Prepared by the North Dakota Legislative Council staff for the Budget Committee on Government Services
December 1999

PRIVATIZATION ACTIVITIES OF STATE AGENCIES - 1999-2001 BIENNIUM

This memorandum summarizes the results of a survey of all state agencies regarding privatization activities and potential privatization activities of state agencies.

PRIVATIZATION ACTIVITIES OF STATE AGENCIES				
			Estimated 1999-2001 Biennial Cost	
Dept. No.	Name	Type of Service Privatized	General Fund	Total Funds
108	Secretary of State	None		
110	Office of Management and Budget	Economic forecasting consulting services	$44,000	$44,000
		Cost allocation consulting services	50,000	50,000
		Financial consulting services	80,000	80,000
		Computer training		80,000
		Educational and demonstration services		200,000
		Evaluating community development block grant applications		104,000
		Risk management adjusting services		100,000
		Risk management legal services		220,000
		Capitol lunchroom		
		Total Office of Management and Budget	$174,000	$878,000
112	Information Technology Department	Programming services		$4,250,000
		Wiring installation		500,000
		Total Information Technology Department		$4,750,000
117	State Auditor	Financial statement audits	$22,800	$538,000
		Performance audits	13,200	363,000
		Total State Auditor	$36,000	$901,000
118	Central Services	Included under 110 - Office of Management and Budget		
120	State Treasurer	None		
125	Attorney General	Printing (Central Services)	Varies	Varies
		Computer program rewrites	$122,000	$492,000
		Training for local law enforcement and state's attorneys		85,000
		Mail pickup and delivery	3,000	3,000
		Midwest Automated Fingerprint Identification Network	26,000	26,000
		Legal - When conflict situations exist	Varies ($90 per hour)	Varies ($90 per hour)
		Transcribing recorded tapes	Varies	Varies

PRIVATIZATION ACTIVITIES OF STATE AGENCIES

Dept. No.	Name	Type of Service Privatized	Estimated 1999-2001 Biennial Cost: General Fund	Estimated 1999-2001 Biennial Cost: Total Funds
		Testing of pull tab dispensing devices	(paid by manufacturer)	(paid by manufacturer)
		Staff computer training	2,000	3,500
		High-intensity drug trafficking coordinator		139,000
		Microfilming records (Central Services)	3,300	3,300
		Total Attorney General	$156,300	$751,800
127	Tax Department	Collecting out-of-state delinquent taxes - Fee is based on a percentage of collections		
		Electronic funds transfer	$31,200	$31,200
		Multistate tax audits	280,000	280,000
		Total Tax Department	$311,200	$311,200
140	Office of Administrative Hearings	Hearing officer services		$585,000
150	Legislative Assembly	Computer systems development and maintenance	$255,500	$255,500
		Secretarial services - During session	50,000	50,000
		Bill and journal room operations - During session	50,000	50,000
		Total Legislative Assembly	$355,500	$355,500
160	Legislative Council	Computer systems development and maintenance	$246,000	$246,000
		Information technology services - State government	400,000	400,000
		Total Legislative Council	$646,000	$646,000
180	Judicial Branch	Indigent defense services	$3,200,000	$3,200,000
190	Retirement and Investment Office	Investment management services		$23,200,000
		Investment custodian services		1,200,000
		Investment consulting services		391,300
		Benefit administration/IT support (Information Technology Department)		343,500
		Actuarial services		225,000
		Auditing services		85,000
		Legal services (Attorney General)		19,000
		Personnel services (Central Personnel)		
		Mailing services		24,700
		Medical consulting services		1,500
		Total Retirement and Investment Office		$25,490,000
192	Public Employees Retirement System	Health insurance plan		$160,800,000[1]
		Life insurance plan		3,600,000[2]
		Dental insurance plan		1,500,000[2]
		Employee assistance plan		413,000
		Long-term care plan		40,000
		Deferred compensation		[3]
		Defined contribution plan		Unknown until January 2000

PRIVATIZATION ACTIVITIES OF STATE AGENCIES				
			Estimated 1999-2001 Biennial Cost	
Dept. No.	Name	Type of Service Privatized	General Fund	Total Funds
		Defined benefit plan actuarial services		100,000
		Health plan actuarial services		50,000
		Defined benefit plan investing (Retirement and Investment Office)		250,000
		Information technology/benefits administration (Information Technology Department)		485,268
		Legal fees (Attorney General)		50,000
		Total Public Employees Retirement System		$167,288,268
201	Department of Public Instruction	None		
215	North Dakota University System Office	None		
226	Land Department	Money management		$2,400,000
		Unclaimed property collections		90,000
		Agricultural rent survey/study		38,000
		Total Land Department		$2,528,000
227	Bismarck State College	Motor pool		
		Student loan collections		
228	Lake Region State College	Motor pool		
		Student loan collections		
229	Williston State College	Motor pool		
		Student loan collections		
230	University of North Dakota	Motor pool		
		Student loan collections		
		Vending services		
		Food court		
		Bookstore management		
235	North Dakota State University	Motor pool		
		Student loan collections		
		Vending services		
		Recreational games		
		Food court		
		Barbershop		
		Automated teller machines		
		Health services		
		Mail processing		
238	State College of Science	Motor pool		
		Student loan collections		
		Child care		
		Vending services		

PRIVATIZATION ACTIVITIES OF STATE AGENCIES				
			Estimated 1999-2001 Biennial Cost	
Dept. No.	Name	Type of Service Privatized	General Fund	Total Funds
239	Dickinson State University	Motor pool		
		Student loan collections		
		Food service		
240	Mayville State University	Motor pool		
		Student loan collections		
		Food service		
241	Minot State University	Motor pool		
		Student loan collections		
		Food service		
		Some custodial services		
242	Valley City State University	Motor pool		
		Student loan collections		
		Food service		
243	Minot State University - Bottineau	Motor pool		
		Student loan collections		
		Food service		
244	Forest Service	Field tree planting services (soil conservation districts)		
		Forest management planning		$30,000
		State lands maintenance	$8,000	8,000
		Nursery soil fumigation	16,000	16,000
		Budget/payroll services (MSU-Bottineau)	6,402	27,997
		Total Forest Service	$30,402	$81,997
250	State Library	None		
252	School for the Deaf	Audiological services	$40,000	$40,000
253	School for the Blind	Nursing services	$2,505	$2,505
		Psychological services	630	630
		Computer maintenance	3,345	3,345
		Web page development	100	100
		Carpet cleaning	1,370	1,370
		Total School for the Blind	$7,950	$7,950
270	State Board for Vocational and Technical Education	None		
301	State Department of Health	Statewide ambulance training services	$940,000	$940,000
		Loan repayments to physicians/nurse practitioners	75,000	75,000
		Contract with the University of North Dakota for improved rural health services		562,597
		Abstinence education (regional and tribal children's services coordinating committees)		208,300

PRIVATIZATION ACTIVITIES OF STATE AGENCIES				
			Estimated 1999-2001 Biennial Cost	
Dept. No.	Name	Type of Service Privatized	General Fund	Total Funds
		Family planning counseling		1,034,000
		Maternal and child health services		1,862,413
		State systems development initiative (Department of Human Services and local health units)		190,000
		Child safety prevention (North Dakota Nurses Association)		200,000
		Shaken baby project		100,000
		Domestic violence prevention	90,000	390,000
		Family violence programs		860,000
		STOP violence against women program		1,817,100
		Women, infants, and children programs		5,578,420
		Women, infants, and children food costs		18,226,930
		Public health services (24 local agencies)	1,000,000	1,000,000
		AIDS prevention services		450,000
		Ryan White program services		120,000
		Tuberculosis preventive health services		146,000
		Immunization services		490,000
		Occupational illnesses		480,000
		Diabetes program		801,727
		Sexually transmitted diseases programs		34,000
		Rape crisis/sex offenses programs		235,000
		Preventive health education services		225,248
		Tobacco prevention programs		1,195,000
		Tobacco prevention training and advertising		135,366
		Cardiovascular preventive health programs		200,000
		Breast/cervical cancer program		3,029,639
		Cancer registry		70,000
		Radon education		197,789
		Water quality projects		60,000
		Non-point projects		5,100,000
		Water pollution education		41,000
		Environmental health projects		505,826
		Public water supply programs		108,000
		Large volume solid waste sites		80,000
		Abandoned auto program		250,000
		Leaking underground storage tank program		1,190,351
		Total State Department of Health	$2,105,000	$48,189,706
313	Veterans Home	Medical director	$16,000	$48,000
		Pharmacy	9,000	28,000
		Addiction counselor	14,000	40,800
		Physical therapy	4,000	10,000
		Miscellaneous therapy	1,000	3,000
		Total Veterans Home	$44,000	$129,800

PRIVATIZATION ACTIVITIES OF STATE AGENCIES

Dept. No.	Name	Type of Service Privatized	Estimated 1999-2001 Biennial Cost: General Fund	Estimated 1999-2001 Biennial Cost: Total Funds
316	Indian Affairs Commission	None		
321	Department of Veterans Affairs	None		
324	Children's Services Coordinating Committee	Technical assistance to regional and tribal children's services coordinating committees		$30,000
		Technical assistance		5,000
		Total Children's Services Coordinating Committee		$35,000
325	Department of Human Services	Adoptive technology services		$284,469
		Aging community-based services	$9,479,212	21,495,103
		Basic care services	7,690,647	7,690,647
		Child care services	3,675,262	16,579,896
		Child support - Various services		1,902,282
		Consultation	2,035,937	4,844,978
		Children's special health services	432,023	1,044,705
		Child welfare services	16,898,424	72,180,303
		Developmental disability services	972,608	1,488,542
		Economic assistance program eligibility determination		[4]
		Employment training for TANF recipients		3,311,777
		Food stamps electronic benefit transaction system	28,354	945,117
		Food stamps nutrition and education plan		1,225,977
		Foster care eligibility determination	542,921	10,740,449
		Children's health insurance program/Healthy Steps	817,790	3,886,838
		Hospitalization - Human service centers	808,177	1,747,788
		Computer program development	2,894,516	9,471,411
		Infant development services	38,343	820,203
		JOBS program services		648,572
		Medicaid services - Excluding nursing home services	70,474,142	261,920,967
		Medicaid utilization review	154,908	612,340
		Medical services - Institutions	663,127	843,894
		Mental health services/clinical services	2,963,613	6,438,267
		Nursing home preadmission screening and resident review	197,639	790,556
		Nursing home services	75,067,679	252,358,444
		Paternity establishment/court order establishment and enforcement		[4]
		Refugee services		2,016,180
		Residential services - Human service centers	2,727,228	5,897,985
		Substance abuse prevention		2,456,614
		Tribal child support		536,000
		Vocational rehabilitation services	2,705,326	10,280,731
		Vulnerable adult services	19,883	43,000
		Total Department of Human Services	$201,287,759	$704,504,035
360	Protection and Advocacy Project	Delivery service	$2,400	$2,400

PRIVATIZATION ACTIVITIES OF STATE AGENCIES

Dept. No.	Name	Type of Service Privatized	Estimated 1999-2001 Biennial Cost: General Fund	Estimated 1999-2001 Biennial Cost: Total Funds
		Answering service	1,440	1,440
		Legal research - University of North Dakota	5,000	20,000
		Client satisfaction - Minot State University	10,000	10,000
		Total Protection and Advocacy Project	$18,840	$33,840
380	Job Service North Dakota	None		
401	Insurance Department	None		
405	Industrial Commission	Lignite research program		$10,000,000
406	Labor Commissioner	None		
408	Public Service Commission	Reclamation of abandoned mine lands		$3,668,492
		Court reporting services		5,000
		Hearing examiner services (Office of Administrative Hearings)	$5,000	10,000
		Legal services (Attorney General)	5,000	
		Evaluation of public utility cases		85,000
		Total Public Service Commission	$10,000	$3,768,492
412	Aeronautics Commission	Airport layout plans		$260,000
		Automated master plans		88,000
		State air service update		162,000
		Economic impact study		111,000
		Total Aeronautics Commission		$621,000
413	Department of Banking and Financial Institutions	None		
414	Securities Commissioner	None		
471	Bank of North Dakota	Virtually all of its programs involve a partnership with a private sector entity		
473	Housing Finance Agency	None		
475	Mill and Elevator	Security services		$90,000
		Legal services		56,000
		Computer systems support		20,000
		Phone system through the Information Technology Department		75,000
		Audit services through the State Auditor's office		30,000
		Internet services		10,000
		Total Mill and Elevator		$281,000
485	Workers Compensation Bureau	Utilization reviews		$1,600,000
		Vocational rehabilitation services		2,600,000
		Litigation services		2,200,000

PRIVATIZATION ACTIVITIES OF STATE AGENCIES				
			Estimated 1999-2001 Biennial Cost	
Dept. No.	Name	Type of Service Privatized	General Fund	Total Funds
		Administrative hearings (Office of Administrative Hearings)		775,000
		Actuarial services		120,000
		Private investigations		1,200,000
		Medical bill review and audit		1,300,000
		Information technology development and support		2,000,000
		Disability management		1,400,000
		Total Workers Compensation Bureau		$13,195,000
504	Highway Patrol	None		
506	Radio Communications	Software maintenance	$48,000	$48,000
		Hardware maintenance	59,520	59,520
		Teletype maintenance	103,260	103,260
		Telephone services	888,000	888,000
		Ad hoc projects	20,000	20,000
		Wireless phone services	2,000	2,000
		Janitorial services	2,760	2,760
		National law enforcement teletype	36,000	36,000
		Radio maintenance services (Department of Transportation)	168,000	168,000
		Data processing (Information Technology Department)	96,000	96,000
		Printing services (Central Services)	20,000	20,000
		Total Radio Communications	$1,443,540	$1,443,540
512	Division of Emergency Management	None		
530	Department of Corrections and Rehabilitation			
	Division of Juvenile Services	Tracking services	$600,000	$600,000
		Intensive in-home services	114,000	114,000

PRIVATIZATION ACTIVITIES OF STATE AGENCIES				
			Estimated 1999-2001 Biennial Cost	
Dept. No.	Name	Type of Service Privatized	General Fund	Total Funds
	Youth Correctional Center	Janitorial services	56,400	56,400
		Medical services	399,500	399,500
	Prisons Division	Inmate housing in county jails	1,766,491	1,766,491
		Prison chaplaincy program	140,000	140,000
		Outpatient addiction therapy (West Central Human Service Center)		
		Food services at the James River Correctional Center	1,080,000	1,080,000
		Inmate commissary services		
		Dental services	109,600	109,600
		Optometrist services	52,000	52,000
		Psychiatric services (State Hospital)	120,000	120,000
		Other psychiatric services	124,000	124,000
		Physician and hospitalization services	201,040	201,040
	Field Services Division	Community services	352,000	352,000
		Low-risk supervision services	48,000	48,000
		Halfway houses	1,127,650	1,127,650
		Inmate housing (regional jails)	197,100	197,100
		Day reporting	131,400	131,400
		Rooms for offenders	87,600	87,600
		Electronic monitoring services	456,250	456,250
		Revocation center services	658,709	1,018,709
		Presentence investigations		50,000
		Total Department of Corrections and Rehabilitation	$7,821,740	$8,231,740
540	Adjutant General	Water and sewer at Camp Grafton	$1,319	$77,644
		Custodial services	11,906	47,625
		Maintenance services	17,955	31,278
		Lawn and pest control	20,659	46,057
		Total Adjutant General	$51,839	$202,604
601	Department of Economic Development and Finance	Women's business program administration	$76,067	$76,067
		Technical services to small businesses	200,000	200,000
		Total Department of Economic Development and Finance	$276,067	$276,067
602	Agriculture Department	Marketing services	$50,000	$50,000
		Computer services	10,000	10,000
		Total Agriculture Department	$60,000	$60,000
616	Seed Department	None		
627	Upper Great Plains Transportation Institute	None		
630	NDSU Extension Service	Included under 235 - North Dakota State University		

PRIVATIZATION ACTIVITIES OF STATE AGENCIES				
			Estimated 1999-2001 Biennial Cost	
Dept. No.	Name	Type of Service Privatized	General Fund	Total Funds
638	Northern Crops Institute	Included under 235 - North Dakota State University		
640-650	Agricultural Experiment Station	Included under 235 - North Dakota State University		
701	State Historical Society	Heating, ventilation, and air-conditioning systems - Storage		$750
		Pest control	$1,800	2,440
		Printing	400	400
		Graphic reproduction	10,500	10,500
		Exhibit design development	150,000	150,000
		Exhibit fabrication	15,000	15,000
		Color film processing	320	600
		Professional movers	5,400	5,400
		Computer program installation		75,000
		Carpentry shop equipment repair	500	500
		Track lighting repair	800	800
		Audiovisual productions	600	600
		Fine arts insurance	5,500	5,500
		Total State Historical Society	$190,820	$267,490
709	Council on the Arts	Data processing (Information Technology Department)	$4,850	$4,850
		Telecommunications services	8,628	8,628
		Printing services	10,200	10,200
		Travel services (Fleet Services and travel agencies)	37,180	37,180
		Office supplies (Central Services)	3,900	3,900
		Total Council on the Arts	$64,758	$64,758
720	Game and Fish Department	Janitorial services		$40,000
		Mailing services		10,000
		Design and layout for *North Dakota Outdoors* magazine		80,000
		Computer programs		100,000
		Boating/fishing access		500,000
		Creel fish survey		150,000
		Angler questionnaire		5,000
		Fish research (University of North Dakota)		250,000
		Hatchery operations and maintenance		380,000
		Dam renovation and repair (State Water Commission)		200,000
		Private land initiative		1,300,000
		Noxious weed control		30,000
		Publish *North Dakota Outdoors* magazine		210,000
		Telephone license information		25,000
		Web page design		10,000
		Aerial wildlife surveys		25,000
		Diagnostic lab for disease (University of North Dakota)		5,000

PRIVATIZATION ACTIVITIES OF STATE AGENCIES				
			Estimated 1999-2001 Biennial Cost	
Dept. No.	Name	Type of Service Privatized	General Fund	Total Funds
		Wildlife surveys		10,000
		Fencing of wildlife management areas		10,000
		Road and trail maintenance		15,000
		Total Game and Fish Department		$3,355,000
740	Tourism Department	None		
750	Parks and Recreation Department	Park management services	$25,000	$25,000
		Reservation system management		
		Historic home management		
		Grounds maintenance	3,200	3,200
		Marina operations		
		Concession operations		
		Historic program support		
		Recreation trail access	13,524	13,524
		Fort Lincoln trolley		
		Lewis and Clark Riverboat		
		Total Parks and Recreation Department	$41,724	$41,724
770	State Water Commission	Mail services	$2,880	$2,880
		Cleaning services	16,801	16,801
		Engineering services		1,821,954
		Water testing	5,000	57,875
		Assistance with WET program		36,000
		Secretarial services		10,800
		Consulting services		97,868
		Microfilm services	800	800
		Total State Water Commission	$25,481	$2,044,978
801	Department of Transportation	Consulting engineering and design services		$8,600,000
		Construction activities		365,000,000
		Vehicle registration and title services		10,000
		Data entry services		350,000
		Vehicle services		2,500,000
		Technical assistance for Safe Communities Program		80,528
		Traffic safety activities		149,518
		Driver improvement file purge services		1,500
		Right-of-way mowing services		1,500,000
		Rest area maintenance		350,000
		Roadway striping		2,750,000
		Roadway surface repair		15,250,000
		Facility repair and replacement services		1,300,000
		Snow removal		20,000
		Light and signal maintenance		250,000

PRIVATIZATION ACTIVITIES OF STATE AGENCIES

Dept. No.	Name	Type of Service Privatized	Estimated 1999-2001 Biennial Cost: General Fund	Estimated 1999-2001 Biennial Cost: Total Funds
		Data processing and microfilm services through the Information Technology Department		4,000,658
		Telephone services through the Information Technology Department and other private companies		912,755
		Professional development and computer training through the Information Technology Department and other private companies		72,378
		Janitorial services through Facility Management Division		258,424
		Central printing services through Central Services		393,966
		Other printing services		407,000
		Presort mailing services		11,050
		Postage and freight services		1,499,451
		Equipment and property rental		11,000
		Cable Access TV		4,000
		Computer application development and technology studies		1,356,262
		Computer service contracts		791,828
		Miscellaneous service fees		323,585
		Various service contracts		125,508
		Total Department of Transportation		$408,279,411
		Grand total	$218,398,920	$1,412,839,900

[1] Approximately 55 percent of the health contracts are for state employees and the remainder are for political subdivision employees.

[2] Includes premiums from both the state and political subdivisions.

[3] All contributions are made by the employee.

[4] Provided by counties or regional child support units. Due to passage of 1997 House Bill No. 1041, there is no longer any cost to the state for these services.

POTENTIAL SERVICES TO PRIVATIZE IDENTIFIED BY AGENCIES

Dept. No.	Name	Type of Service	Current Number of FTE Employees Providing This Service	Estimated 1999-2001 Biennial Cost		Estimated Biennial Cost if the Service Is Privatized
				General Fund	Total Funds	
108	Secretary of State	None				
110	Office of Management and Budget	Central supply	1.5		$100,000	$98,000
		Cleaning services	30	$1,359,484	$1,359,484	[1]
112	Information Technology Department	Micrographics services	2		$200,000	$200,000
		Data entry services	2		$150,000	$200,000
117	State Auditor	Financial and compliance audits	29	$3,110,530	$3,110,530	$5,877,922
		Performance audits	3.5	$386,934	$386,934	$1,017,226
118	Central Services	Included under 110 - Office of Management and Budget				
120	State Treasurer	None				
125	Attorney General	If desired, all Attorney General services could be performed by the private sector. Staff would need to be retained to monitor compliance and make payments on the contracts. The agency believes, however, that the cost of privatizing the services would be substantially greater than providing the services under the current structure.				
127	Tax Department	Collection of delinquent taxes	9	$788,374	$788,374	Unknown
		Data entry of tax return information	7 FTE and 22 temporary	$986,628	$986,628	Unknown
		Mail processing/validating tax returns	4 FTE and 55 temporary	$224,959	$224,959	Unknown
		Audit services	47	$5,395,086	$5,395,086	Unknown
140	Office of Administrative Hearings	Hearing officer services	2		$396,000	$482,948
150	Legislative Assembly	Telephone room	11 temporary	$58,713	$58,713	Unknown
160	Legislative Council	None				
180	Judicial Branch	None				
190	Retirement and Investment Office	None				
192	Public Employees Retirement System	Flexcomp recordkeeping and payments	1		$115,000	$300,000
201	Department of Public Instruction	None				
215	North Dakota University System Office	Clerical services	4	$225,000	$225,000	Unknown
		Computer services	.5	$30,000	$30,000	Unknown
226	Land Department	None				
227-	Higher education institutions	Although the institutions have not conducted any studies to determine whether any significant quality improvement or				

POTENTIAL SERVICES TO PRIVATIZE IDENTIFIED BY AGENCIES

Dept. No.	Name	Type of Service	Current Number of FTE Employees Providing This Service	Estimated 1999-2001 Biennial Cost		Estimated Biennial Cost if the Service Is Privatized
				General Fund	Total Funds	
243		cost-savings would result from privatizing selected services, the following is a listing of the services that could potentially be privatized as identified by the institutions: audit services, housing, maintenance, student health, auditorium management, child care, mailing/duplicating, payroll and human resources services, telecommunications, court content delivery, bookstore, dining, printing, custodial services, computer services, golf course management (University of North Dakota), police and security, legal and risk management, computer services, accounting services, instructional learning, and waste disposal.				
244	Forest Service	Noxious weed control	0		$10,000	$10,000
250	State Library	None				
252	School for the Deaf	None				
253	School for the Blind	None				
270	State Board for Vocational and Technical Education	None				
301	State Department of Health	Chemistry/microbiology lab testing	3	$75,000	$300,000	$400,000
313	Veterans Home	Food services - The agency believes contracting for food services would be more costly than providing the services with state employees				
316	Indian Affairs Commission	None				
321	Department of Veterans Affairs	None				
324	Children's Services Coordinating Committee	None				
325	Department of Human Services	Claims payment - Medicaid	17	$837,188	$3,184,012	$6,750,000
		New hire reporting - Child support	1	$34,000	$100,000	Unknown
		State Disbursement Unit - Data entry - Child support	4	$91,600	$224,000	$770,000
		Project management - Information management	4	$191,520	$383,040	$2,841,600
		Technical support - Information management	15	$622,440	$1,244,880	$2,880,000
		Business analyst - Information management	9	$430,920	$861,840	$5,529,600
		Network management - Information management	2	$95,760	$191,520	$1,228,800
		Help desk - Information management	8	$242,592	$485,184	$1,536,000
		Data entry - Information management	4	$95,760	$191,520	$460,800
360	Protection and Advocacy Project	None				
380	Job Service North Dakota	None				
401	Insurance Commissioner	None				

POTENTIAL SERVICES TO PRIVATIZE IDENTIFIED BY AGENCIES

Dept. No.	Name	Type of Service	Current Number of FTE Employees Providing This Service	Estimated 1999-2001 Biennial Cost		Estimated Biennial Cost if the Service Is Privatized
				General Fund	Total Funds	
405	Industrial Commission	Geological Survey - Drafting	.6			$116,480
406	Department of Labor	None				
408	Public Service Commission	Weights and measures inspections	5	$500,000	$500,000	$100,000[2]
		Grain elevator inspections	2	$217,000	$217,000	$217,000
412	Aeronautics Commission	Airport planning	1.5		$53,000	$187,000
		Clerical/licensing services	1.5		$31,000	$77,000
		Budgetary services	.5		$14,500	$38,400
		Grant administration services	1.5		$54,000	$266,000
413	Department of Banking and Financial Institutions	None				
414	Securities Commissioner	None				
471	Bank of North Dakota	None				
473	Housing Finance Agency	None				
475	Mill and Elevator	None				
485	Workers Compensation Bureau	None				
504	Highway Patrol	None				
506	Radio Communications	None				
512	Division of Emergency Management	None				
530	Department of Corrections and Rehabilitation	Food service at the State Penitentiary and Missouri River Correctional Center	5.5	$446,313	$446,313	[3]
540	Adjutant General	None				
601	Department of Economic Development and Finance	Because the Legislative Council's interim Commerce and Labor Committee is studying the potential privatization of the Department of Economic Development and Finance, the department did not respond to this portion of the survey.				
602	Agriculture Department	None				
616	Seed Department	None				
627	Upper Great Plains Transportation Institute	None				

POTENTIAL SERVICES TO PRIVATIZE IDENTIFIED BY AGENCIES

Dept. No.	Name	Type of Service	Current Number of FTE Employees Providing This Service	Estimated 1999-2001 Biennial Cost		Estimated Biennial Cost if the Service Is Privatized
				General Fund	Total Funds	
630	NDSU Extension Service	Included under 235 - North Dakota State University				
638	Northern Crops Institute	Included under 235 - North Dakota State University				
640-650	Agricultural Experiment Station	Included under 235 - North Dakota State University				
701	Historical Society	Graphic design and production	1	$87,000	$87,000	$140,000
		Carpentry/fabrication	1	$79,000	$79,000	$189,000
		Security	7	$402,000	$402,000	$580,000
709	Council on the Arts	None				
720	Game and Fish Department	None				
740	Department of Tourism	None				
750	Parks and Recreation Department	None				
770	State Water Commission	None				
801	Department of Transportation	Forms design	.2		$11,800	$25,000
		DUI transcribing	1		$51,030	$66,000
		Personal computer setup and installations	1.5		$85,475	$443,040
		Personal computer maintenance	2.5		$260,000	$738,400
		Mobile radio installations	1		$104,000	$187,200
		Radio maintenance services	3		$312,000	$561,600
		Automated traffic recording maintenance and installation	1		$104,000	$208,000
		Application development infomaker	1.5		$104,050	$208,000
		Mail inserting services	.75		$43,780	$192,000
		Photography services	.05		$4,685	$14,055

[1] Office of Management and Budget believes its current custodial services are competitively priced according to market estimates.

[2] Would result in a reduction of $475,000 of general fund revenue.

[3] Based on the privatized service at the James River Correctional Center, the department anticipates the cost would exceed the current cost if privatized.

PROPOSED STATUTORY CHANGES

The statutory changes listed on the schedule below were identified by agencies as enabling them to privatize or to more easily privatize services. A copy of the statues cited is attached.

Agency	North Dakota Century	Proposed Change	Comments

	Code Section		
Tax Department	57-01-13	Allow contract collections from residents	The current statute allows a private collection agency to collect unpaid taxes only from nonresidents.
	57-38-34	Change to file return at the address directed by the Tax Commissioner	State law currently requires all returns to be filed with the Tax Commissioner in Bismarck.
	57-01-03	Allow general authority to contract with third parties to perform statutory duties	
Office of Administrative Hearings	54-57-01 and 54-57-02	Allow the director to hire contract administrative law judges on more than an as needed basis	Use of contract administrative law judges is common in other states but not for all hearings. Administrative law judges in some states work out of their homes. The Office of Administrative Hearings has been contracting with 13 or more temporary administrative law judges since 1995.
North Dakota State University	15-10-17(15)	Broaden statute to allow privatization of services specifically	

ATTACH:1

57-01-13. (Contingent expiration date - see Note) Collection of delinquent sales, use, motor vehicle fuels, special fuels, importer for use, aviation fuel, motor vehicle excise, income, and business and corporation privilege taxes.

1. Notwithstanding the secrecy and confidential information provisions in chapters 57-38 and 57-39.2, the tax commissioner may, for the purpose of collecting delinquent North Dakota sales, use, motor vehicle fuels, special fuels, importer for use, aviation fuel, motor vehicle excise, income, or business and corporation privilege taxes due from a taxpayer not residing or domiciled in this state, contract with any collection or credit agency, within or without the state, for the collection of the delinquent sales, use, motor vehicle fuels, special fuels, importer for use, aviation fuel, motor vehicle excise, income, or business and corporation privilege taxes, including penalties and interest thereon. For purposes of this section, a delinquent tax is defined as a tax liability that is due and owing for a period longer than six months and for which the taxpayer has been given at least three notices in writing requesting payment, the first two notices must be sent by regular mail to the taxpayer at the taxpayer's last known mailing address and the third notice must be sent by certified or registered mail to the taxpayer's last known mailing address. If the tax commissioner has assigned a delinquent tax liability pursuant to this section, subsequent sales, use, motor vehicle fuels, special fuels, importer for use, aviation fuel, motor vehicle excise, income, or business and corporation privilege taxes that become due from the same taxpayer may be assigned immediately and without further notice to the taxpayer, so long as the originally assigned liability has not been fully collected.

2. a. Fees for services, reimbursement, or any other remuneration to a collection or credit agency must be based on the amount of tax, penalty, and interest actually collected. Each contract entered into between the tax commissioner and the collection or credit agency must provide for the payment of fees for the services, reimbursements, or other remuneration not in excess of fifty percent of the amount of delinquent sales, use, motor vehicle fuels, special fuels, importer for use, aviation fuel, motor vehicle excise, income, or business and corporation privilege tax, including penalties and interest actually collected.

b. All funds collected by the collection or credit agency must be remitted to the tax commissioner monthly from the date of collection from a taxpayer. Forms to be used for the remittances must be prescribed by the tax commissioner. The tax commissioner shall transfer the funds to the state treasurer for deposit in the state general fund. An amount equal to the amount of fees for services, reimbursement, or any other remuneration to the collection or credit agency as set forth in the contract authorized by this section is appropriated as a standing and continuing appropriation to the tax commissioner for payment of fees due under the contract.

c. Before entering into a contract, the tax commissioner shall require a bond from the collection or credit agency not in excess of ten thousand dollars, guaranteeing compliance with the terms of the contract.

3. A collection or credit agency entering into a contract with the tax commissioner for the collection of delinquent taxes pursuant to this section thereby agrees that it is doing business in this state for the purposes of the North Dakota income tax and business and corporation privilege tax laws.

(Contingent effective date - see Note) Collection of delinquent sales, use, motor vehicle fuels, special fuels, importer for use, aviation fuel, motor vehicle excise, income, and business and corporation privilege taxes.

1. Notwithstanding the secrecy and confidential information provisions in chapters 57-38 and 57-39.2, the tax commissioner may, for the purpose of collecting delinquent North Dakota sales, use, motor vehicle fuels, special fuels, importer for use, aviation fuel,

(c) 1999 by The State of North Dakota and Matthew Bender & Company, Inc. All rights reserved.

motor vehicle excise, income, or business and corporation privilege taxes due from a taxpayer not residing or domiciled in this state, contract with any collection or credit agency, within or without the state, for the collection of the delinquent sales, use, motor vehicle fuels, special fuels, importer for use, aviation fuel, motor vehicle excise, income, or business and corporation privilege taxes, including penalties and interest thereon. For purposes of this section, a delinquent tax is defined as a tax liability that is due and owing for a period longer than six months and for which the taxpayer has been given at least three notices in writing requesting payment, the first two notices must be sent by regular mail to the taxpayer at the taxpayer's last known mailing address and the third notice must be sent by certified or registered mail to the taxpayer's last known mailing address. If the tax commissioner has assigned a delinquent tax liability pursuant to this section, subsequent sales, use, motor vehicle fuels, special fuels, importer for use, aviation fuel, motor vehicle excise, income, or business and corporation privilege taxes that become due from the same taxpayer may be assigned immediately and without further notice to the taxpayer, so long as the originally assigned liability has not been fully collected.

2. a. Fees for services, reimbursement, or any other remuneration to a collection or credit agency must be based on the amount of tax, penalty, and interest actually collected. Each contract entered into between the tax commissioner and the collection or credit agency must provide for the payment of fees for the services, reimbursements, or other remunerations not in excess of fifty percent of the amount of delinquent sales, use, motor vehicle fuels, special fuels, importer for use, aviation fuel, motor vehicle excise, income, or business and corporation privilege tax, including penalties and interest actually collected.

b. All funds collected, less the fees for collection services, as provided in the contract, must be remitted to the tax commissioner monthly from the date of collection from a taxpayer. Forms to be used for the remittances must be prescribed by the tax commissioner.

c. Before entering into a contract, the tax commissioner shall require a bond from the collection or credit agency not in excess of ten thousand dollars, guaranteeing compliance with the terms of the contract.

3. A collection or credit agency entering into a contract with the tax commissioner for the collection of delinquent taxes pursuant to this section thereby agrees that it is doing business in this state for the purposes of the North Dakota income tax and business and corporation privilege tax laws.

(c) 1999 by The State of North Dakota and Matthew Bender & Company, Inc. All rights reserved.

57-38-34. Time and place of filing returns - Interest on tax when time for filing is extended.

1. Returns must be in such form as the tax commissioner from time to time may prescribe and may include the requirement that a copy of the taxpayer's federal income tax return or a portion thereof or information reflected thereon be attached to, furnished with, or included in the taxpayer's state income tax return, but the taxpayer's state income tax return must contain a method for the taxpayer to identify the school district in which he resides, and must be filed with the tax commissioner at his office in Bismarck, North Dakota. The tax commissioner shall prepare blank forms for use in making returns and shall cause them to be distributed throughout this state, but failure to receive or secure a form does not relieve a taxpayer from making a return.

2. Returns made on the basis of the calendar year must be filed on or before the fifteenth day of April following the close of the calendar year and returns made on the basis of a fiscal year must be filed on or before the fifteenth day of the fourth month following the close of the fiscal year.

3. Returns for cooperatives, domestic international sales corporations, and foreign sales corporations, however, made on the basis of the calendar year must be filed on or before the fifteenth day of September following the close of the calendar year and returns made on the basis of a fiscal year must be filed on or before the fifteenth day of the ninth month following the close of the fiscal year.

4. A taxpayer actively serving in the armed forces or merchant marine, outside the boundaries of the United States, may defer the filing of an income tax return and the payment of the income tax until such time as the federal income tax return is required to be filed at which time the state income tax return, with payment of tax, will also be due. No interest or penalty accrues to the date of such filing.

5. The tax commissioner may grant a reasonable extension of time for filing a return when, in the judgment of the tax commissioner, good cause exists.

(c) 1999 by The State of North Dakota and Matthew Bender & Company, Inc. All rights reserved.

57-01-03. Office of commissioner.

The office of the tax commissioner must be at the state capitol. The tax commissioner may appoint such deputies, employees, clerks, experts, and other persons as are necessary in maintaining his office and performing duties for which the legislative assembly may appropriate funds.

(c) 1999 by The State of North Dakota and Matthew Bender & Company, Inc. All rights reserved.

54-57-01. Office of administrative hearings - Agency defined - Administrative agency defined.

1. A state office of administrative hearings is created.

2. The office is under the direction of a director of administrative hearings who must be free of any association that would impair the director's ability to function officially in a fair and objective manner. The director must be an attorney-at-law in good standing, admitted to the bar in this state, and currently licensed by the state bar board. The director of administrative hearings must be appointed by the governor and confirmed by the senate and shall hold office for a term of six years, the term beginning July first of the year of appointment and ending June thirtieth of the sixth calendar year after appointment.

3. The director of administrative hearings may preside as an administrative law judge at administrative hearings and may employ or appoint additional administrative law judges to serve in the office as necessary to fulfill the duties of office as described in section 54-57-04 and section 28-32-08.5 and to provide administrative law judges to preside at administrative hearings as requested by agencies. After August 1, 1995, the director of administrative hearings may employ or appoint only such additional administrative law judges who are attorneys at law in good standing, admitted to the bar in the state, and currently licensed by the state bar board. The director may delegate to an employee the exercise of a specific statutory power or duty as deemed advisable, subject to the director's control, including the powers and duties of a deputy director. All administrative law judges must be classified employees, except that the director of administrative hearings must be an unclassified employee who only may be removed, during a term of office, for cause. Each administrative law judge must have a demonstrated knowledge of administrative practices and procedures and must be free of any association that would impair the person's ability to function officially in a fair and objective manner.

4. The director of administrative hearings may employ the necessary support staff required by the office. Support staff must be classified employees.

5. The director of administrative hearings shall develop categories of positions in the classified service under class titles for the appointment or employment of administrative law judges and support staff in consultation with and approved by the director of the central personnel division, including the salary to be paid for each position or category of position.

6. In this chapter, unless the context or subject matter otherwise requires, "agency" means each board, bureau, commission, department, or other administrative unit of the executive branch of state government whether headed by an appointed or elected official.

7. In this chapter, unless the context or subject matter otherwise requires, "administrative agency" means that term as defined in section 28-32-01.

(c) 1999 by The State of North Dakota and Matthew Bender & Company, Inc. All rights reserved.

54-57-02. Temporary administrative law judges.

When regularly appointed administrative law judges are not available, the director of administrative hearings may contract on a temporary basis with qualified individuals to serve as administrative law judges for the office of administrative hearings. Temporary administrative law judges are not employees of the state.

(c) 1999 by The State of North Dakota and Matthew Bender & Company, Inc. All rights reserved.

15-10-17. Specific powers and duties of board of higher education.

The state board of higher education has all the powers and shall perform all the duties necessary to the control and management of the institutions described in this chapter, including:

15. To authorize and encourage institutions of higher education under its control to enter into partnerships, limited liability companies, joint ventures, or other contractual arrangements with private business and industry for the purpose of business or industrial development or fostering basic and applied research or technology transfer.

(c) 1999 by The State of North Dakota and Matthew Bender & Company, Inc. All rights reserved.