

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET SECTION

Wednesday, September 7, 2005
Senate Chamber, State Capitol
Bismarck, North Dakota

Representative Ken Svedjan, Chairman, called the meeting to order at 1:00 p.m.

Members present: Representatives Ken Svedjan, Ole Aarsvold, Larry Bellew, Rick Berg, Merle Boucher, Ron Carlisle, Jeff Delzer, Eliot Glassheim, Scot Kelsh, James Kerzman, Matthew M. Klein, Bob Martinson, Ralph Metcalf, Chet Pollert, Bob Skarphol, Blair Thoreson, Mike Timm, Francis J. Wald, Alon C. Wieland, Clark Williams; Senators John M. Andrist, Bill L. Bowman, Randel Christmann, Michael A. Every, Tom Fischer, Tony Grindberg, Ray Holmberg, Ralph L. Kilzer, Aaron Krauter, Ed Kringstad, Elroy N. Lindaas, Tim Mathern, David O'Connell, Larry J. Robinson, Randy A. Schobinger, Bob Stenehjem, Harvey Tallackson, Russell T. Thane

Members absent: Representatives Tom Brusegaard, Al Carlson, Pam Gulleeson, Keith Kempenich, Joe Kroeber, David Monson, Earl Rennerfeldt

Others present: Lois Delmore, State Representative, Grand Forks

See attached appendix for additional persons present.

It was moved by Senator Tallackson, seconded by Representative Berg, and carried on a voice vote that the minutes of the June 23, 2005, meeting of the Budget Section be approved as distributed.

STATUS OF THE STATE GENERAL FUND

At the request of Chairman Svedjan, Ms. Pam Sharp, Director, Office of Management and Budget, presented a report on the status of the state general fund. A copy of the information presented is on file in the Legislative Council office.

Ms. Sharp said Economy.com, the state's economic consultant, predicts Hurricane Katrina to have a substantial economic impact; however, it will not derail the economic expansion in North Dakota. She said the total estimated economic loss due to Hurricane Katrina is approximately \$125 billion. She said four reasons why Hurricane Katrina will have a national and global economic impact are:

1. The significant level of damage.
2. The location was a highly populated area.
3. The port of New Orleans was a significant port.
4. The effect on energy prices.

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Ms. Sharp said the nonseasonally adjusted consumer price index in July 2005 was 3.2 percent, which is up .5 percent for the month and up .2 percent compared to July 2004. She said the prime interest rate increased to 5.4 percent during the first quarter of 2005, which is up more than 1 percent from the 2004 average rate of 4.3 percent, and interest rates are anticipated to continue to increase. She said crop prices during the first quarter of 2005 averaged 9 percent lower than during the first quarter of 2004 and livestock prices increased by 4.9 percent compared with the same period the previous year. Ms. Sharp said North Dakota's unemployment rate in July 2005 was 3.5 percent, which is up slightly from the June 2005 rate of 3.4 percent but considerably lower than the national rate of 5 percent in July 2005. Ms. Sharp said oil production in June rose slightly from the May level of just over 91,000 barrels per day to approximately 92,300 barrels per day. She said as of September 7, 2005, the price of oil is over \$64 per barrel, which is higher than the June average oil price of just over \$51 per barrel and the May oil price of approximately \$44 per barrel. She said the oil rig count is 33, which is 12 more rigs than were operating one year ago.

Ms. Sharp presented the following information on the status of the state general fund for the 2005-07 biennium, based on revenue collections through July 2005:

Unobligated general fund balance - July 1, 2005	\$68,563,347
Add	
General fund collections through July 31, 2005	63,295,508
Forecasted general fund revenue for the remainder of the 2005-07 biennium (based on the 2005 legislative forecast)	1,881,201,154
Total estimated general fund revenue for the 2005-07 biennium	\$2,013,060,009
Less	
2005-07 biennium general fund appropriations	1,989,452,623
Estimated general fund balance - June 30, 2007 (\$13,311,855 more than the 2005 legislative estimate of \$10,295,531)	\$23,607,386

Ms. Sharp said approximately \$99.5 million was transferred from the general fund to the budget

stabilization fund at the end of the 2003-05 biennium. She said the amount of the transfer is the maximum amount allowed to be retained in the budget stabilization fund, pursuant to North Dakota Century Code (NDCC) Section 54-27.2-01. She said the 2005 legislative estimate for the amount of the general fund transfer to the budget stabilization fund was approximately \$64.5 million.

Ms. Sharp presented the following information on the status of the permanent oil tax trust fund for the 2005-07 biennium:

Beginning permanent oil tax trust fund balance - July 1, 2005	\$50,369,096
Add	
Transfer from the general fund - Oil and gas tax collections in the general fund that are estimated to be above the \$71 million statutory general fund limit	38,016,354
Less	
Transfer to general fund - Section 32 of 2005 HB 1015	55,300,000
Appropriations - Parks and Recreation Department \$350,000 for the International Music Camp grant for an International Arts Center (2005 SB 2228); Office of Management and Budget \$16 million for repayment of loans for centers of excellence (Section 12 of 2005 SB 2018); and Department of Human Services \$3,667,820 for the Medicaid management information system (MMIS) project (Section 8 of 2005 HB 1012)	20,017,820
Estimated ending permanent oil tax trust fund balance - June 30, 2007	\$13,067,630

Ms. Sharp said total revenues and transfers for July 2005 are approximately \$9.7 million above the March 2005 legislative forecast, mostly due to an

increase in sales tax and oil and gas gross production tax.

In response to a question from Representative Delzer, Ms. Sharp said she will provide him with the 2003 legislative forecast amount for sales tax revenue.

2003-05 BIENNIUM GENERAL FUND TURNBACK

Ms. Sharp presented information on the 2003-05 biennium general fund turnback amounts by agency. A copy of the information presented is on file in the Legislative Council office. Ms. Sharp said agency turnback to the general fund for the 2003-05 biennium totaled approximately \$16.9 million. She said agencies with the largest amounts of general fund turnback include the Department of Human Services (\$8,478,412), judicial branch (\$1,561,120), Tax Commissioner's office (\$1,478,915), and the Veterans Home (\$1,255,752).

In response to a question from Representative Delzer, Ms. Sharp said reasons for the Veterans Home general fund turnback amount of \$1,255,752 include that the Veterans Home received more federal and special funds during the biennium than it was anticipating, it had a reduction in force (RIF), and other cost-savings.

STATUS OF 2003-05 BIENNIUM DEFICIENCY APPROPRIATIONS

Ms. Sharp presented the following information regarding the status of the 2003-05 biennium deficiency appropriations, a copy of which is on file in the Legislative Council office:

Agency	Total Amount of Deficiency Appropriation	Amount of Deficiency Appropriation Used	Amount of Deficiency Appropriation NOT Used	Disposition of Any Unused Deficiency Appropriation Amount
Information Technology Department	\$1,070,142	\$997,212	\$72,930	Returned to the general fund
Office of the Attorney General	\$110,000	\$105,000	\$5,000	Returned to the general fund
Division of Emergency Management	\$7,623,514	\$7,347,276	\$276,238	Section 2 of 2005 HB 1024 allows any remaining funds to be spent in the 2005-07 biennium for the state match for public assistance and disaster hazard mitigation
Veterans Home	\$200,000	\$0	\$200,000	Returned to the general fund
University of North Dakota	\$371,000	\$371,000	\$0	N/A
North Dakota State University	\$1,500,000	\$1,500,000	\$0	N/A
North Dakota University System	\$617,520	\$0	\$617,520	Returned to the general fund
Department of Corrections and Rehabilitation	\$1,732,168	\$1,687,141	\$45,027	Returned to the general fund

TOBACCO SETTLEMENT PROCEEDS

Ms. Sharp presented information on the status of tobacco settlement proceeds received by North Dakota. A copy of the information presented is on file in the Legislative Council office. Ms. Sharp said the status of the fund has not changed since June 2005 when it was last reported to the Budget Section. She said a total of approximately \$152.8 million has been received by the state of North Dakota as a result of

the tobacco settlement and deposited in the tobacco settlement trust fund. She said the state receives tobacco settlement payments annually, usually during the month of April.

Representative Delzer asked when the state will begin receiving an enhanced tobacco settlement payment and how long the enhanced payment period will last. The enhanced payment begins in 2007 and continues for 10 years to 2017.

STATE HOSPITAL ELECTRICAL DISTRIBUTION REPAIR

Ms. Sharp presented information regarding Department of Human Services carryover funds that will be used for the State Hospital electrical distribution repair and potential need for additional funds for the 2007-09 biennium. Ms. Sharp said in late April 2005 the State Hospital became aware that its emergency generator was in need of major repair in order for it to remain operable. She said the critical need to repair the generator relates to the operation of an automatic transfer switch, which is responsible for the automatic switch to an emergency power supply in the case of a primary power failure. She said without the repairs, the power source change would need to be completed manually which imposes certain risks, such as a significant lag time. She said the estimated cost for this repair is approximately \$350,000. Ms. Sharp said the Department of Human Services requested and received authority from the capital construction carryover committee to carry over \$350,000 from its 2003-05 biennium appropriation to the 2005-07 biennium for the cost to repair the State Hospital's emergency generator. She said the engineering plan for the repair project has been completed and the bid opening date is September 21, 2005. She said the projected completion date for the project is May 31, 2006.

Ms. Sharp said the State Hospital may be requesting funds for the 2007-09 biennium for a second power source at an estimated cost of \$300,000. In addition, she said, the State Hospital would like to establish a power loop feed system at an estimated cost of approximately \$2.5 million.

SPECIAL EMERGENCY COMMISSION MEETING - HURRICANE KATRINA

Ms. Sharp said a special meeting of the Emergency Commission was held on Wednesday, September 7, 2005. She said the purpose of the special meeting was for Governor John Hoeven to inform members of the Emergency Commission on North Dakota's assistance in response to the Hurricane Katrina disaster. Pursuant to NDCC Section 37-17.1-05, Ms. Sharp said, the Governor issued an executive order on September 6, 2005, declaring a state of emergency, which allows the Governor to utilize all available resources of the state government as reasonably necessary to manage the disaster or emergency. She said even though the Governor has been assured by federal officials that the federal government will reimburse the state for all the expenses it incurs as a result of Hurricane Katrina, the state could still have some nonreimbursable expenses. She said the state will have to pay for the expenses at the time they are incurred and the Federal Emergency Management Agency (FEMA) will reimburse the state at a later date.

Ms. Sharp said the National Guard is expected to incur approximately \$2 million in expenses to send approximately 88 National Guard soldiers to the Gulf Coast region for about 90 days. She said it is very likely costs will be incurred by the Department of Emergency Services as well as some other state agencies. She said all costs incurred by each state agency relating to Hurricane Katrina will be tracked for federal reimbursement purposes.

Ms. Sharp said resources available to the Governor for the emergency declaration include borrowing funds from the Bank of North Dakota and the state general fund, both of which would be repaid when the state receives federal reimbursement from FEMA. She said some costs may not be reimbursable, such as interest costs.

In response to a question from Representative Delzer, Ms. Sharp said she will find out how long the Governor's emergency declaration will be in effect.

AGENCY REQUESTS AUTHORIZED BY THE EMERGENCY COMMISSION

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

Representative Delzer requested State Department of Health Request #1553 be discussed separately.

Senator Christmann requested State Historical Society Request #1549 be discussed separately.

It was moved by Senator Robinson, seconded by Senator Holmberg, and carried on a voice vote that the Budget Section approve the following requests that have been forwarded to the Budget Section, pursuant to NDCC Sections 54-16-04, 54-16-04.1, and 54-16-04.2:

- **Department of Emergency Services (Request #1546) - To increase the grants line item by \$2,498,250 to accept federal funds from the predisaster mitigation grant program to provide awards to the city of Fargo and Barnes County.**
- **Department of Emergency Services (Request #1547) - To increase federal and special funds spending authority by \$11,621,150 relating to Robert T. Stafford Disaster Relief and Emergency Assistance Act funding (\$10,371,150) and state disaster loan proceeds (\$1,250,000) for disaster costs associated with the severe storms and flooding in several counties and Indian reservations in June and July 2005. The request includes the authority for the department to obtain a \$1,250,000 loan from the Bank of North Dakota,**

pursuant to NDCC Section 37-17.1-23, to pay the estimated state share of the disaster recovery costs. Repayment of the loan will be requested as a deficiency appropriation from the 2007 Legislative Assembly. The request will require state general fund dollars to repay the Bank of North Dakota loan of \$1,250,000 plus interest.

- **Department of Corrections and Rehabilitation (Request #1550) - To increase other funds spending authority by \$68,000 to accept funds from a private individual for the Youth Correctional Center to purchase the READ RIGHT reading program for the Marmot School.**
- **State Department of Health (Request #1551) - To transfer \$300,000 of federal funds spending authority from the grants line item to the salaries line item for temporary employees, including two quality assurance coordinators, an accountant, and administrative support personnel to implement bioterrorism programs.**
- **State Department of Health (Request #1552) - To increase federal funds spending authority by \$4,100,000 of funds available from the Environmental Protection Agency for grants relating to the arsenic trioxide superfund project to oversee design and construct an arsenic trioxide remedy site in the Richland, Ransom, and Sargent Counties areas and to transfer \$700,000 of federal funds spending authority from the operating line item to the grants line item for the arsenic trioxide superfund project.**

At the request of Chairman Svedjan, Ms. Sheila Peterson, Director, Fiscal Management Division, Office of Management and Budget, presented information regarding State Historical Society Request #1549 for increased federal funds spending authority of \$80,000 to accept federal funds from the Department of Interior Save America's Treasures grant program for the construction of a protective shelter for the French gratitude train boxcar located on the State Capitol grounds. She said the source of the \$70,000 general fund match is carryover funds approved from the 2003-05 biennium.

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

- **State Historical Society (Request #1549) - To increase federal funds spending authority by \$80,000 to accept federal funds from the Department of Interior Save**

America's Treasures grant program for the capital assets line item, with \$70,000 of general fund matching funds approved for carryover from the 2003-05 biennium under NDCC Section 54-44.1-11, for the construction of a protective shelter for the French gratitude train boxcar located on the State Capitol grounds.

Ms. Peterson said Emergency Commission Request #1553 is to increase other funds spending authority for the State Department of Health by \$7.2 million for funds available from Blue Cross Blue Shield of North Dakota for expenses to purchase additional vaccines for statewide immunization programs. She said Blue Cross Blue Shield is willing to provide \$7.2 million to the State Department of Health for the purchase of vaccinations because the State Department of Health is able to purchase the vaccinations at a reduced price. She said the State Department of Health will combine the \$7.2 million with its federal and state funds to use for the purchase of the vaccinations, which will then be placed in clinics and doctor offices around the state.

In response to a question from Representative Delzer, Ms. Peterson said the State Department of Health will receive \$3.8 million during the 2005-07 biennium from the Centers for Disease Control and Prevention for purchasing vaccinations.

In response to a comment from Representative Berg, Ms. Peterson said Blue Cross Blue Shield and the State Department of Health are working out the administrative details for the purchase of the vaccinations so that state and federal funds are used to purchase vaccinations for uninsured individuals and the \$7.2 million from Blue Cross Blue Shield is used to purchase vaccinations for its policyholders.

Representative Svedjan said although Blue Cross Blue Shield will save money by purchasing vaccinations at the state purchasing rate, there is no assurance that Blue Cross Blue Shield will continue to provide funding to the State Department of Health in the future for the purchase of vaccinations.

It was moved by Senator Mathern, seconded by Representative Wald, and carried on a voice vote that pursuant to NDCC Section 54-16-04.2, the Budget Section approve the following request which has been authorized by the Emergency Commission:

- **State Department of Health (Request #1553) - To increase other funds spending authority by \$7,200,000 of funds available from Blue Cross Blue Shield of North Dakota for operating expenses to purchase additional vaccines for statewide immunization programs.**

ANALYSIS OF BUDGET SECTION DUTIES AND RESPONSIBILITIES FOR THE 2005-07 BIENNIUM

At the request of Chairman Svedjan, the Legislative Council staff presented a memorandum entitled [Budget Section Duties and Responsibilities for the 2005-07 Biennium - Year Enacted and Budget Section Action Since Enactment](#). The memorandum lists 70 statutory duties and responsibilities assigned to the Budget Section for the 2005-07 biennium by North Dakota Century Code, Session Laws, or Legislative Council directive. The duties are listed in three categories--duties that have not been acted on since their enactment, duties that have been acted on, and new duties assigned to the Budget Section during the 2005-07 biennium. The memorandum indicates the biennium in which each duty or responsibility was enacted or assigned to the Budget Section and indicates the interims when each duty or responsibility was acted on by the Budget Section. The Legislative Council staff said the committee may wish to consider legislation to discontinue certain Budget Section duties if members of the Budget Section no longer have an interest in the issues to be reported or if the committee determines the duty to be unnecessary.

It was moved by Representative Berg, seconded by Representative Klein, and carried on a voice vote that the Legislative Council staff be requested to prepare a bill draft incorporating the following:

1. **Amend NDCC Section 4-19-01.2 to eliminate the requirement that the Budget Section may approve the use of money in the State Forester reserve account.**
2. **Amend NDCC Section 4-05.1-19 to eliminate the requirement that the State Board of Agricultural Research and Education present a status report to the Budget Section.**
3. **Amend NDCC Section 15.1-02-14 to eliminate the requirement that the Superintendent of Public Instruction report annually to the Budget Section regarding any transfers of moneys to the state tuition fund.**
4. **Amend NDCC Section 49-21-31 to eliminate the requirement that the Public Service Commission report annually to the Budget Section with respect to payments received under the performance assurance plan and the expenditures from the performance assurance fund.**
5. **Amend NDCC Section 54-59-19 to eliminate the requirement that the Information Technology Department present a summary of its annual report to the Budget Section (also presented to the Legislative Audit and Fiscal Review**

Committee and the Information Technology Committee).

6. **Amend NDCC Section 54-60-10 to eliminate the requirement that the Department of Commerce report annually to the Budget Section regarding money spent to administer an Internet web site that provides career guidance and job opportunity services.**
7. **Amend NDCC Section 65-02-05.1 to eliminate the requirement that Workforce Safety and Insurance report to the Budget Section on a biennial basis on all revenues deposited into and expenditures from the Workforce Safety and Insurance building maintenance account.**
8. **Amend NDCC Section 54-56-03 to eliminate the requirement that the Budget Section approve the distribution of Children's Services Coordinating Committee grants.**

LOCAL FUNDS - HIGHER EDUCATION CONSTRUCTION PROJECTS

Chairman Svedjan called on Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, to present information regarding the sources of local funds received for construction projects of entities under the State Board of Higher Education, pursuant to NDCC Section 15-10-12.3. A copy of the information presented is on file in the Legislative Council office. Ms. Glatt said there were three projects completed during the 2003-05 biennium which had a legislatively mandated local funds match requirement associated with the state appropriation. She said there was a 1999-2001 biennium authorized project for Williston State College that was completed during the 2003-05 biennium and two projects authorized in the 2001-03 biennium--one project for Minot State University and one for the Langdon Research Center--which were also completed in the 2003-05 biennium. She said that all three projects were completed within the overall appropriation authority and within the local match requirements. She said there were no state-appropriated projects with a local match requirement approved for the 2003-05 biennium.

TRANSFERS TO THE STATE TUITION FUND

Chairman Svedjan called on Ms. Bonnie J. Miller, Fiscal Director, Department of Public Instruction, who presented an annual report on transfers to the state tuition fund, pursuant to NDCC Section 15.1-02-14. Ms. Miller said the department has not replaced any of its general fund appropriation with federal or other funds; therefore, there are no transfers to the state tuition fund to report under this section.

PERFORMANCE ASSURANCE FUND

Chairman Svedjan called on Ms. Illona Jeffcoat-Sacco, Public Utilities Director, Public Service Commission, to present an annual report on payments received and expenditures from the performance assurance fund, pursuant to NDCC Section 49-21-31. A copy of the information presented is on file in the Legislative Council office. Ms. Jeffcoat-Sacco said the performance assurance fund is a special fund created by the 2003 Legislative Assembly for payments that Qwest Corporation makes to the state under Qwest's performance assurance plan. She said the money received under the plan is to be used by the Public Service Commission to offset the expenses of administering the plan. After the receipts in a biennium reach \$100,000, she said, the excess over \$100,000 is deposited into the state general fund. Ms. Jeffcoat-Sacco said the January 1, 2004, beginning balance of the fund was \$118,307 and that receipts and expenditures through June 30, 2005, were \$32,600 and \$18,700, respectively, which resulted in a balance of \$132,207. She said as of June 30, 2005, the amount over the \$100,000 cap was \$32,207 and that amount was deposited in the general fund, resulting in a fund balance of \$100,000.

DEPARTMENT OF COMMERCE North Dakota Economic Indicators

At the request of Chairman Svedjan, Mr. Lee Peterson, Commissioner, Department of Commerce, presented information regarding North Dakota's economic indicators. A copy of the information presented is on file in the Legislative Council office. Mr. Peterson said the Department of Commerce is the state's main economic development agency and is responsible for coordinating and focusing the state's economic development resources. He said the main mission of the department is to improve the quality of life for the people of North Dakota.

Mr. Peterson said examples of the progress being made by the Department of Commerce in broadening North Dakota's economic base; creating new wealth; and generating higher-paying, career-track jobs include:

- North Dakota led the nation in average income growth in 2004.
- North Dakota's taxable sales and purchases rose 8.7 percent in 2004.
- North Dakota gained 4,550 jobs in 2004.
- There were 459 new businesses in North Dakota in 2004.
- North Dakota trained over 14,000 people for new, better-paying jobs yielding an average wage increase of \$6,500 at a cost of \$675 per person to North Dakota taxpayers.

In response to a question from Representative Skarphol, Mr. Peterson said the Department of Commerce was not requested to report on the

number of businesses that closed in 2004, but he will get that information and provide it to the committee.

Annual Audits of Renaissance Fund Organizations

At the request of Chairman Svedjan, Mr. Richard Gray, Renaissance Zone Manager, Division of Community Services, Department of Commerce, reported on the annual audits of renaissance fund organizations, pursuant to NDCC Section 40-63-07. A copy of the information presented is on file in the Legislative Council office. Mr. Gray said there are 26 cities with a renaissance zone, but only 6 cities have a renaissance fund organization--Fargo, West Fargo, Casselton, Valley City, Jamestown, and Hazen. He said the city of Hazen started its own fund and is doing its own management and the other five cities contract with Renaissance Ventures, LLC, in Fargo to manage their respective renaissance fund organization.

Mr. Gray said the 1999 Legislative Assembly appropriated \$2.5 million in tax credits for investments in a renaissance fund organization and the 2001 Legislative Assembly appropriated an additional \$2.5 million. As of September 2005, he said, there is \$619,500 remaining from the original appropriation and the entire \$2.5 million from the second appropriation is still available.

Mr. Gray said the audit of the renaissance fund organizations for Fargo, West Fargo, Casselton, Jamestown, and Valley City as of December 31, 2004, shows that the city of Fargo has received investments of \$2,633,000, the city of Jamestown \$300,000, the city of Casselton \$75,000, and the city of West Fargo \$200,000, which translates into the use of \$1,604,000 in tax credits. He said no investments have been made in Valley City's renaissance fund organization. He said the total tax credits requested as of September 2005 is \$1,880,500, which includes the use of \$273,500 in tax credits for the city of Fargo since January 1, 2005, and \$3,000 in tax credits for the city of Hazen renaissance fund organization from a \$6,000 investment.

Annual Report on Job Web Site

At the request of Chairman Svedjan, Mr. Peterson presented an annual report on the money spent to administer an Internet web site that provides career guidance and job opportunity services, pursuant to NDCC Section 54-60-10. A copy of the information presented is on file in the Legislative Council office. Mr. Peterson said for the 2003-05 biennium, total expenditures to support the promotion of the web site *northdakotahasjobs.com* were \$37,218 and the Department of Commerce received \$6,151 in commission income from the web site.

Mr. Peterson said the single statewide web site was intended to be a career information tool for youth and a tool to assist in the recruitment of out-of-state

workers. He said a goal of the Department of Commerce for the 2003-05 biennium was to support the single statewide web site by expanding employer participation and developing a revenue stream leading to self-funding of the web site. However, he said, a number of changes occurred during 2004 that negatively impacted the department's objectives. He said that Applied Distribution Group, the owner of the web site, had a change in management which resulted in significant changes in the department's working agreement and that Fargo, who had distribution rights for the web site in eastern North Dakota, discontinued its affiliation and developed its own web site. He said these changes affected the revenue stream intended for the promotion of the web site and the department's ability to continue to promote it as a single statewide web site. Mr. Peterson said the Department of Commerce decided to discontinue its agreement to market the web site with Applied Distribution Group on February 28, 2005. He said the department does not plan any expenditures related to the web site during the 2005-07 biennium.

Common Accountability Measures Report

Mr. Peterson presented information regarding the Department of Commerce *Common Accountability Measures Report* for the 2003-05 biennium. A copy of the information presented is on file in the Legislative Council office. Mr. Peterson said the 2003 Legislative Assembly assigned the Department of Commerce the responsibility of monitoring and reporting common measures accountability for workforce development and training activities. He said the workforce development and workforce training programs covered under the accountability report include Department of Human Services job opportunities and basic skills training program and basic employment skills training program; Job Service North Dakota Work Force 2000 program, North Dakota new jobs training program, senior community service employment program, trade adjustment assistance program, and the Workforce Investment Act; and the University System workforce training quadrants. Mr. Peterson said the *Common Accountability Measures Report* is a work in progress and it provides cumulative data on the number of participants served, the training invested, the number of participants that meet the definition of 12 months after completion of service or training, and the wage gain for those that are employed and meet the definition of 12 months after completion of service or training.

North Dakota Economic Goals and Associated Benchmarks

Mr. Peterson presented information on North Dakota economic goals and associated benchmarks, pursuant to Section 53 of 2005 Senate Bill No. 2018.

A copy of the information presented is on file in the Legislative Council office. Mr. Peterson said the six goals of the North Dakota Economic Development Foundation strategic plan are:

- Goal 1 - Develop a unified front for economic development based on collaboration and accountability.
- Goal 2 - Strengthen linkages between the state's higher education system and economic development organizations and private businesses.
- Goal 3 - Create quality jobs that retain North Dakota's current workforce and attract new skilled labor.
- Goal 4 - Create a strong marketing image on the state's numerous strengths, including workforce, education, and quality of place.
- Goal 5 - Accelerate job growth in sustainable, diversified industry clusters to provide opportunities for the state's economy.
- Goal 6 - Strengthen North Dakota's business climate to increase global competitiveness.

In response to a question from Senator Schobinger, Mr. Peterson said he will provide information regarding the number of the 4,550 new jobs in 2004 that were in Burleigh and Cass Counties.

In response to a question from Representative Boucher, Mr. Peterson said he will provide information regarding the number of the 4,550 new jobs in 2004 that were due to existing business expansions and the number that were the result of new businesses.

In response to a question from Senator Schobinger, Mr. Peterson said he will provide information regarding the number of the 4,550 new jobs in 2004 that were jobs in the oilfield.

COMMITTEE DISCUSSION AND STAFF DIRECTIVES

Chairman Svedjan said the next meeting for the Budget Section is tentatively scheduled for Thursday, December 15, 2005.

It was moved by Senator Robinson, seconded by Representative Thoreson, and carried on a voice vote that the Budget Section meeting be adjourned subject to the call of the chair. Chairman Svedjan adjourned the meeting at 3:25 p.m.

Stephanie A. Johnson
Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

[ATTACH:1](#)