindberg** that is a local issue to deal with.

**Jerry Coleman**, since 2007, they have been funding on just one year, the previous year's average.

**(0:54:30) Senator Gary Lee** there was a bill that paying for current year's enrollment. Not on the senate side.

**Jerry Coleman** there were two bills dealing with rapid enrollment on the House side. Two year average daily membership that was killed. The one that got in the governor's recommendation HB 1261 17m for grant it drops down, it has a second tier, that one is still alive.

**Senator Gary Lee.** Based on current enrollment.

**Jerry Coleman** Current enrollment count, and previous year, that is the best number we have. (56.03) that bill has it at a 39/80 payment. 7% increase over 20 student gain, with a second tier with a gain of 4% and 20 students.

**Chairman Holmberg** so we are working with a statute you should pay out, at the same time the legislator has capped at 5million, is there money left over for additional foundation aid. As I recall you have \$10M designed for foundation aid, you distribute to all the school. How much that will be.

**Jerry Coleman** any, our estimates right now a little short of \$5M.

**Chairman Holmberg** what would be the problem of using that money.

**Jerry Coleman** the last legislature it would take an amendment.

**(0:58:00) Vice Chairman Grindberg** could you provide me a list of those districts. I would like to know the districts and their fund balance.

**Jerry Coleman** referred to attachment #8 I can provide with all the information in your email.

**(0:58:48) Bev Neilson, DPI** to request that the deficiency payment be reinstated. In support of this bill. This all began in our new formula when we started paying for last years. No one estimated the growth with fall enrollment; we are not paying for children that we are not educating that year. If we went back to that, we wouldn't need and because of the difficulty of predicting that is why we are in the predicament. Would the schools go broke? The intent was to help the school. With large enrollment, because we don't pay foundation aid based on fall enrollment any more. We stay with intent. (1.00.32) West Fargo if they get 400 to 500 new kids, if you're not at 7% so you get nothing, with 400 kids you can imagine you have to hire staff, but you can't guarantee that they will spread out by grade. It is no longer per pupil bases. We are requesting that you help those schools with the rapid growth for that year.

**Vice Chairman Bowman** if you are doing a budget for the school, that would be included in the next budget, they are depending on these funds to help with the increase in enrollment.

**Bev Neilson** They do not know their fall enrollment, they won't know until Oct to see if they met the percent.

**Chairman Holmberg** would you have great heartburn? Schools shouldn't be counting on that \$5M to be spread out, school X, Bowman County should have received. 67 thousand dollars. Any additional questions.

**(1:03:20) Steve Holen, Supt of Schools for the McKenzie County Public School District #1 - Watford City** provided Testimony attached # 9 and testified in support of HB 1023. We rely on the state for our funding for our new students. We have an obligation to educate those kids. (1.05.27) his testimony states that West Fargo should get funding but not out of the oil impact Fund designated to address specific needs created by direct impact from oil production. My school board was counting on that funding coming in. We have two buildings that kind of growth in our district is immense. As far as using that \$5M, the schools need this money, how is that bill doing on getting that money we need. We need all of it. (1.08.31)

**Chairman Holmberg** announced the Subcommittee for HB 1023 will be Senator Gary Lee, Holmberg, and Robinson.

**Senator Mathern:** I have heard that there are actually families moving to West Fargo and Eastern North Dakota, there is a direct impact, the east population will grow, because some families are leaving there and never come back. Do you have any evidence in your experience they leave, they are upset.

**Steve Holen** certainly, lack of infrastructure, lack of housing. We probably lose students, as much as we are gaining, we enrolled 340 new students, the kids are not staying they are waiting. I think the whole state of ND is benefiting because of oil impact. Where is the direct impact, where is the economic growth.

We are going to close the hearing.

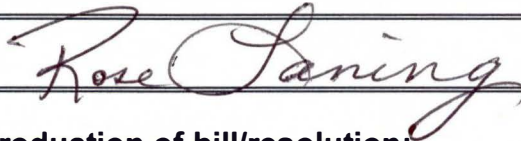
# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

HB 1023  
March 21, 2013  
Job # 20313

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of various state departments and institutions; and to declare an emergency.

### Minutes:

Legislative Council - Adam Mathiak  
OMB - Pam Sharp

Testimony attached # 1-2.

**Senator Gary Lee** opened the subcommittee hearing on HB 1023. **Senator Holmberg** and **Senator Robinson** were also present.

**Senator Gary Lee** said the parties of interest are the tax commissioner. They had requested authorization for another \$63,145 for the disabled veterans property tax credits.

The department of Public Instruction also asked for about \$3.1M in additional spending to cover the rapid enrollment grants.

**Senator Gary Lee** moved amendment 13.8152.02001 - see attached # 1.  
**Senator Robinson** seconded.

**Senator Gary Lee:** The funds for the rapid enrollment grants for the DPI will come from the unobligated funds that the department has in their budget. See attached #2.

**Voice vote on amendment carries.**

**Senator Gary Lee:** We have the bill for the department's additional funds. There were no changes other than what the amendment notes.

**Senator Robinson** moved Do Pass as Amended on HB.  
**Senator Holmberg** seconded

**Senator Gary Lee Y Senator Robinson y Senator Holmberg y**  
**Motion carries.**

**Senator Gary Lee** closed the hearing on HB 1023.



**Vice Chairman Grindberg (3.38)** Why are we not dealing with this in the DPI budget? I understand there's a line on the \$45,000 but it makes sense to me to deal with this in the DPI budget rather than deficiency.

**Senator Gary Lee:** That money, otherwise, if not told what to do with it would go back to the schools, and be filtered back through on a people basis. This says that that money needs to be spent for that Rapid Enrollment Grants.

**Chairman Holmberg** It is for this biennium. They are going to be short that's why it's in the deficiency, they would be short the \$3.1M and we felt that the \$3.1M that they will have at the end of the biennium would be more adequately used for a statutory requirement than just every school district getting \$3,000 or \$8,000, or whatever it is, the money goes filtered back. We never see this money, this money is gone from the budget, but they have a statutory requirement to make these payments and that's why it was added here rather than in the budget itself because this is an emergency clause too.

**Vice Chairman Grindberg :** I certainly am going to vote on this amendment but I'll just echo my concern once again. We have treated K-12 education very well over the last number of years as evidenced by the ending fund balances. I am really struggling with understanding the logic here and what's going on but I think we are just creating another boon-doggle as far as expectations of more funding to schools when we are doing on the front end an amazing job.

**Chairman Holmberg:** The statute says they shall pay X out, there was so many rapid enrollment increased that their estimates were off and what they are doing here in this is just paying the current biennium the money that in statute the school districts are allocated.

**Vice Chairman Grindberg** I understand that and maybe part if it is just the title. I don't think we need to be funding rapid enrollment. I can buy into the argument up in the northwest, but some of the schools in the eastern part of the state, to say they got rapid enrollment impact over 7 to 10 students, I philosophically have a problem with that, and part of it is maybe in the title, and we created this, but in my opinion not good public policy to be funding under the title rapid enrollment. That's a local control issue.

**Chairman Holmberg:** That is HB 1261 that we'll be having next week. That is prospective and I know exactly what you are saying, you have angst over that and I understand that but this is just paying what we promised them two years ago. It's not adding anything, it's just the current law that we're funding.

**Senator Gary Lee:** I would agree with Senator Grindberg in that the rapid enrollment thing, I'm not sure I'm going to support that going forward but this is what we said we were going to do in this biennium, unfortunately, and this isn't authorizing or spending any more money that the DPI would spend any, that the money is going to roll through their budget anyway and so this is just defining where it's going to go and how it's going to go out.(7.36)

**Vice Chairman Bowman:** I had one question, and I don't think I ever got the answer to it and that was, this was a testimony from Gwyn Marback, and there's a program where there's certain people eligible to receive grants, but they didn't have to even complete the class and I could never understand why you would give someone a grant to go to school half time and then drop out and you still get to keep the grant. Did you ever get an answer to that? The testimony I've got is grants awarded and there's 83 grants totally \$99,600.00 leaving \$400.00 and the shortfall is \$45,000 and the question was why do the people who

received the grants have no obligation to complete the course. You would think if you're going to give a grant that grant would be given upon completion of the course or we're defeating our own purpose. I was left up in limbo on that. (8.50)

**Senator Gary Lee:** We didn't ask that question in the subcommittee, and that \$45,000 is what the House left in to pay for that grant that you're speaking for, I didn't follow up on that.

**Vice Chairman Bowman:** I have no problem with the granting. It seems to me like they ought to have to complete the course to receive the grant and then you've succeeded in whatever that program was.

**Chairman Holmberg:** Is that program under current statute that Ms. Marback talked about? It says in his testimony under the provisions of 2013, passed last session, the residents may receive the money, so is that another one of those situations where we have promised, if we had wanted the people to drop out and not get paid, that's one thing, but that's not in the law. What they are saying here they need the money because there are 5 people, or whatever it is, who qualify under current law to receive the money and they only have \$400.00. Are we arguing current law? That's a policy question.

**Senator Mathern:** I see this as essentially more a decision about where do we take the money from. The law is clear what we are responsible to do. We aren't changing that law retroactively, so it's more this amendment is deciding where to take the money that we said we are going to pay. We could take it out of general fund or someplace else, but we are taking it out of education to pay an education responsibility. That is the way I see this amendment, It really doesn't change any public policy. It just determines which pot we take the money from.

**Vice Chairman Bowman** I understand public policy and I understand what the money is for. But I asked the question when we had that hearing because I wrote it in my notes. I never got an honest answer than we have no obligation to complete the course for what I'm receiving the grant for it seems to me that is kind of waste of money. There are better things to do. If they complete the course they qualify, but if they only complete half of it and drop out, why should we reward them the same amount of money for a grant as we reward someone that completes the class. I am not opposed to the money. That's not the issue at all. It's just a matter of qualifying for it. (12.16)

**Senator Wanzek:** The disabled veteran credit, when I visited with the Tax Commissioner about their budget we were discussing deficiency payment, and he talked about it being \$981,000. He never indicated to me that there was an increase. Could you just elaborate a little? Apparently there is an increase. I want to be sure that I am understanding that correctly.

**Senator Gary Lee:** I am looking for Marcy Dickerson's testimony. It depends on whether they're looking it's a little bit soft in terms of the number, they estimated 20 or 30% increase, they are not sure what the increase will be and this just reflects that higher portion that they're expecting to receive in terms in need for the credit and if they don't get that

many, they don't spend that many dollars, they just spend the dollars that are required to meet the credit amount that's being asked for.

**Chairman Holmberg:** And then in her testimony, she said in the money if they have \$50,000 left over it goes back to the general fund.

**Senator Wanzek:** In visiting the other day I didn't realize this. They were still quoting the \$981,000.

**Chairman Holmberg:** Any further discussion? Let's open the hearing on 1176.

**Senator Gary Lee:** What are we going to do with the amendment? Remove the amendment? Do you want to vote on that or not?

**Chairman Holmberg:** No, we are going on. The discussion was closed on HB 1023.



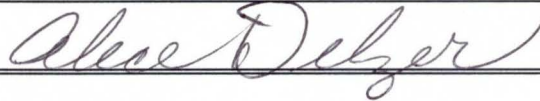
# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

HB 1023  
03-25-2013  
Job # 20385

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A BILL for an ACT to provide an appropriation for defraying the expenses of various state department and institutions; and to declare an emergency.

### Minutes:

You may make reference to "attached testimony."

**Chairman Holmberg** called the committee to order on Monday, March 25, 2013 in regards to HB 1023. All committee members were present. Sheila M. Sandness from Legislative Council and Lori Laschkewitsch from OMB were present.

**Senator Gary Lee:** is talking about the bill. He is speaking about the pro-rating among the eligible impacted schools so we don't need to give them that \$3.1M. The other request was additional \$63,000 for the office of the Tax Commissioner for the Disabled Veterans' Property Tax Credit. I talked to Marcy Dickerson and she sent an email that says that the \$981 that's in bill that we got from the House will be sufficient because they did get further receipts from the counties who had not paid so the Bill as it came from the House should be ok. We don't have to amend anything.

**Chairman Holmberg:** The discussion was they thought they might need more money, but there were significant counties which would have a big impact that hadn't done the reporting and the reporting came in and the Bill of the \$981 would cover what the department needed. We will go ahead on this unless someone feels we cannot go ahead.

**Senator Carlisle:** Why did we get this bill? How does that come about?

**Chairman Holmberg:** It comes about because there are old bills that need to be paid, bills from the current biennium but the amount of money we had was \$10,000 short so this is to cover the current biennium.

**Senator Mathern:** Don't we have an amendment before us?

**Senator Gary Lee:** I would withdraw my motion for that amendment if you wanted that.

There was discussion if a voice vote had been done in the hearing held on March 22, 2013. It was determined that the voice vote was not done. The hearing on HB 1023 was closed until a future date.



# 2013 SENATE STANDING COMMITTEE MINUTES

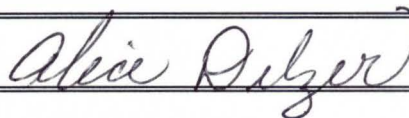
## Senate Appropriations Committee

Harvest Room, State Capitol

HB 1023  
03-26-2013  
Job # 20461

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A BILL regarding Deficiency

### Minutes:

See attached testimony.

**Chairman Holmberg** called the committee to order on Tuesday, March 26, 2013. All committee members were present.

Sheila M. Sandness - Legislative Council  
Lori Laschkewitsch - OMB

**Chairman Holmberg:** 1023 is a Deficiency appropriation that we heard some days ago. We have Tom Trenbeath here from Attorney General's office and we felt that it was most appropriate to have that information before the full committee

**Tom Trenbeath, Chief Deputy Attorney General** had presented proposed amendments to engrossed House Bill # 1023, Testimony attached # 1 earlier to the clerk to be distributed at this hearing. Testimony attached #2, Proposed amendment # 13.8152.02004 was submitted at the hearing. The Attorney General's office is responsible for paying prosecution witness fees across the state whether it be district court or municipal court. You never know how much that is going to be so as you put in your budget you put in a number that was \$100,000 for this biennium which we chewed through pretty quickly and went back to the emergency commission and we're approved for an additional \$64,200. which is about deleted. So now we are asking deficiency of \$70,000 to get us through the end of this biennium. (1.31)

**Chairman Holmberg** The alternative of plan B would be to ride it out and then you would appear before the emergency commission asking us to take money out of the contingency fund to pay this because you have to pay it, is that accurate or close to it? That was confirmed. **Chairman Holmberg:** Any questions? I know on emergency commission we get these requests for paying these fees which are required.

**Senator Gary Lee:** I was looking back from the testimony from original hearing on the bill, in terms of the Attorney General's Office, their dollars were removed at their request so that's why they're out and they had gotten those dollars through the contingency fund.

**Mr. Trenbeath:** I don't believe that that was part of my conversation because that's starting to sound new to me.

**Senator Gary Lee:** It was from Sheila Peterson from OMB.

**Mr. Trenbeath:** That's not testimony that I was privy to.

**Senator Mathern:** What is the method of assuring that this is an appropriated expenditure?

**Mr. Trenbeath:** We have no input or no control over who testifies in what case, that would be impossible to do and I can't imagine the prosecutors in the Court system putting up with that. A prosecutor needs what he needs when he needs it. What we do have control is what that stipend will be. It's X number of dollars per day or per appearance. So that's how it comes to us is which witnesses, which case, how many days, etc., so there is an accounting but we have no, nor should be in my opinion, have a method by which we say "no, you don't need that witness, we are not in a position to do that."

**Senator Mathern:** Who makes that determination?

**Mr. Trenbeath:** The prosecutor does in every case. He has total discretion. There may be some limits placed on the prosecutor with respect to expert witnesses and the court usually does that.

**Senator Mathern:** So the county has no responsibility for any of these bills?

**Mr. Trenbeath:** Keep in mind what we are speaking about is criminal prosecutions and juvenile prosecutions. There is nothing of a civil nature at all.

**Senator Gary Lee:** Is this the amendment you offered in the House? He was told no. Is this \$70,000, is that bills you need to pay now or you assume will be coming?

**Mr. Trenbeath:** That's the ones we assume will be coming and probably, I emphasize, predictably we were in a lag and when the expenses occurred and when it's presented to us and my expectation that caught us by surprise the amount we had to outlay since the beginning of the session.

**Senator Gary Lee:** If we don't need the money it will get turned back to the general fund.

**Mr. Trenbeath:** It is a line item so it's either spent or returned.

**Chairman Holmberg:** And the other side of it is, remember we had the school for the deaf, where the House had removed half of the money for demolition of two buildings, in Human Services, at Grafton, the expectation was, even though they had their bids at \$400,000 the

House reduced it down to \$200,000 and said you can go to the emergency commission. What they're doing is just having us spend money that they had just added to the contingency fund, because they added \$300,000 the first half.

**Senator Wanzek:** (6.52) had questions regarding the dollar amount in the amendment.

**Mr. Trenbeath:** said he would check into it.

**Chairman Holmberg:** It already has been folded in to the other amendment that you just got from the legislative Council so the numbers there are accurate.

**Senator Gary Lee:** if I can ask Sheila the question the line 45 describes the disabled veterans' credit, is that coming out or staying in?

**Sheila M. Sandness:** That could change in the number. An amendment received earlier increased that number \$65,000 so I believe the bill as it stands has \$981,855 and I think there was a request to increase that.

**Senator Gary Lee:** As of yesterday the tax commissioner's office said that they were content with the \$981. Marcy confirmed that through her email.

**Sheila M. Sandness:** So that part of the amendment would need to be removed.

**Senator Gary Lee:** We need the amendment corrected then. If I could ask the correct amendment, the only thing added would be the \$70,000. If the committee thinks that is a favorable consideration that we should have. If you want discussion on the amendment if they should draft it that way with the \$70,000 for the Attorney General's Office we can do that.

**Chairman Holmberg:** Any thought because this came before the whole committee?

**Senator Mathern:** I presume it's accurate. I was surprised to hear the testimony but there really is no process involved here where someone looks at it as a proper expenditure or not. We'll leave it up to the subcommittee.

**Chairman Holmberg:** The subcommittee will come back in the next days. The hearing was closed on HB 1023.

# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

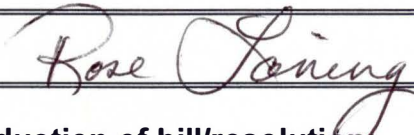
SB 1023 subcommittee

March 28, 2013

Job # 20594

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of various state departments and institutions; and to declare an emergency.

### Minutes:

Testimony attached # 1 - 3

**Senator Gary Lee** opened the subcommittee hearing on HB 1023. **Senator Holmberg** and **Senator Robinson** were also present.

**Senator Gary Lee** said they are working from the 1<sup>st</sup> engrossed bill of HB 1023. He got the email from Marcy Dickerson Testimony attached # 1 - Marcy Dickerson. She also provided a page from SB 2150.

**Tom Trenbeath** from AGs office came and said they have some added expenses in prosecution witness fees that they need to reimburse the counties and counties for and that amount is \$70,000..

**Senator Gary Lee** moved Amendment 13.8152.02005 (attached #3)  
**Senator Robinson** seconded.

**Senator Gary Lee** y  
**Senator Robinson** y  
**Senator Holmberg** y  
Amendment adopted.

**Senator Holmberg** moved Do Pass as Amended HB 1023  
**Senator Robinson** seconded

A roll call vote was taken. Yea: 3 Nay: 0

**Senator Gary Lee** Y  
**Senator Robinson** y  
**Senator Holmberg** y

**Senator Gary Lee** closed the hearing.

# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

HB 1023  
March 28, 2013  
Job # 20596

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of various state departments and institutions; and to declare an emergency.

Minutes:

**Chairman Holmberg** opened the discussion on the deficiency appropriation.

**Senator Gary Lee:** We're looking at engrossed house bill 1023. We had a few problems with this one, but I believe we are in pretty good shape now from what I understand. The office of the tax commissioner, and looking at Marcy Dickerson's email, the deficiency amount of \$981,000 will satisfy their needs as they have gotten some additional collections.

**Senator Gary Lee** walked through the amendments

**Senator Gary Lee moved moved Do Pass on amendment 13.8152.02005**

**Senator Krebsbach** seconded the motion.

**Voice vote carried.**

**Senator Gary Lee Do Pass as amended on HB 1023.**

**Senator Robinson** seconded the motion.

**A roll call vote was taken. Yea: 11    Nay: 0    Absent: 2**

**Senator Gary Lee will carry the bill.**

March 26, 2013

3/28/13  
TD

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1023

Page 1, after line 10, insert:

"ATTORNEY GENERAL

Operating expenses	<u>\$70,000</u>
Total general fund	<u>\$70,000</u>

Subdivision 2."

Page 1, line 14, replace "2" with "3"

Page 1, line 18, replace "3" with "4"

Page 1, line 22, replace "4" with "5"

Page 2, line 4, replace "5" with "6"

Page 2, line 8, replace "6" with "7"

Page 2, line 12, replace "7" with "8"

Page 2, line 16, replace "8" with "9"

Page 2, line 20, replace "9" with "10"

Page 2, line 24, replace "10" with "11"

Page 2, replace line 26 with:

"Grand total general fund	\$59,594,701"
---------------------------	---------------

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1023 - Attorney General - Senate Action**

Funding of \$70,000 from the general fund is added for reimbursements to cities and counties for prosecution witness fees.



Date: 3-22-13Roll Call Vote # 1

**2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES**

BILL/RESOLUTION NO. 1023Senate Appropriations Committee☐ Check here for Conference CommitteeLegislative Council Amendment Number 13.8152.02001

Action Taken ☒ Adopt Amendment ☐ Do Pass  
☐ Do Pass as Amended ☐ Do Not Pass

Motion Made By Lee Seconded By Mather

Senators	Yes	No	Senator	Yes	No
Chairman Ray Holmberg			Senator Tim Mather		
Co-Vice Chairman Bill Bowman			Senator David O'Connell		
Co-Vice Chair Tony Grindberg			Senator Larry Robinson		
Senator Ralph Kilzer			Senator John Warner		
Senator Karen Krebsbach					
Senator Robert Erbele					
Senator Terry Wanzek					
Senator Ron Carlisle					
Senator Gary Lee					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

~~Vote taken~~  
~~Passed~~  
 no vote taken

Date: 3.28-13Roll Call Vote # 12013 SENATE STANDING COMMITTEE  
ROLL CALL VOTESBILL/RESOLUTION NO. 1023Senate Appropriations Committee☐ Check here for Conference CommitteeLegislative Council Amendment Number # 13.8152.02005Action Taken ☒ Adopt Amendment ☐ Do Pass  
☐ Do Pass as Amended ☐ Do Not PassMotion Made By Lee Seconded By Krebsbach

Senators	Yes	No	Senator	Yes	No
Chairman Ray Holmberg			Senator Tim Mathern		
Co-Vice Chairman Bill Bowman			Senator David O'Connell		
Co-Vice Chair Tony Grindberg			Senator Larry Robinson		
Senator Ralph Kilzer			Senator John Warner		
Senator Karen Krebsbach					
Senator Robert Erbele					
Senator Terry Wanzek					
Senator Ron Carlisle					
Senator Gary Lee					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

*Voice Vote  
Carried*

Date: 3-28-13Roll Call Vote # 22013 SENATE STANDING COMMITTEE  
ROLL CALL VOTESBILL/RESOLUTION NO. 1023Senate Appropriations Committee☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken ☐ Adopt Amendment ☐ Do Pass  
☒ Do Pass as Amended ☐ Do Not PassMotion Made By Lee Seconded By Robinson

Senators	Yes	No	Senator	Yes	No
Chairman Ray Holmberg	<input checked="" type="checkbox"/>		Senator Tim Mathern	<input checked="" type="checkbox"/>	
Co-Vice Chairman Bill Bowman	<input checked="" type="checkbox"/>		Senator David O'Connell		
Co-Vice Chair Tony Grindberg	<input checked="" type="checkbox"/>		Senator Larry Robinson	<input checked="" type="checkbox"/>	
Senator Ralph Kilzer	<input checked="" type="checkbox"/>		Senator John Warner		
Senator Karen Krebsbach	<input checked="" type="checkbox"/>				
Senator Robert Erbele	<input checked="" type="checkbox"/>				
Senator Terry Wanzek	<input checked="" type="checkbox"/>				
Senator Ron Carlisle	<input checked="" type="checkbox"/>				
Senator Gary Lee	<input checked="" type="checkbox"/>				

Total (Yes) 11 No 0Absent 2Floor Assignment Lee

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1023, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (11 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Engrossed HB 1023 was placed on the Sixth order on the calendar.

Page 1, after line 10, insert:

**"ATTORNEY GENERAL**

Operating expenses	<u>\$70,000</u>
Total general fund	\$70,000

**Subdivision 2."**

Page 1, line 14, replace "2" with "3"

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Page 2, line 24, replace "10" with "11"

Page 2, replace line 26 with:

"Grand total general fund  
\$59,594,701"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1023 - Attorney General - Senate Action**

Funding of \$70,000 from the general fund is added for reimbursements to cities and counties for prosecution witness fees.

**2013 TESTIMONY**

**HB 1023**

1-29-13  
#1

**TESTIMONY ON HB 1023**  
**Appropriations Committee**  
**January 29, 2013**  
**Gwyn K. Marback, Assistant Director**  
**701-328-2295**  
**Department of Public Instruction**

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Mr. Chairman and members of the committee:

My name is Gwyn Marback and I am Assistant Director of the Teacher and School Effectiveness Unit for the Department of Public Instruction. I am here to speak on HB 1023 addressing the request for additional funds for Grants, page 1, line 22 of the bill for an additional \$45,000.

Under the provisions of Senate Bill 2013, passed by the 62<sup>nd</sup> Legislative Assembly, North Dakota residents may receive a \$1,200 continuing education grant. Eligible recipients are individuals pursuing either a masters degree in educational leadership, a specialist diploma, a school counselor credential or pursuing a certificate in career development. For the current biennium, as of December 31, 2012, the Department has awarded 79 grants, totaling \$94,800 leaving a balance of \$5,200 to be awarded in the remaining six month period ending June 30, 2013. The shortfall is estimated to be \$45,000.

The Department of Public Instruction is asking for an additional \$45,000 to cover the projected shortfall.

This concludes my testimony. I stand for any questions you may have.





**SB 2013, Section 11  
62<sup>nd</sup> Legislative Assembly  
CONTINUING EDUCATION GRANTS  
JANUARY 29, 2013  
GWYN MARBACK**

**Continuing Education Grants Report  
December 31, 2012**

**2011-2013 - \$100,000 allocated**

As of December 31, 2012, 79 grants have been awarded at \$1,200 = \$94,800  
with six months left of the biennium.

	<b>Total Enrolled</b>	Ed Leadership	Specialist	CAC	Counseling
University of North Dakota	<b>31</b>	22	6	0	3
North Dakota State University	<b>32</b>	21	1	0	10
University of Mary	<b>16</b>	10	0	0	6
<b>Total</b>	<b>79</b>	53	7	0	19

Students attending all in state colleges and universities are eligible to apply. NDCC does not permit awarding grants to individuals attending out of state colleges.

HB 1023  
1/29/13  
Attachment 2

**Sixty-second Legislative Assembly of North Dakota  
In Regular Session Commencing Tuesday, January 4, 2011**

SENATE BILL NO. 2013  
(Appropriations Committee)  
(At the request of the Governor)

**SECTION 11. CONTINUING EDUCATION GRANTS - FUNDING - DISTRIBUTION.** The sum of \$100,000, or so much of the sum as may be necessary, included in the grants - other grants line item in subdivision 1 of section 1 of this Act is provided for continuing education grants, for the biennium beginning July 1, 2011, and ending June 30, 2013.

1. The superintendent of public instruction shall award grants in amounts up to \$1,200 to eligible recipients in chronological order, based on the date of an individual's application. An eligible recipient must:
  - a. (1) Be licensed to teach by the education standards and practices board;
  - (2) Have taught in this state during each of the last three school years; and
  - (3) Be enrolled at an institution of higher education in this state in either a master of education program in educational leadership or a program leading to a specialist diploma in educational leadership;
  - b. Be pursuing the requirements for a certificate in career development facilitation; or
  - c. Be pursuing a school counselor credential.
2. If any of the amount appropriated for this purpose remains after the superintendent of public instruction has awarded grants to all eligible recipients, the superintendent shall distribute that amount as an additional per student payment on a prorated basis, according to the latest available average daily membership of each school district.

HB 1023  
1/29/13  
Attachment 3

SB 2150 SECTION 34. APPROPRIATION - SCHOOL DISTRICT RAPID ENROLLMENT GROWTH - GRANTS. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing a grant to any school district that can demonstrate rapid enrollment growth, for the biennium beginning July 1, 2011, and ending June 30, 2013.

1. If the number of full-time equivalent students enrolled in a school district has increased by at least seven percent annually and if that increase is equal to at least twenty-five full-time equivalent students, as demonstrated by the district's September tenth fall enrollment report, the district is entitled to receive a grant equal to the per student payment provided for in section 15.1-27-04 multiplied by the actual increase in its full-time equivalent student enrollment.
2. If the amount of the appropriation provided for in this section is insufficient to meet the obligations of this section, the superintendent of public instruction shall prorate the payment based on the percentage of the total amount to which each school district is entitled.
3. The superintendent of public instruction may not expend more than \$2,500,000 in grants under this section during the first year of the biennium.
4. Any district that is precluded from receiving state aid under section 15.1-27-35.3 is not eligible to receive a grant under this section.

*Deficiency Final*

	Districts	Students	Rate	Amount	Adjusted Rate	Appropriation	Deficiency
Year 1 Grants	10	616	\$3,910	2,408,560	\$3,910	2,408,560	
Year 2 Estimate	19	1,430	\$3,980	5,691,400	<b>\$1,812</b>	2,591,440	3,099,960
Total				8,099,960		5,000,000	3,099,960

HOUSE APPROPRIATIONS COMMITTEE – JAN 29, 2013  
DEFICIENCY APPROPRIATION HEARING (HB 1023)  
BRIAN FOISY – MINOT STATE UNIVERSITY

- ✚ Minot State University (MiSU) deficiency appropriation requests result from two separate FEMA disaster declarations – rain event in 2010 and flood event (Mouse River) in 2011.
- ✚ Rain event in June 2010 caused overland flooding, resulting in damage to roads, landscaping, and parking lots on campus. Total restoration expense was \$31,067. OMB recommended funding only the state match, with a request that MiSU appeal the scope of the project through FEMA.
- ✚ Mouse River flood in 2011 inundated the river valley in Minot. In anticipation of rising water levels, MiSU constructed a 12' dike along the entire southern border of the campus (affectionately known as the Beaver Dam). While construction of the dike protected building investments, infrastructure systems (parking lots, sidewalks, access roads, curb/gutter, storm sewers, sanitary sewers, utility tunnels, etc) sustained heavy damage.
- ✚ Most of the major restoration work was not complete by the end of the 2012 construction season, and will therefore be submitted for consideration during the 64<sup>th</sup> Legislative Assembly.
- ✚ Projects completed and submitted for consideration during the 63<sup>rd</sup> Legislative Assembly are primarily emergency measures (protective steps taken before, during, and immediately after the flood to prevent/minimize damage). Current deficiency request includes expenses for dike construction, dike removal, water pumping, enhanced security, and emergency shelters.
- ✚ FEMA ineligible expenses include standby pumps, fuel for emergency pumps, and shelter accommodations for emergency workers and flood victims. These disallowed expenses demonstrate the complexity of the FEMA recovery rules. For example, because a large standby pump was never used, the associated rent expense was denied. For pumps that were purchased, FEMA provided reimbursement for the equipment, but not the fuel to run the pumps.
- ✚ In addition, MiSU spent \$3.8M to acquire emergency housing units for students, faculty, and staff (not included in deficiency appropriation bill).

Project Worksheet	Project Description	Total Expenses	FEMA Reimb	Other Reim	Def Approp	State Match	FEMA Ineligible	Estimate Difference
PW-1090/1194	2010 Rain Event - Old Main Bldg and Loop Road	31,066.66	2,326.54	-	28,740.12	775.51	-	27,964.61
PW-0182	2011 Flood Event - Temp Dike Construction	85,895.61	77,306.05	-	8,589.56	8,589.56	-	-
PW-1257	2011 Flood Event - Temp Dike Removal	88,885.00	79,996.50	-	8,888.50	8,888.50	-	-
PW-1502	2011 Flood Event - Lura Manor Basement	39,724.77	23,089.75	-	16,635.02	2,565.53	14,069.49	-
PW-1842	2011 Flood Event - Lura Manor	3,815.15	3,433.64	-	381.51	381.51	-	-
PW-1973	2011 Flood Event - Temp Security Measures	32,727.33	29,022.60	-	3,704.73	3,224.73	480.00	-
PW-1258	2011 Flood Event - Shelter for Emergency Workers	53,340.00	-	39,570.00	13,770.00	-	13,770.00	-
PW-1259	2011 Flood Event - Shelter for Flood Victims	4,060.29	-	4,060.29	-	-	-	-
TOTALS		339,514.81	215,175.08	43,630.29	80,709.44	24,425.34	28,319.49	27,964.61

#### **FOOTNOTES**

(1) State match was 25% in 2010 and 10% in 2011 (percentages set by FEMA)

(2) Other reimbursements were received from flood aid agencies (Red Cross, etc) and Ward County

(3) Estimate differences result from cases where FEMA repair estimates were significantly lower than actual restoration costs (actual expenses paid and posted to PeopleSoft)

(4) Shaded columns are included only to explain the makeup of the deficiency appropriation amounts



**Testimony  
House Bill 1023  
House Appropriations Committee  
Tuesday, January 29, 2013  
North Dakota Department of Health**

Good afternoon, Chairman Delzer and members of the Appropriations Committee. My name is Brenda Weisz, Director of Accounting for the North Dakota Department of Health. I am here to provide testimony in support of our deficiency request included in House Bill 1023.

**Salaries and Wages**

The Department of Health is requesting a deficiency appropriation for the Division of Food and Lodging to handle the additional workload related to oil activity in the northwestern part of the state. Food and Lodging activities are funded through a combination of fees collected and deposited in the department's operating fund and a general fund appropriation. A vacant position was transferred to the division and filled as an environmental health practitioner (EHP) in 2012 to assist with the workload. Although the additional work generates additional fee revenue, it is not sufficient to support the additional position. The amount requested is based on an updated estimate of the revenue available and the estimated expenses to carry out the work through the remainder of the biennium.

The heavy workload increases in the Division of Food and Lodging are related to lodging/man camps, RV parks, mobile home parks and mobile food units. A large portion of the work is related to new facilities where construction plans need to be reviewed and additional pre-operational inspections conducted. This work does not generate revenue as only licensing fees are charged. We have licensed 230 new facilities so far this biennium and expect another 120 by the end of the biennium. Costs are expected to continue into the future as the total number of facilities has increased by over 10 percent and we expect additional new facilities next biennium as well. The funding and FTE for the 2013-15 biennium are included in our executive budget contained in SB 2004.

**Litigation Contingency**

The 2011 Legislative Assembly appropriated \$1 million to the Department of Health for the purpose of defraying expenses associated with legal action against the U.S. Environmental Protection Agency (EPA) under the Clean Air Act (CAA). Of the \$1 million dollars appropriated to the Department, \$500,000 was provided out of the general fund with the remaining \$500,000 to be borrowed from the Bank of North Dakota. As of today, the Department has



spent all of the \$500,000 from the general fund and we have used \$45,816 of the Special Fund Line of Credit (\$500,000). The total amount to be spent on litigation for this biennium will depend upon briefing schedules and when the case will be heard in court. We are required to repay the line of credit by June 30, 2013, before our 2013-15 budget period begins. We are requesting funding to make that payment as required. We have included \$500,000 from the general fund in Senate Bill 2004 to continue this work during the 2013-2015 biennium.

The department is currently working with the North Dakota Attorney General's Office and Moye White, LLP, of Denver to continue addressing the following federal air rule legal challenges: 1) Sulfur Dioxide (SO<sub>2</sub>) 1 hour standard, and 2) Regional Haze Federal Implementation Plan (FIP)/State Implementation Plan (SIP) issues. We reviewed EPA's 2012 decision rejecting portions of the state's Regional Haze plan and imposing a federal plan. With concurrence from the Attorney General's Office, we filed a legal challenge to specific aspects of EPA's decision.

We anticipate additional environmental legal work beyond the air program/rule legal challenges, including ongoing national legal challenges by various states and entities of EPA's various rules and continuing increased oil field impact legal work.

This concludes my testimony and I would be happy to answer any questions you may have regarding this request.

**Testimony**  
**House Bill 1023 – Department of Human Services**  
**House Appropriations**  
**Representative Delzer, Chairman**  
**January 29, 2013**

Chairman Delzer, members of the House Appropriations Committee, I am Deb McDermott, Chief Financial Officer of the Department of Human Services. I am here today to provide information regarding the deficiency appropriation request for the Department of Human Services (Department). Subdivision 6 of Section 1 of House Bill No. 1023 contains the Department's deficiency appropriation request of \$20.9 million.

This request is the result of a decrease in the federal medical assistance percentage (FMAP). The Department built its 2011–13 budget using an estimated FMAP of 55.40% for FFY 2013, which accounts for the last 10 months of the 2011-13 biennium. The final FFY 2013 FMAP is 52.27%, which is a 3.13% decrease in the FMAP used in developing the budget. Throughout the 2011-12 interim, the Department estimated the impact on the 2011-13 biennium budget due to the decrease in FMAP was \$21.2 million. Due to savings in other areas of the Department's budget, the deficiency request before you in House Bill No. 1023 is \$20.9 million.

This concludes my testimony and I would be happy to answer your questions.

**Testimony – House Bill 1023  
House Appropriations Committee  
Submitted by  
James Prochniak, NDHP**

January 29, 2013

Good afternoon, Mr. Chairman, and members of the House Appropriations Committee. I'm James Prochniak, Superintendent of the Highway Patrol. HB 1023 includes a request for \$402,000 as a deficiency appropriation for the Highway Patrol.

As a result of updated information regarding our state fleet rate, I would like to offer an amendment to reduce the Highway Patrol's request by \$100,000. The total deficiency is now estimated at \$302,000. The breakdown of the request is as follows:

- State Fleet costs -- \$131,000 is requested to provide for state fleet costs that have been running two cents per mile above the budgeted rate of \$.61 per mile. The increase in the budgeted rate has been in place since December 2011. There has also been an increase in total miles driven by patrol vehicles due to increased activity on roadways across the state.
- Damaged equipment -- \$46,000 is requested for replacement of damaged equipment, i.e. arson destroyed a patrol vehicle in Williston.
- Energy impact expenses -- \$45,000 is requested to provide for increased overtime and housing rental assistance in areas impacted by energy development.
- Overtime -- \$80,000 is requested to provide for increased overtime worked by our sworn personnel throughout the state.

Mr. Chairman, members of the committee, this concludes my testimony. I would be happy to answer any questions you may have.

HB 1023  
11/29/13  
Attachment 8

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1023

Page 2, line 19, overstrike "\$402,000" and insert immediately thereafter "\$302,000"

Page 2, line 20, overstrike "\$402,000" and insert immediately thereafter "\$302,000"

Page 2, line 31, overstrike "\$68,327,808" and insert immediately thereafter "\$68,227,808"

Renumber accordingly

## North Dakota State Fair

June 2012

### Deficiency Appropriation Request

In June of 2011, the North Dakota State Fairgrounds were inundated with eight to ten feet of water caused by the historic Mouse River flood. Once the water receded the ground and maintenance crews worked tirelessly for months and were able to repair the grounds and buildings which allowed us to host 310,839 visitors to the 2012 North Dakota State Fair.

Following the flood, the State Fair staff had visited with Governor Dalrymple and the emergency commission to receive authorization for a five million dollar loan with a possibility to increase to six million if needed. Working closely with the State Procurement Office and FEMA throughout the entire process of repairs, the staff was able to bring the State fairgrounds back to useable condition. Each flood related expense and every dollar received from FEMA has been carefully documented and submitted to the Bank of North Dakota for payment. As of September 25, 2012 the balance owed on this loan is \$959,617.65 of principal plus estimated accrued interest at May 1, 2013 equals of \$48,599.72. We have project worksheets and approval from FEMA for additional payments of \$347,068.83. The expenses that still need to be paid out are \$13,212.70 making the total payoff amount on May 1' 2013 at \$674,361.24.

\$959,617.65	Bank of North Dakota loan
(\$347,068.83)	FEMA receivable
\$ 13,212.70	Payables
<u>\$48,599.72</u>	Interest at Bank of North Dakota to May 1, 2013

\$674,361.24      Total Appropriation Deficiency request

We would like to ask that this deficiency gets paid this biennium to pay on the Bank of North Dakota loan. This FEMA receivable is still an "iP" but we have been working very closely with The North Dakota Department of Emergency Services and FEMA and so far the PW's have been approved.

**House Appropriations Committee**  
**January 29, 2013 – 3 p.m. – Roughrider Room**

**North Dakota Department of Transportation**  
**Grant Levi, Interim Director**

**HB1023**

---

Mr. Chairman and members of the committee, I'm Grant Levi, Interim Director for the North Dakota Department of Transportation (NDDOT). The Department supports HB1023.

Historic snow fall and spring rains in 2010 and 2011 resulted in significant damage to the state, county and townships roadway systems. As shown on Attachment A, the damage to the state roadway system was statewide.

To allow the Department to proceed with the much needed roadway work, the 62<sup>nd</sup> Legislative Assembly, as part of HB1012, gave the Department authority to borrow \$120 million from the Bank of North Dakota for Emergency Relief (ER) work on the state system. As the damage on the state's roadways continued to rise, the Legislative body increased the borrowing authority to \$200 million during the special session.

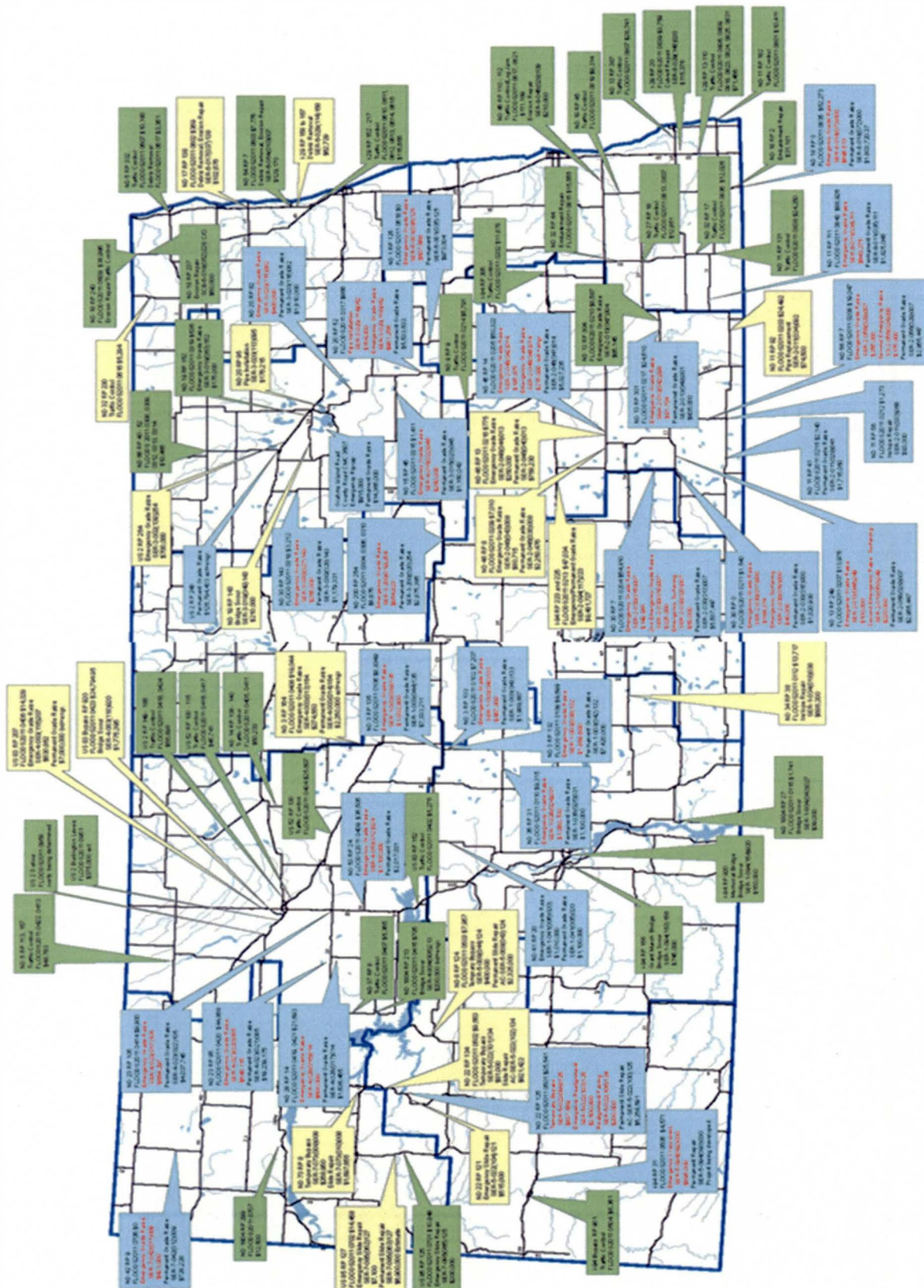
The ability to borrow the funding was to allow the Department to proceed with the essential state projects to restore service to the traveling public. The intent was to pay back a portion of the funds once the federal funding was received and address the matching of the federal funds in the 2013-2015 Legislative Session.

North Dakota did receive an unprecedented amount of federal Emergency Relief (ER) funding totaling \$317 million, which provided federal dollars for the county and state roadway projects. HB1023 provides the state matching funds for the ER work that has been and will be completed on the state highway system.

Mr. Chairman, I would be happy to answer any questions at this time. Thank you.



# Attachment A – HB1023 - Emergency Relief Sites





# North Dakota Department of Transportation

Grant Levi, P.E.  
*Interim Director*

Jack Dalrymple  
*Governor*

February 7, 2013

The Honorable Jeff Delzer, Chairman  
House Appropriations Committee  
House Chambers  
600 East Boulevard Avenue  
Bismarck, ND 58505

Dear Chairman Delzer:

HB1023

You requested an estimate of the amount of funds we would need to borrow from the Bank of North Dakota. These funds were used to pay the state match portion of Emergency Relief (ER) projects done on the state highway system this biennium. Borrowing these funds for the ER match was authorized by HB1012 last Legislative session.

Below is a chart that shows the amount we have borrowed to date, the amount we expect to still borrow, and the interest amount through April 30, 2013.

## Estimated BND Loan Repayment

Assumes 5/1/2013 repayment date

Amount Borrowed to date	\$ 34,600,000	
Estimated Borrowing yet to occur	<u>1,100,000</u>	
Total Estimated Borrowing		\$ 35,700,000
Interest Incurred to date 1/29/2013		212,493
Estimated Interest 1/30/2013 to 4/30/2013		<u>226,400</u>
Estimated Payback – Interest and Principal – 5/1/2013		<b>\$ 36,138,893</b>

If you have any questions, please let me know.

Sincerely,

Grant Levi, P.E.  
Interim Director

01/lmm

c: Pam Sharp  
Sheila Peterson

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1023

Page 1, remove lines 14 through 18

Page 1, line 19, replace "3" with "2"

Page 1, line 24, replace "4" with "3"

Page 2, line 4, replace "5" with "4"

Page 2, replace lines 7 and 8 with:

"Litigation contingency" 300,000

Total general fund \$426,000"

Page 2, line 9, replace "6" with "5"

Page 2, line 13, replace "7" with "6"

Page 2, line 17, replace "8" with "7"

Page 2, replace lines 19 and 20 with:

"Field operations" \$300,000

Total general fund \$300,000"

Page 2, line 21, replace "9" with "8"

Page 2, line 25, replace "10" with "9"

Page 2, line 29, replace "11" with "10"

Page 2, replace line 31 with:

"Grand total general fund" \$67,985,808"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment makes the following deficiency appropriation adjustments:

- Removes the \$40,000 appropriation to the Attorney General's office relating to prosecution witness fees (\$20,000) and litigation fees (\$20,000).
- Reduces the State Department of Health's litigation contingency appropriation from \$500,000 to \$300,000.
- Reduces the Highway Patrol's field operations appropriation by \$102,000, from \$402,000 to \$300,000, relating to a reduction in the anticipated funding needed for motor pool costs.

13.8152.01003  
Title.

Prepared by the Legislative Council staff for  
Representative Delzer  
February 7, 2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1023

Page 1, remove line 21

Page 1, replace line 22 with:

"Grants \$45,000"

Page 1, replace line 23 with:

"Total general fund \$45,000"

Page 2, replace line 31 with:

"Grand total general fund \$65,227,808"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment removes the \$3,100,000 general fund deficiency appropriation for the Department of Public Instruction for rapid enrollment grants.



**Testimony – House Bill 1023**  
**Senate Appropriations Committee**  
**Submitted by**  
**James Prochniak, NDHP**

March 7, 2013

Good morning, Mr. Chairman, and members of the Senate Appropriations Committee. I'm James Prochniak, Superintendent of the Highway Patrol. HB 1023 includes a request for \$402,000 as a deficiency appropriation for the Highway Patrol.

As a result of updated information regarding our state fleet rate, I would like to offer an amendment to reduce the Highway Patrol's request by \$100,000. The total deficiency is now estimated at \$302,000. The breakdown of the request is as follows:

- State Fleet costs - \$131,000 is requested to provide for state fleet costs that have been running two cents per mile above the budgeted rate of \$.61 per mile. The increase in the budgeted rate has been in place since December 2011. There has also been an increase in total miles driven by patrol vehicles due to increased activity on roadways across the state.
- Damaged equipment - \$46,000 is requested for replacement of damaged equipment, i.e. arson destroyed a patrol vehicle in Williston.
- Energy impact expenses - \$45,000 is requested to provide for increased overtime and housing rental assistance in areas impacted by energy development.
- Overtime - \$80,000 is requested to provide for increased overtime worked by our sworn personnel throughout the state.

Mr. Chairman, members of the committee, this concludes my testimony. I would be happy to answer any questions you may have.

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**TESTIMONY OF THE OFFICE OF STATE TAX COMMISSIONER  
BEFORE THE  
SENATE APPROPRIATIONS COMMITTEE**

**HOUSE BILL 1023**

**MARCH 7, 2013**

Chairman Holmberg, members of the Senate Appropriations Committee, I am Marcy Dickerson, State Supervisor of Assessments and Director of the Property Tax Division for the Office of State Tax Commissioner. I am here today to testify in support of House Bill 1023.

We have requested a deficiency appropriation in the amount of \$981,855 for the purpose of reimbursing counties for Disabled Veterans' Property Tax Credits granted for taxable years 2011 and 2012, payable in 2012 and 2013. Our biennium appropriation is \$4,243,920. Based on information available at the end of 2012, we believed we would be short approximately \$981,855. Now many of the counties have sent in their abstracts and requests for payments in 2013. Based on those unaudited abstracts, it appears that the shortfall will be between \$815,004 and \$1,044,955. The difference is whether we estimate an overall increase of 20 percent over last year or 30 percent. One major county's abstract has not been received, and taxation officials have estimated at 30 percent increase in that county's reimbursement,

There is no statutory provision providing for prorating or otherwise adjusting payments if we have insufficient funds. If we have funds left over, they will be returned to the State General Fund. To ensure we do not run short before completing all payments to all counties for Disabled Veterans' Property Tax Credit, I request that you consider approving a deficiency appropriation in the amount of \$1,045,000.

That concludes my prepared testimony. I will try to answer any questions.



Comparisons of counties for which both years have been received.

COUNTY	AMOUNT REQUESTED	2012 PAYMENTS	% OF INCREASE	2012 Adjust As of 3/6/13
ADAMS	6,795.10	4,998.06	35.95%	
BARNES		35,705.40		35,705.40
BENSON		3,794.60		3,794.60
BILLINGS	0.00			
BOTTINEAU		8,999.94		8,999.94
BOWMAN	4,974.44	4,762.79	4.44%	
BURKE		1,477.68		1,477.68
BURLEIGH	355,885.07	296,437.90	20.05%	
CASS	602,306.09	539,813.60	11.58%	
CAVALIER	3,675.35	3,445.07	6.68%	
DICKEY		12,778.76		12,778.76
DIVIDE	937.74	114.30	720.42%	
DUNN		1,272.89		1,272.89
EDDY		4,304.07		4,304.07
EMMONS	4,061.79	3,008.32	35.02%	
FOSTER	5,989.52	5,930.52	0.99%	
GOLDEN VALLEY	1,181.33	664.37	77.81%	
GRAND FORKS	443,503.24	431,122.70	2.87%	
GRANT	3,017.80	1276.83	136.35%	
GRIGGS	9,168.02	7780.88	17.83%	
HETTINGER	2,402.25	2391.12	0.47%	
KIDDER	4,664.09	4639.96	0.52%	
LAMOURE		4609.03		4609.03
LOGAN	3,045.33	2868.57	6.16%	
MCHENRY	8,076.49	8515.2	-5.15%	
MCINTOSH		2448.98		2448.98
MCKENZIE	4,845.64	4812.95	0.68%	
MCLEAN	19,343.47	18942.85	2.11%	
MERCER	16,016.46	12874.65	24.40%	
MORTON		130033.46		130033.46
MOUNTRAIL	4,673.52	2616.58	78.61%	
NELSON		5852.92		5852.92
OLIVER	3,404.31	2879.53	18.22%	
PEMBINA		7712.53		7712.53
PIERCE	10,427.67	9399.78	10.94%	
RAMSEY	48,300.21	40945.94	17.96%	
RANSOM	17,926.24	9281.62	93.14%	
RENVILLE	3,522.08	4,791.39	-26.49%	
RICHLAND	45,786.27	39,364.77	16.31%	
ROLETTE	5,249.70	6,011.30	-12.67%	
SARGENT	6,689.10	5,481.85	22.02%	
SHERIDAN		224.26		224.26
SIOUX	619.34	289.32	114.07%	
SLOPE				
STARK	114,979.77	97,051.67	18.47%	
STEELE	5,724.93	6,877.56	-16.76%	
STUTSMAN	211,147.00	70,101.51	201.20%	
TOWNER		819.25		819.25
TRAILL	35,007.75	21,123.77	65.73%	
WALSH		27,421.16		27,421.16
WARD		323,971.38		323,971.38
WELLS		2,629.76		2,629.76
WILLIAMS		54,837.47		54,837.47

TOTAL	2,013,347.11	2,299,510.77		574,056.07
Minus adjustments		-574,056.07		
		1,725,454.70	16.69%	

2013 increase per  
reporting counties 16.69%

Total Paid in 2012	2,299,510.77
Estimated Payments in 2013 - 20% increase	2,759,412.92
Estimated biennium payments	5,058,923.69
Original appropriation	-4,243,920.00
Estimated shortfall	\$815,003.69
Requested deficiency appropriation	981,855.00

Total Paid in 2012	2,299,510.77
Estimated Payments in 2013 - 30% increase	2,989,364.00
Estimated biennium payments	5,288,874.77
Original appropriation	-4,243,920.00
Estimated shortfall	\$1,044,954.77
Requested deficiency appropriation	981,855.00

SENATE APPROPRIATIONS COMMITTEE – MAR 7, 2013  
DEFICIENCY APPROPRIATION HEARING (HB 1023)  
BRIAN FOISY – MINOT STATE UNIVERSITY

- ✚ Minot State University (MiSU) deficiency appropriation requests result from two separate FEMA disaster declarations – rain event in 2010 and flood event (Mouse River) in 2011.
- ✚ Rain event in June 2010 caused overland flooding, resulting in damage to roads, landscaping, and parking lots on campus. Total restoration expense was \$31,067. OMB recommended funding only the state match, with a request that MiSU appeal the scope of the project through FEMA.
- ✚ Mouse River flood in 2011 inundated the river valley in Minot. In anticipation of rising water levels, MiSU constructed a 12' dike along the entire southern border of the campus (affectionately known as the Beaver Dam). While construction of the dike protected building investments, infrastructure systems (parking lots, sidewalks, access roads, curb/gutter, storm sewers, sanitary sewers, utility tunnels, etc) sustained heavy damage.
- ✚ Most of the major restoration work was not complete by the end of the 2012 construction season, and will therefore be submitted for consideration during the 64<sup>th</sup> Legislative Assembly.
- ✚ Projects completed and submitted for consideration during the 63<sup>rd</sup> Legislative Assembly are primarily emergency measures (protective steps taken before, during, and immediately after the flood to prevent/minimize damage). Current deficiency request includes expenses for dike construction, dike removal, water pumping, enhanced security, and emergency shelters.
- ✚ FEMA ineligible expenses include standby pumps, fuel for emergency pumps, and shelter accommodations for emergency workers and flood victims. These disallowed expenses demonstrate the complexity of the FEMA recovery rules. For example, because a large standby pump was never used, the associated rent expense was denied. For pumps that were purchased, FEMA provided reimbursement for the equipment, but not the fuel to run the pumps.
- ✚ In addition, MiSU spent \$3.8M to acquire emergency housing units for students, faculty, and staff (not included in deficiency appropriation bill).

Project Worksheet	Project Description	Total Expenses	FEMA Reimb	Other Reim	Def Approp	State Match	FEMA Ineligible	Estimate Difference
PW-1090/1194	2010 Rain Event - Old Main Bldg and Loop Road	31,066.66	2,326.54	-	28,740.12	775.51	-	27,964.61
PW-0182	2011 Flood Event - Temp Dike Construction	85,895.61	77,306.05	-	8,589.56	8,589.56	-	-
PW-1257	2011 Flood Event - Temp Dike Removal	88,885.00	79,996.50	-	8,888.50	8,888.50	-	-
PW-1502	2011 Flood Event - Lura Manor Basement	39,724.77	23,089.75	-	16,635.02	2,565.53	14,069.49	-
PW-1842	2011 Flood Event - Lura Manor	3,815.15	3,433.64	-	381.51	381.51	-	-
PW-1973	2011 Flood Event - Temp Security Measures	32,727.33	29,022.60	-	3,704.73	3,224.73	480.00	-
PW-1258	2011 Flood Event - Shelter for Emergency Workers	53,340.00	-	39,570.00	13,770.00	-	13,770.00	-
PW-1259	2011 Flood Event - Shelter for Flood Victims	4,060.29	-	4,060.29	-	-	-	-
TOTALS		339,514.81	215,175.08	43,630.29	80,709.44	24,425.34	28,319.49	27,964.61

#### **FOOTNOTES**

(1) State match was 25% in 2010 and 10% in 2011 (percentages set by FEMA)

(2) Other reimbursements were received from flood aid agencies (Red Cross, etc) and Ward County

(3) Estimate differences result from cases where FEMA repair estimates were significantly lower than actual restoration costs (actual expenses paid and posted to PeopleSoft)

(4) Shaded columns are included only to explain the makeup of the deficiency appropriation amounts

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**Testimony**  
**Engrossed House Bill 1023 – Department of Human Services**  
**Senate Appropriations**  
**Senator Holmberg, Chairman**  
**March 7, 2013**

Chairman Holmberg, members of the Senate Appropriations Committee, I am Debra McDermott, Chief Financial Officer of the Department of Human Services. I am here today to provide information regarding the deficiency appropriation request for the Department of Human Services (Department). Subdivision 5 of Section 1 of Engrossed House Bill 1023 contains the department's deficiency appropriation request of \$20.9 million.

This request is the result of a decrease in the federal medical assistance percentage (FMAP). The Department built its 2011–13 budget using an estimated FMAP of 55.40% for FFY 2013, which accounts for the last 10 months of the 2011-13 biennium. The actual FFY 2013 FMAP ended up being 52.27%. This is a 3.13% decrease in FMAP from the percentage that was used in developing the budget.

As the Department reported throughout the 2011-12 interim, the estimated impact on the Department's 2011-13 biennium budget due to this decrease in FMAP was \$21.2 million.

The Department has updated the estimate of expenditures and general fund need for the 2011-2013 biennium, using actual expenditures through December 2012. Included in the estimate are the following two unique items:

- 4
- The Department has a large Medicaid provider of hospital and clinic services who continues to experience delays in submitting claims. The expenditure estimate considers that these outstanding claims will be submitted and paid before the close of the biennium.
  - Nursing Home limits were rebased on January 1, 2013, in accordance with North Dakota Century Code 50-24.4-10(3). In addition, the rates were increased by 3% for the second year of inflation approved by the 62<sup>nd</sup> Legislative Assembly. It is difficult to estimate the expenditures in this area as actual payment data utilizing these new rates is not yet available.

Based upon the updated estimate of expenditures and general fund need, the Department's budget deficiency request before you in House Bill 1023 remains at \$20.9 million.

This concludes my testimony and I would be happy to answer your questions.

**Senate Appropriations Committee**  
**March 7, 2013 – 8:30 a.m. –Harvest Room**

**North Dakota Department of Transportation**  
**Grant Levi, Interim Director**

**HB1023**

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Mr. Chairman and members of the committee, I'm Grant Levi, Interim Director for the North Dakota Department of Transportation (NDDOT). The Department supports HB1023.

Historic snow fall and spring rains in 2010 and 2011 resulted in significant damage to the state, county and townships roadway systems. As shown on Attachment A, the damage to the state roadway system was statewide.

To allow the Department to proceed with the much needed roadway work, the 62<sup>nd</sup> Legislative Assembly, as part of HB1012, gave the Department authority to borrow \$120 million from the Bank of North Dakota for Emergency Relief (ER) work on the state system. As the damage on the state's roadways continued to rise, the Legislative body increased the borrowing authority to \$200 million during the special session.

The ability to borrow the funding was to allow the Department to proceed with the essential state projects to restore service to the traveling public. The intent was to pay back a portion of the funds once the federal funding was received and address the matching of the federal funds in the 2013-2015 Legislative Session.

North Dakota did receive an unprecedented amount of federal Emergency Relief (ER) funding totaling \$317 million, which provided federal dollars for the county and state roadway projects. HB1023 provides the state matching funds for the ER work that has been and will be completed on the state highway system.

Mr. Chairman, I would be happy to answer any questions at this time. Thank you.



## Attachment A – HB1023 - Emergency Relief Sites

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**Testimony  
House Bill 1023  
Senate Appropriations Committee  
Thursday, March 7, 2013  
North Dakota Department of Health**

Good morning, Chairman Holmberg and members of the Appropriations Committee. My name is Brenda Weisz, Director of Accounting for the North Dakota Department of Health. I am here to provide testimony in support of our deficiency request included in House Bill 1023.

Salaries and Wages

The Department of Health is requesting a deficiency appropriation for the Division of Food and Lodging to handle the additional workload related to oil activity in the northwestern part of the state. Food and Lodging activities are funded through a combination of fees collected and deposited in the department's operating fund and a general fund appropriation. A vacant position was transferred to the division and filled as an environmental health practitioner (EHP) in 2012 to assist with the workload. Although the additional work generates additional fee revenue, it is not sufficient to support the additional position. The amount requested is based on an updated estimate of the revenue available and the estimated expenses to carry out the work through the remainder of the biennium.

The heavy workload increases in the Division of Food and Lodging are related to lodging/man camps, RV parks, mobile home parks and mobile food units. A large portion of the work is related to new facilities where construction plans need to be reviewed and additional pre-operational inspections conducted. This work does not generate revenue as only licensing fees are charged. We have licensed 230 new facilities so far this biennium and expect another 120 by the end of the biennium. Costs are expected to continue into the future as the total number of facilities has increased by over 10 percent and we expect additional new facilities next biennium as well. The funding and FTE for the 2013-15 biennium are included in our executive budget contained in SB 2004.

Litigation Contingency

The 2011 Legislative Assembly appropriated \$1 million to the Department of Health for the purpose of defraying expenses associated with legal action against the U.S. Environmental Protection Agency (EPA) under the Clean Air Act (CAA). Of the \$1 million dollars appropriated to the Department, \$500,000 was provided out of the general fund with the remaining \$500,000 to be borrowed from the Bank of North Dakota. As of today, the Department has

spent all of the \$500,000 from the general fund and we have used \$83,679 of the Special Fund Line of Credit (\$500,000). The total amount to be spent on litigation for this biennium will depend upon briefing schedules and when the case will be heard in court. We are required to repay the line of credit by June 30, 2013, before our 2013-15 budget period begins. We are requesting funding to make that payment as required. At the time we prepared our initial request for the repayment of the Special Line of Credit, we had estimated that the entire \$500,000 would be expended by June 30, 2013. Since that time, the legal action has not progressed as quickly as initially anticipated. We informed the House Appropriations Committee and they reduced the initial request appropriately. We support the action taken by the House Appropriations Committee and feel \$300,000 will be sufficient to repay the Special Fund Line of Credit. We have included \$500,000 from the general fund in Senate Bill 2004 to continue this work during the 2013-2015 biennium.

The department is currently working with the North Dakota Attorney General's Office and Moye White, LLP, of Denver to continue addressing the following federal air rule legal challenges: 1) Sulfur Dioxide (SO<sub>2</sub>) 1 hour standard, and 2) Regional Haze Federal Implementation Plan (FIP)/State Implementation Plan (SIP) issues. We reviewed EPA's 2012 decision rejecting portions of the state's Regional Haze plan and imposing a federal plan. With concurrence from the Attorney General's Office, we filed a legal challenge to specific aspects of EPA's decision.

We anticipate additional environmental legal work beyond the air program/rule legal challenges, including ongoing national legal challenges by various states and entities of EPA's various rules and continuing increased oil field impact legal work.

This concludes my testimony and I would be happy to answer any questions you may have regarding this request.



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**TESTIMONY ON HB 1023**  
**Senate Appropriations Committee**  
**March 7, 2013**  
**Gwyn K. Marback, Assistant Director**  
**701-328-2295**  
**Department of Public Instruction**

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Mr. Chairman and members of the committee:

My name is Gwyn Marback and I am Assistant Director of the Teacher and School Effectiveness Unit for the Department of Public Instruction. I am here to speak on HB 1023 addressing the request for additional funds for Grants, page 1, line 16 of the bill for an additional \$45,000.

Under the provisions of Senate Bill 2013, passed by the 62<sup>nd</sup> Legislative Assembly, North Dakota residents may receive a \$1,200 continuing education grant. Eligible recipients are individuals pursuing either a masters degree in educational leadership, a specialist diploma, a school counselor credential or pursuing a certificate in career development. For the current biennium, as of March 1, 2013, the Department has awarded 83 grants, totaling \$99,600 leaving a balance of \$400. At present, I have five applications on my desk, all of which qualify for the \$1,200. I am unable to award the grants at this time as we have depleted the funds of the grant. The shortfall is estimated to be \$45,000 in the remaining five months of the biennium.

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The Department of Public Instruction is asking for an additional \$45,000 to cover the projected shortfall.

This concludes my testimony. I stand for any questions you may have.



# SB 2150 Section 34 - School District Rapid Enrollment Growth - Grants

North Dakota Department of Public Instruction

Office of School Finance

2012-13 School Year

2012-13 Fall K-12 Enr																2011-12 Fall K-12 Enr				Student Change	Percent Change	School District Rapid Enrollment Grant	Deficiency Request
CoDist	DistrictName	K	Gr1	Gr2	Gr3	Gr4	Gr5	Gr6	Gr7	Gr8	Gr9	Gr10	Gr11	Gr12	Enr	Enr	Change	Change	Grant	Request			
27-002	Alexander 2	14	14	15	10	8	7	14	8	8	6	7	8	3	122	92	30	32.61%	54,366	65,034			
53-015	Tioga 15	47	25	43	26	35	26	32	26	27	24	28	30	27	396	301	95	31.56%	172,159	205,941			
53-008	New 8	36	39	27	34	31	36	20	21	20	-	-	-	-	264	207	57	27.54%	103,295	123,565			
37-036	Burke Central 36	11	12	7	12	11	5	14	13	6	7	8	7	5	118	93	25	26.88%	45,305	54,195			
53-099	Grenora 99	15	14	7	14	9	12	9	16	11	7	8	7	9	138	112	26	23.21%	47,117	56,363			
27-001	McKenzie Co 1	77	78	64	71	67	67	65	67	53	73	61	57	59	859	700	159	22.71%	288,139	344,681			
12-001	Divide County 1	28	34	34	37	27	30	19	35	14	19	29	21	13	340	280	60	21.43%	108,732	130,068			
27-036	Mandaree 36	28	20	17	14	23	18	18	18	15	28	4	7	2	212	182	30	16.48%	54,366	65,034			
51-004	Nedrose 4	34	35	19	35	21	26	33	25	26	-	-	-	-	254	222	32	14.41%	57,990	69,370			
51-070	South Prairie 70	30	25	23	13	21	22	22	20	23	-	-	-	-	199	174	25	14.37%	45,305	54,195			
01-013	Hettinger 13	29	22	25	26	19	18	17	20	20	27	16	24	17	280	248	32	12.90%	57,990	69,370			
53-002	Nesson 2	15	30	25	21	15	18	18	16	21	27	23	23	23	275	247	28	11.34%	50,741	60,699			
31-002	Stanley 2	46	51	51	42	48	42	57	39	48	45	43	39	50	601	550	51	9.27%	92,422	110,558			
49-009	Hillsboro 9	43	33	35	25	29	39	37	33	30	30	38	28	28	428	392	36	9.18%	65,239	78,041			
28-051	Garrison 51	26	25	39	23	29	31	22	33	33	36	28	25	24	374	344	30	8.72%	54,366	65,034			
23-008	LaMoure 8	32	16	27	27	21	33	25	19	16	31	20	27	23	317	292	25	8.56%	45,305	54,195			
30-049	New Salem-Almont	42	24	29	27	16	20	26	21	23	25	24	32	24	333	307	26	8.47%	47,117	56,363			
40-001	Dunseith 1	38	23	26	29	35	31	38	19	25	66	28	38	30	426	395	31	7.85%	56,178	67,202			
09-006	West Fargo 6	772	754	692	668	587	607	595	570	590	564	566	487	517	7,969	7,394	575	7.78%	1,042,013	1,246,487			
25-001	Velva 1	35	24	37	34	37	28	28	32	27	23	24	30	29	388	362	26	7.18%	47,117	56,363			
06-001	Bowman Co 1	48	48	29	36	40	27	42	23	32	39	39	33	27	463	432	31	7.18%	56,178	67,202			
Subtotal		1,446	1,346	1,271	1,224	1,129	1,143	1,151	1,074	1,068	1,077	994	923	910	14,756	13,326	1,430	10.73%	2,591,440	3,099,960			
2011-12 Grants																			2,408,560	2167.8042			
Appropriation																			5,000,000				
Rate																			1812.1958				

HB-1023-3-7-13

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CoDist	DistrictName	K	Gr1	Gr2	Gr3	Gr4	Gr5	Gr6	Gr7	Gr8	Gr9	Gr10	Gr11	Gr12	2012-13	2011-12	Student Change	Percent Change	School District Rapid Enrollment Grant	Deficiency Request
															Fall K-12 Enr	Fall K-12 Enr				
08-001	Bismarck 1	973	974	882	877	858	828	850	810	836	886	887	901	866	11,428	11,018	410	3.72%		
51-001	Minot 1	742	621	629	577	540	541	495	501	488	504	496	537	519	7,190	6,870	320	4.66%		
09-001	Fargo 1	933	899	826	876	827	765	801	797	785	916	820	811	847	10,903	10,649	254	2.39%		
18-001	Grand Forks 1	640	643	528	499	528	485	498	512	541	539	561	501	538	7,013	6,830	183	2.68%		
53-001	Williston 1	265	252	192	214	204	210	199	213	245	246	222	213	167	2,842	2,659	183	6.88%		
45-001	Dickinson 1	260	238	235	256	195	228	233	196	212	185	187	215	183	2,823	2,689	134	4.98%		
40-007	Belcourt 7	145	139	157	147	114	125	123	116	120	116	155	124	121	1,702	1,632	70	4.29%		
30-001	Mandan 1	265	281	246	231	269	221	240	257	276	262	287	243	243	3,321	3,255	66	2.03%		
50-003	Grafton 3	80	77	64	66	64	51	64	67	56	76	63	70	65	863	819	44	5.37%		
29-003	Hazen 3	52	44	45	39	45	44	39	41	46	36	48	63	37	579	548	31	5.66%		
36-001	Devils Lake 1	121	142	126	129	117	129	117	117	140	120	135	127	119	1,639	1,610	29	1.80%		
25-060	TGU 60	30	26	23	29	24	19	26	28	26	26	33	26	24	340	318	22	6.92%		
53-006	Eight Mile 6	15	17	6	15	11	20	18	9	15	14	17	15	19	191	169	22	13.02%		
28-004	Washburn 4	19	26	26	21	22	15	23	24	25	17	19	17	27	281	260	21	8.08%		
28-008	Underwood 8	16	17	21	19	5	19	12	17	24	14	15	12	20	211	190	21	11.05%		
51-007	United 7	47	48	50	48	43	44	42	43	51	39	39	52	29	575	555	20	3.60%		
14-002	New Rockford-Shey	28	21	22	29	19	26	29	17	34	22	28	27	38	340	320	20	6.25%		
07-027	Powers Lake 27	16	13	17	11	14	6	8	12	10	6	5	10	11	139	119	20	16.81%		
51-161	Lewis and Clark 16	27	23	29	29	26	31	28	35	33	33	31	42	30	397	378	19	5.03%		
28-050	Max 50	12	14	20	19	17	12	14	19	17	16	17	20	15	212	193	19	9.84%		
27-014	Yellowstone 14	8	12	8	8	11	9	8	7	8	-	-	-	-	79	60	19	31.67%		
40-003	St John 3	27	23	26	28	34	21	40	32	24	42	30	28	25	380	362	18	4.97%		
05-001	Bottineau 1	59	46	45	51	43	41	31	53	38	47	41	45	60	600	583	17	2.92%		
09-004	Maple Valley 4	12	18	12	18	13	20	18	20	22	28	21	18	15	235	219	16	7.31%		
49-003	Central Valley 3	22	12	13	21	12	17	10	24	22	17	16	26	19	231	215	16	7.44%		
50-020	Minto 20	18	19	23	18	13	17	14	16	23	16	19	14	19	229	213	16	7.51%		
06-033	Scranton 33	11	9	4	8	8	13	14	10	11	12	9	14	9	132	116	16	13.79%		
11-041	Oakes 41	49	36	42	38	36	32	35	34	27	40	44	42	49	504	489	15	3.07%		
45-034	Richardton-Taylor 3	26	18	20	22	19	25	21	16	22	18	22	23	21	273	258	15	5.81%		
43-004	Ft Yates 4	-	-	-	-	-	-	70	52	56	-	-	-	-	178	163	15	9.20%		
31-001	New Town 1	37	72	69	82	57	62	59	64	51	84	41	33	38	749	735	14	1.90%		

CoDist	DistrictName	K	Gr1	Gr2	Gr3	Gr4	Gr5	Gr6	Gr7	Gr8	Gr9	Gr10	Gr11	Gr12	2012-13 Fall K-12 Enr	2011-12 Fall K-12 Enr	Student Change	Percent Change	School District Rapid Enrollment Grant	Deficiency Request
49-014	May-Port CG 14	46	40	27	36	40	41	32	30	43	39	51	38	36	499	485	14	2.89%		
30-039	Flasher 39	14	14	12	15	13	7	16	7	23	20	21	16	20	198	184	14	7.61%		
30-013	Hebron 13	18	17	17	18	16	8	17	19	8	12	19	9	14	192	178	14	7.87%		
47-003	Medina 3	15	5	9	9	16	9	6	17	14	19	13	15	10	157	143	14	9.79%		
34-043	St Thomas 43	3	5	4	7	4	5	8	9	10	4	10	7	9	85	71	14	19.72%		
51-041	Surrey 41	39	29	31	29	22	24	18	28	26	39	41	35	26	387	374	13	3.48%		
13-016	Killdeer 16	26	29	24	28	27	36	19	27	30	39	39	31	37	392	380	12	3.16%		
21-001	Mott-Regent 1	20	12	20	26	13	18	18	19	21	22	14	19	17	239	227	12	5.29%		
04-001	Billings Co 1	13	15	7	9	8	6	3	5	1	-	-	-	-	67	55	12	21.82%		
09-002	Kindred 2	46	60	49	45	49	57	54	45	60	41	59	49	62	676	665	11	1.65%		
24-002	Napoleon 2	20	20	12	25	20	15	26	18	27	17	26	16	26	268	257	11	4.28%		
28-072	Turtle Lake-Mercer	18	10	8	22	10	13	13	14	16	16	14	10	13	177	166	11	6.63%		
09-080	Page 80	10	19	9	15	7	14	14	-	-	-	-	-	-	88	77	11	14.29%		
09-097	Northern Cass 97	49	47	37	52	38	42	40	44	42	45	37	43	44	560	550	10	1.82%		
20-007	Midkota 7	12	11	9	10	9	16	9	10	8	7	9	15	11	136	126	10	7.94%		
52-025	Fessenden-Bowdor	14	11	13	14	13	4	7	6	12	7	9	15	10	135	125	10	8.00%		
19-049	Elgin-New Leipzig 4	13	15	15	12	-	-	-	-	-	20	14	29	16	134	124	10	8.06%		
40-029	Rolette 29	9	17	12	9	9	11	19	13	12	17	10	12	14	164	155	9	5.81%		
05-017	Westhope 17	18	15	6	7	9	8	7	10	6	7	16	8	16	133	124	9	7.26%		
39-037	Wahpeton 37	86	120	88	91	78	77	75	95	88	120	96	91	106	1,211	1,203	8	0.67%		
34-006	Cavalier 6	34	35	34	30	38	31	30	40	22	25	36	24	28	407	399	8	2.01%		
15-015	Strasburg 15	12	10	11	8	13	8	9	8	10	14	16	12	17	148	140	8	5.71%		
05-054	Newburg-United 54	5	7	1	4	5	5	5	10	2	5	4	3	6	62	54	8	14.81%		
13-037	Twin Buttes 37	7	4	6	4	7	3	5	2	2	-	-	-	-	40	32	8	25.00%		
50-078	Park River 78	29	25	34	21	30	33	37	38	39	32	37	27	27	409	402	7	1.74%		
03-030	Ft Totten 30	-	-	-	-	-	-	-	-	-	44	43	33	21	141	134	7	5.22%		
45-009	South Heart 9	22	18	14	15	16	19	18	23	15	25	16	16	22	239	233	6	2.58%		
34-019	Drayton 19	13	12	14	12	10	9	17	10	10	9	8	8	10	142	136	6	4.41%		
43-008	Selfridge 8	5	9	6	4	7	7	4	5	8	13	5	5	-	78	72	6	8.33%		
42-016	Goodrich 16	4	1	2	2	1	2	2	3	1	-	3	1	6	28	22	6	27.27%		
18-061	Thompson 61	27	27	44	37	26	35	34	32	35	37	26	37	33	430	425	5	1.18%		

CoDist	DistrictName	K	Gr1	Gr2	Gr3	Gr4	Gr5	Gr6	Gr7	Gr8	Gr9	Gr10	Gr11	Gr12	2012-13 Fall K-12 Enr	2011-12 Fall K-12 Enr	Student Change	Percent Change	School District Rapid Enrollment Grant	Deficiency Request
47-014	Montpelier 14	4	7	5	8	8	8	8	6	11	9	10	14	11	109	104	5	4.81%		
07-014	Bowbells 14	9	1	5	3	2	8	2	7	3	6	6	5	5	62	57	5	8.77%		
08-035	Sterling 35	4	4	6	6	3	4	4	2	-	-	-	-	-	33	28	5	17.86%		
08-045	Manning 45	2	1	4	1	-	1	4	1	2	-	-	-	-	16	11	5	45.45%		
29-027	Beulah 27	57	70	42	53	52	45	62	43	54	53	44	69	53	697	693	4	0.58%		
16-049	Carrington 49	42	38	44	35	35	32	50	40	36	47	54	35	55	543	539	4	0.74%		
51-028	Kenmare 28	34	18	24	23	21	23	25	19	25	20	20	27	16	295	291	4	1.37%		
38-026	Glenburn 26	28	18	17	18	21	23	14	21	27	18	22	22	21	270	266	4	1.50%		
23-007	Kulm 7	13	13	11	12	9	6	8	5	5	8	10	6	10	116	112	4	3.57%		
25-057	Drake 57	-	-	-	-	-	-	-	15	13	14	14	19	11	86	82	4	4.88%		
13-019	Halliday 19	6	9	7	1	1	2	2	3	5	2	1	3	2	44	40	4	10.00%		
45-013	Belfield 13	15	20	16	14	14	20	16	13	20	26	15	17	21	227	224	3	1.34%		
51-016	Sawyer 16	11	14	5	13	6	8	10	14	6	8	12	12	12	131	128	3	2.34%		
26-009	Ashley 9	6	14	7	13	9	8	13	9	6	6	9	14	14	128	125	3	2.40%		
02-002	Valley City 2	78	83	110	73	84	81	72	83	70	106	78	97	92	1,107	1,105	2	0.18%		
03-009	Maddock 9	12	11	8	15	6	11	11	9	14	14	20	12	14	157	155	2	1.29%		
09-007	Mapleton 7	13	10	12	12	17	9	13	-	-	-	-	-	-	86	84	2	2.38%		
30-017	Sweet Briar 17	2	3	1	4	-	1	1	-	1	-	-	-	-	13	11	2	18.18%		
03-029	Warwick 29	27	27	28	21	24	24	20	15	14	17	23	15	14	269	268	1	0.37%		
08-028	Wing 28	8	8	10	7	10	6	7	9	16	10	10	5	3	109	108	1	0.93%		
24-056	Gackle-Streeter 56	5	6	8	9	4	7	3	8	5	8	7	12	5	87	86	1	1.16%		
17-006	Lone Tree 6	3	6	2	5	6	3	2	2	-	-	-	-	-	29	28	1	3.57%		
08-033	Menoken 33	5	6	2	4	3	2	3	-	1	-	-	-	-	26	25	1	4.00%		
44-032	Central Elem 32	1	-	-	1	-	-	1	-	-	-	-	-	-	3	2	1	50.00%		
10-019	Munich 19	6	6	8	6	8	8	6	6	2	8	4	8	13	89	89	-	0.00%		
18-129	Northwood 129	17	20	18	28	17	24	8	23	16	16	18	15	28	248	248	-	0.00%		
21-009	New England 9	8	16	12	15	13	18	13	11	14	13	15	14	20	182	182	-	0.00%		
25-014	Anamoose 14	15	15	10	12	19	11	13	-	-	-	-	-	-	95	95	-	0.00%		
30-048	Glen Ullin 48	11	9	14	14	11	6	10	8	14	15	13	13	13	151	151	-	0.00%		
32-066	Lakota 66	15	14	8	18	14	22	7	20	16	14	19	14	14	195	195	-	0.00%		
37-006	Ft Ransom 6	3	2	5	5	3	3	5	-	-	-	-	-	-	26	26	-	0.00%		

SoDist	DistrictName	K	Gr1	Gr2	Gr3	Gr4	Gr5	Gr6	Gr7	Gr8	Gr9	Gr10	Gr11	Gr12	2012-13 Fall K-12 Enr	2011-12 Fall K-12 Enr	Student Change	Percent Change	School District Rapid Enrollment Grant	Deficiency Request
12-019	McClusky 19	6	7	2	4	5	9	6	6	7	10	3	6	7	78	78	-	0.00%		
14-012	Marmarth 12	1	1	3	1	1	2	-	2	2	-	-	-	-	13	13	-	0.00%		
27-032	Horse Creek 32	-	-	-	1	-	1	1	-	-	-	-	-	-	3	4	(1)	-25.00%		
22-014	Robinson 14	1	-	1	-	2	-	1	-	-	-	-	-	-	5	6	(1)	-16.67%		
52-035	Pleasant Valley 35	-	-	1	-	-	-	1	-	4	-	-	-	-	6	7	(1)	-14.29%		
30-004	Little Heart 4	3	1	2	3	-	2	1	2	1	-	-	-	-	15	16	(1)	-6.25%		
13-016	Oberon 16	8	13	7	7	3	5	2	4	3	-	-	-	-	52	53	(1)	-1.89%		
15-006	Hazelton-Moffit-Bra	9	8	6	7	5	10	6	2	8	10	5	7	6	89	90	(1)	-1.11%		
46-010	Hope 10	-	-	-	-	-	-	-	9	13	11	19	18	23	93	94	(1)	-1.06%		
28-001	Wilton 1	17	21	8	8	20	13	13	20	17	22	15	17	15	206	207	(1)	-0.48%		
41-003	North Sargent 3	17	15	14	16	19	18	19	19	14	17	22	16	14	220	221	(1)	-0.45%		
37-019	Lisbon 19	46	53	30	45	42	43	40	53	52	54	47	41	51	597	598	(1)	-0.17%		
47-019	Kensal 19	4	4	2	2	2	-	5	2	3	2	2	3	2	33	35	(2)	-5.71%		
26-004	Zeeland 4	2	3	7	1	6	-	3	3	2	3	11	5	5	51	53	(2)	-3.77%		
39-028	Lidgerwood 28	8	16	17	9	18	16	14	17	9	14	9	13	16	176	178	(2)	-1.12%		
03-005	Minnewaukan 5	23	25	22	33	24	20	20	18	12	20	15	16	12	260	262	(2)	-0.76%		
02-007	Barnes County Nort	23	21	27	16	28	19	22	12	26	18	21	25	17	275	277	(2)	-0.72%		
18-044	Larimore 44	27	21	27	23	25	29	17	29	46	48	41	41	33	407	409	(2)	-0.49%		
28-085	White Shield 85	6	12	7	9	6	10	14	13	3	14	10	6	11	121	124	(3)	-2.42%		
26-019	Wishek 19	18	16	17	12	14	16	12	14	16	17	15	19	12	198	201	(3)	-1.49%		
52-038	Harvey 38	34	27	17	30	45	26	36	46	30	27	24	32	33	407	410	(3)	-0.73%		
08-025	Naughton 25	1	1	-	1	-	1	-	-	-	-	-	-	-	4	8	(4)	-50.00%		
36-044	Starkweather 44	4	9	2	4	8	6	3	5	5	6	4	5	5	66	70	(4)	-5.71%		
39-018	Fairmount 18	4	10	12	10	7	9	10	5	8	12	8	8	9	112	116	(4)	-3.45%		
40-004	Mt Pleasant 4	15	20	19	18	16	18	17	16	19	13	20	25	16	232	236	(4)	-1.69%		
48-010	North Star 10	18	24	19	19	25	17	15	15	20	21	24	18	26	261	265	(4)	-1.51%		
22-001	Kidder County 1	18	22	32	23	30	28	30	25	37	21	36	33	30	365	369	(4)	-1.08%		
15-010	Bakker 10	1	3	-	-	-	-	-	-	-	-	-	-	-	4	9	(5)	-55.56%		
18-128	Midway 128	16	10	12	11	12	12	21	15	17	24	20	21	14	205	210	(5)	-2.38%		
20-018	Griggs County Cent	21	12	13	20	22	9	12	11	21	19	28	23	23	234	239	(5)	-2.09%		
35-001	Wolford 1	4	1	5	6	3	3	4	1	2	4	2	4	1	40	46	(6)	-13.04%		

CoDist	DistrictName	K	Gr1	Gr2	Gr3	Gr4	Gr5	Gr6	Gr7	Gr8	Gr9	Gr10	Gr11	Gr12	2012-13	2011-12	Student	Percent	School	Deficiency
															Fall K-12	Fall K-12				
															Enr	Enr	Change	Change	District	Request
																			Rapid	
																			Enrollment	
																			Grant	
41-006	Sargent Central 6	9	10	16	13	17	22	16	13	11	20	13	24	27	211	217	(6)	-2.76%		
32-001	Dakota Prairie 1	25	15	20	17	19	28	22	8	13	21	22	16	22	248	254	(6)	-2.36%		
15-036	Linton 36	19	18	24	16	29	19	23	19	20	29	24	36	27	303	309	(6)	-1.94%		
08-039	Apple Creek 39	8	11	9	8	9	6	8	-	-	-	-	-	-	59	66	(7)	-10.61%		
18-127	Emerado 127	17	12	9	10	4	5	7	6	6	-	-	-	-	76	83	(7)	-8.43%		
03-006	Leeds 6	7	11	3	15	10	10	12	9	16	14	11	10	15	143	150	(7)	-4.67%		
47-010	Pingree-Buchanan	10	15	10	5	9	10	12	21	9	10	6	16	13	146	153	(7)	-4.58%		
17-003	Beach 3	17	9	19	22	16	23	18	19	17	35	29	31	29	284	291	(7)	-2.41%		
39-042	Wyndmere 42	12	17	18	11	25	16	16	15	13	20	11	20	18	212	220	(8)	-3.64%		
41-002	Milnor 2	18	11	13	19	20	17	18	19	17	17	18	10	21	218	226	(8)	-3.54%		
36-002	Edmore 2	-	-	-	-	-	-	-	8	8	8	12	5	13	54	63	(9)	-14.29%		
50-128	Adams 128	-	5	2	4	7	4	5	-	-	-	-	-	-	27	37	(10)	-27.03%		
50-005	Fordville-Lankin 5	2	3	2	-	2	2	5	-	9	6	5	4	7	47	57	(10)	-17.54%		
18-125	Manvel 125	18	13	14	16	18	8	13	13	14	-	-	-	-	127	137	(10)	-7.30%		
33-001	Center-Stanton 1	19	19	17	13	17	16	12	10	17	17	13	18	12	200	210	(10)	-4.76%		
23-003	Edgeley 3	17	21	20	22	17	19	23	13	14	14	9	13	15	217	227	(10)	-4.41%		
19-018	Roosevelt 18	9	5	3	-	12	17	18	24	15	-	-	-	-	103	114	(11)	-9.65%		
46-019	Finley-Sharon 19	6	8	6	5	9	7	9	10	10	15	14	13	16	128	139	(11)	-7.91%		
49-007	Hatton Eielson 7	15	14	14	10	14	17	7	12	11	13	13	19	12	171	182	(11)	-6.04%		
11-040	Ellendale 40	19	30	25	26	18	29	23	25	31	32	17	26	21	322	333	(11)	-3.30%		
38-001	Mohall-Lansford-Sh	26	27	27	22	27	32	27	18	25	26	26	24	19	326	338	(12)	-3.55%		
43-003	Solen 3	14	25	13	16	11	14	9	10	14	9	8	5	17	165	178	(13)	-7.30%		
34-118	Valley-Edinburg 118	13	15	12	14	18	18	20	18	21	19	13	20	16	217	230	(13)	-5.65%		
31-003	Parshall 3	29	24	17	19	13	19	17	25	26	25	17	12	23	266	279	(13)	-4.66%		
02-046	Litchville-Marion 46	8	8	7	6	6	8	7	7	9	13	10	10	11	110	124	(14)	-11.29%		
39-044	Richland 44	15	21	23	16	19	24	15	15	30	27	17	23	19	264	278	(14)	-5.04%		
10-023	Langdon Area 23	21	28	21	19	23	27	17	16	34	33	36	34	30	339	353	(14)	-3.97%		
35-005	Rugby 5	44	35	40	41	33	42	36	53	43	43	55	42	36	543	557	(14)	-2.51%		
37-024	Enderlin Area 24	31	23	18	25	18	24	24	25	20	28	24	28	18	306	321	(15)	-4.67%		
39-008	Hankinson 8	18	25	18	21	19	20	20	19	26	24	23	22	20	275	292	(17)	-5.82%		
09-017	Central Cass 17	63	66	74	53	61	44	64	47	47	59	66	61	73	778	796	(18)	-2.26%		



CoDist	DistrictName	K	Gr1	Gr2	Gr3	Gr4	Gr5	Gr6	Gr7	Gr8	Gr9	Gr10	Gr11	Gr12	2012-13 Fall K-12 Enr	2011-12 Fall K-12 Enr	Student Change	Percent Change	School District Rapid Enrollment Grant	Deficiency Request
17-001	Jamestown 1	162	169	142	163	146	165	133	151	177	188	157	172	188	2,113	2,140	(27)	-1.26%		
34-100	North Border 100	21	23	19	23	34	31	32	30	37	37	27	34	32	380	424	(44)	-10.38%		
	Total	8,575	8,366	7,707	7,723	7,379	7,291	7,338	7,254	7,496	7,796	7,515	7,414	7,338	99,192	95,778	3,414	3.44%		

SB 2150 SECTION 34. APPROPRIATION - SCHOOL DISTRICT RAPID ENROLLMENT GROWTH - GRANTS. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing a grant to any school district that can demonstrate rapid enrollment growth, for the biennium beginning July 1, 2011, and ending June 30, 2013.

1. If the number of full-time equivalent students enrolled in a school district has increased by at least seven percent annually and if that increase is equal to at least twenty-five full-time equivalent students, as demonstrated by the district's September tenth fall enrollment report, the district is entitled to receive a grant equal to the per student payment provided for in section 15.1-27-04 multiplied by the actual increase in its full-time equivalent student enrollment.
2. If the amount of the appropriation provided for in this section is insufficient to meet the obligations of this section, the superintendent of public instruction shall prorate the payment based on the percentage of the total amount to which each school district is entitled.
3. The superintendent of public instruction may not expend more than \$2,500,000 in grants under this section during the first year of the biennium.
4. Any district that is precluded from receiving state aid under section 15.1-27-35.3 is not eligible to receive a grant under this section.



9

**HB 1023**

**Senate Appropriations Committee**

**Written Testimony**

**March 7<sup>th</sup>, 2013**

**By: Dr. Steven Holen**

**Superintendent of Schools – McKenzie County Public School District #1**

My name is Steven Holen. I am the superintendent of schools for the McKenzie County Public School District #1 – Watford City. I am also a member of the North Dakota Oil and Gas Producing Counties executive committee representing school districts in the 17 oil and gas producing counties in North Dakota. I am testifying today regarding the actions of the House appropriations committee in removing the allocation of \$3.1 million to the Department of Public Instruction as a deficiency appropriation for the rapid enrollment grants left unfunded for the 2012-2013 school year due to the original \$5 million appropriation by the 2011 legislative assembly for the grants.

The rationale behind the creation of the rapid enrollment grants during the 2011 legislative assembly was to provide a growing number of school districts being impacted by enrollment growth, primarily due to the growth of the oil and gas industry in western North Dakota, with state funding for actual students in their schools. The current funding structure from the Department of Public Instruction only allows for foundation payments based on the spring Average Daily Membership of a school district. Therefore, school districts are not provided state payments for new students that enroll in a school district the fall of the current school year. While the state of North Dakota did not have to address enrollment growth for decades as rapid enrollment decline was found across the state, especially in rural areas; the 2007 legislature changed the funding structure to this current format of mandated spring ADM payments. Previously, the school district could use the spring ADM or the fall enrollment (as of September 10<sup>th</sup>) as the determining factor in the foundation aide payments. The 2011 legislature recognized the need to address the deficiency for rapidly increasing enrollment school districts in not getting paid for the students in their desks now and only paid on the previous spring enrollment.

While the concept of rapid enrollment grants is positive and logical in terms of equity (school districts not being penalized for seeing enrollment growth); the decision was made to fund the appropriation with \$5 million from the Oil Impact Fund. The Oil Impact Fund was designed to fund counties, cities, schools, or townships in oil producing areas with direct impacts due to oil development. The consequence of funding through the Oil Impact Fund for a statewide initiative was the reality school districts outside the oil producing counties could receive "Oil Impact Funds". The funding of statewide initiatives should be funded with state dollars. School districts in western North Dakota are fine with the West Fargo school district getting a payment for their rapid enrollment growth; however, to reduce the funding of oil and gas producing county school districts through the Oil Impact Fund with the inclusion of non-oil producing school districts is difficult to comprehend for western ND school districts. The \$100 million allocated during the 2011 legislative assembly was greatly needed in western ND for major infrastructure projects. The ability to use \$5 million of this funding for western ND school districts was extremely important and to lose the ability to fully fund the grants due to inclusion of school districts such as West Fargo, Hillsboro, and LaMoure is an inappropriate use of these funds.

I believe West Fargo, Hillsboro, and LaMoure should be paid for their additional students, but the state needs to fund these initiatives, not the Oil Impact Fund designed to address specific needs created by direct impact from oil production. In order to make the situation "right"; I believe the Governor recognized the need to fully fund the grants to ensure school districts in dire need of these funds are not denied due to an arbitrary limit on the allocation during the 2011 legislature and the unexpected inclusion of non-oil producing school districts.

While my school district was aware of the funding limitation and the uncertain status of receiving the funds; these funds are desperately needed to pay for an upcoming bond payment due to necessary school construction, a teacher housing project, and the staff hired to accommodate the 159 new students as part of the rapid enrollment grant that were only funded at 45%. A 23% growth in students for a school district of 700 students creates the need for 5 new professional positions, 1 administrator, and several ancillary staff. The net growth only briefly explains the impact of enrolling 340 new students in one school year and the additional staff required to process and education that amount of increase for a school district our size. The approximately \$350,000 of funding lost due to the \$5 million limitation on the grant allocation and the inclusion of West Fargo in the grant allocations has a tremendous impact on my school district.

I believe it is the obligation of the legislature to fulfill this commitment and follow through with the Governor's intent to address the deficiency in payment (especially considering the source of funds used to make the payments) to school districts receiving more than a 7% growth in student population. Please consider including this funding back into HB 1023 and honoring the state's obligation to provide foundation payments for actual student enrollment, not historical numbers. It is not "equitable" to punish districts experiencing enrollment growth due to the oil industry that is providing the state with funding surpluses.

Thank you for your time and consideration.

March 21, 2013

# /

**PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1023**

Page 1, line 2, after the semicolon insert "to provide an exemption;"

Page 1, replace lines 12 and 13 with:

"Disabled veteran credit	<u>\$1,045,000</u>
Total general fund	\$1,045,000"

Page 2, replace line 26 with:

"Grand total general fund	\$59,587,846
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**SECTION 2. EXEMPTION - DISTRIBUTION OF REMAINING MONEYS - RAPID ENROLLMENT GRANTS.** Notwithstanding the provisions of section 15.1-27-22.1, any moneys appropriated to the superintendent of public instruction in the grants - state school aid line item in subdivision 1 of section 1 of chapter 39 of the 2011 Session Laws remaining unspent after the superintendent complies with all statutory payment obligations imposed for the 2011-13 biennium shall be used by the superintendent of public instruction as follows:

1. The first \$3,100,000 for rapid enrollment grants as provided in section 34 of chapter 147 of the 2011 Session Laws for the biennium beginning July 1, 2011, and ending June 30, 2013.
2. Any moneys remaining, after payment of the rapid enrollment grants, to provide additional per student payments on a prorated basis according to the latest available average daily membership of each school district for the period beginning with the effective date of this Act and ending June 30, 2013."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1023 - Office of the Tax Commissioner - Senate Action**

Funding for the disabled veteran credit is increased \$63,145 to provide a total of \$1,045,000 from the general fund.

**House Bill No. 1023 - Department of Public Instruction - Senate Action**

This amendment adds a section to require the Superintendent of Public Instruction use the first \$3,100,000 of funding remaining after all statutory obligations for state school aid grants during the 2011-13 biennium have been met to fully fund rapid enrollment grants for the 2011-13 biennium.

#2

Lee, Gary A.

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**From:** Coleman, Jerry A.  
**Sent:** Friday, March 15, 2013 12:34 PM  
**To:** Lee, Gary A.  
**Subject:** RE: Unobligated Funds

Today it is about \$4.6 million expected to be unobligated for 2011-2013.

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**From:** Lee, Gary A.  
**Sent:** Friday, March 15, 2013 8:09 AM  
**To:** Coleman, Jerry A.  
**Subject:** Unobligated Funds

Jerry,

Can I get the unobligated fund balance expected for this biennium? I am not sure that is the proper term, but when per pupil payments have been made what is the residual amount expected?

Any questions let me know.

Gary Lee

March 21, 2013

**PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1023**

Page 1, line 2, after the semicolon insert "to provide an exemption;"

Page 1, replace lines 12 and 13 with:

"Disabled veteran credit	<u>\$1,045,000</u>
Total general fund	\$1,045,000"

Page 2, replace line 26 with:

"Grand total general fund	\$59,587,846
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**SECTION 2. EXEMPTION - DISTRIBUTION OF REMAINING MONEYS - RAPID ENROLLMENT GRANTS.** Notwithstanding the provisions of section 15.1-27-22.1, any moneys appropriated to the superintendent of public instruction in the grants - state school aid line item in subdivision 1 of section 1 of chapter 39 of the 2011 Session Laws remaining unspent after the superintendent complies with all statutory payment obligations imposed for the 2011-13 biennium shall be used by the superintendent of public instruction as follows:

1. The first \$3,100,000 for rapid enrollment grants as provided in section 34 of chapter 147 of the 2011 Session Laws for the biennium beginning July 1, 2011, and ending June 30, 2013.
2. Any moneys remaining, after payment of the rapid enrollment grants, to provide additional per student payments on a prorated basis according to the latest available average daily membership of each school district for the period beginning with the effective date of this Act and ending June 30, 2013."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1023 - Office of the Tax Commissioner - Senate Action**

Funding for the disabled veteran credit is increased \$63,145 to provide a total of \$1,045,000 from the general fund.

**House Bill No. 1023 - Department of Public Instruction - Senate Action**

This amendment adds a section to require the Superintendent of Public Instruction use the first \$3,100,000 of funding remaining after all statutory obligations for state school aid grants during the 2011-13 biennium have been met to fully fund rapid enrollment grants for the 2011-13 biennium.

3-26-13  
HB 1023

j

Prepared for Senate Appropriations  
March 23, 2013

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1023

Page 2, after line 24 insert:

"Office of Attorney General

Operating Expenses	<u>\$70,000</u>
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Total general fund	\$70,000
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Subdivision 11."

Page 2, line 26, change "\$59,524,701" to \$59,324,701"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment makes the following deficiency appropriation adjustment:

The \$70,000 general fund appropriation to the Office of Attorney General is to reimburse prosecution witness fees to cities and counties.



March 25, 2013

HB 1023

3-26-13

2

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1023

Page 1, after line 10, insert:

"ATTORNEY GENERAL

Operating expenses	<u>\$70,000</u>
Total general fund	\$70,000

Subdivision 2."

Page 1, replace lines 12 and 13 with:

"Disabled veteran credit	<u>\$1,045,000</u>
Total general fund	\$1,045,000"

Page 1, line 14, replace "2" with "3"

Page 1, line 18, replace "3" with "4"

Page 1, line 22, replace "4" with "5"

Page 2, line 4, replace "5" with "6"

Page 2, line 8, replace "6" with "7"

Page 2, line 12, replace "7" with "8"

Page 2, line 16, replace "8" with "9"

Page 2, line 20, replace "9" with "10"

Page 2, line 24, replace "10" with "11"

Page 2, replace line 26 with:

"Grand total general fund	\$59,657,846"
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Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1023 - Attorney General - Senate Action**

Funding of \$70,000 from the general fund is added for reimbursements to cities and counties for prosecution witness fees.

**House Bill No. 1023 - Office of the Tax Commissioner - Senate Action**

Funding for the disabled veteran credit is increased \$63,145 to provide a total of \$1,045,000 from the general fund.

Lee, Gary A.

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#1

**From:** Dickerson, Marcy D.  
**Sent:** Monday, March 25, 2013 9:07 AM  
**To:** Lee, Gary A.  
**Subject:** HB 1023 Deficiency Appropriation for Disabled Veterans Credit

Senator Lee, 14 counties still have not submitted their abstracts of disabled veterans credits that were due March 1. Based on the reports we have (some unaudited), I believe our request for a deficiency appropriation of \$981,855 will be more than adequate. Actually, I think a deficiency appropriation of \$900,000 will be adequate.

Any funds that are not expended to reimburse counties for the disabled veterans credit will be returned to the state general fund.

*Marcy Dickerson  
State Supervisor of Assessments  
Office of North Dakota Tax Commissioner  
600 E. Boulevard Ave, Dept. 127  
Bismarck, ND 58505-0599  
[mdickerson@nd.gov](mailto:mdickerson@nd.gov)  
701.328.3128*

# 2

4. Seek the advice and guidance of individuals who are uniquely familiar with the nature, scope, and associated challenges of providing early childhood education, care, and services in geographically and socioeconomically diverse settings, and develop recommendations pertaining to the short-term and longer-term improvement and expansion of early childhood education, care, and services in this state; and
5. Provide a biennial report regarding its activities findings and recommendations to the governor and the legislative council assembly.

**SECTION 34. APPROPRIATION - SCHOOL DISTRICT RAPID ENROLLMENT GROWTH - GRANTS.** There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing a grant to any school district that can demonstrate rapid enrollment growth, for the biennium beginning July 1, 2011, and ending June 30, 2013.

1. If the number of full-time equivalent students enrolled in a school district has increased by at least seven percent annually and if that increase is equal to at least twenty-five full-time equivalent students, as demonstrated by the district's September tenth fall enrollment report, the district is entitled to receive a grant equal to the per student payment provided for in section 15.1-27-04 multiplied by the actual increase in its full-time equivalent student enrollment.
2. If the amount of the appropriation provided for in this section is insufficient to meet the obligations of this section, the superintendent of public instruction shall prorate the payment based on the percentage of the total amount to which each school district is entitled.
3. The superintendent of public instruction may not expend more than \$2,500,000 in grants under this section during the first year of the biennium.
4. Any district that is precluded from receiving state aid under section 15.1-27-35.3 is not eligible to receive a grant under this section.

**SECTION 35. APPROPRIATION - GEARING UP FOR KINDERGARTEN.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$625,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of supporting the gearing up for kindergarten program provided by the North Dakota state university extension service, for the biennium beginning July 1, 2011, and ending June 30, 2013. The North Dakota state university extension service may use up to \$125,000 of the amount appropriated for administrative purposes.

**SECTION 36. TRANSPORTATION GRANTS - DISTRIBUTION.**

1. During each year of the 2011-13 biennium, the superintendent of public instruction shall calculate the payment to which each school district is entitled based on the state transportation formula as it existed on June 30, 2001, except that the superintendent shall provide reimbursement at the rate of:
  - a. One dollar and three cents per mile for schoolbuses having a capacity of ten or more passengers;
  - b. Forty-six cents per mile for vehicles having a capacity of nine or fewer passengers;
  - c. Forty-six cents per mile, provided:
    - (1) The student being transported is a student with a disability, as defined in chapter 15.1-32;

March 26, 2013

#3

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1023

Page 1, after line 10, insert:

"ATTORNEY GENERAL

Operating expenses	<u>\$70,000</u>
Total general fund	\$70,000

Subdivision 2."

Page 1, line 14, replace "2" with "3"

Page 1, line 18, replace "3" with "4"

Page 1, line 22, replace "4" with "5"

Page 2, line 4, replace "5" with "6"

Page 2, line 8, replace "6" with "7"

Page 2, line 12, replace "7" with "8"

Page 2, line 16, replace "8" with "9"

Page 2, line 20, replace "9" with "10"

Page 2, line 24, replace "10" with "11"

Page 2, replace line 26 with:

"Grand total general fund	\$59,594,701"
---------------------------	---------------

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1023 - Attorney General - Senate Action**

Funding of \$70,000 from the general fund is added for reimbursements to cities and counties for prosecution witness fees.