

# NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

## BUDGET SECTION

Wednesday, October 7, 1998  
Senate Chamber, State Capitol  
Bismarck, North Dakota

Representative Jack Dalrymple, Chairman, called the meeting to order at 9:00 a.m.

**Members present:** Representatives Jack Dalrymple, Ole Aarsvold, LeRoy G. Bernstein, James Boehm, Merle Boucher, Rex R. Byerly, Ron Carlisle, Jeff W. Delzer, John Dorso, Gereld F. Gerntholz, Roy Hausauer, Robert Huether, Richard Kunkel, Edward H. Lloyd, Ronald Nichols, Al Soukup, Ken Svedjan, Mike Timm, Francis J. Wald, Gerry Wilkie; Senators Bill L. Bowman, Aaron Krauter, Evan E. Lips, Tim Mathern, Donna L. Nalewaja, Gary J. Nelson, David E. Nething, Rolland W. Redlin, Larry J. Robinson, Ken Solberg, Rod St. Aubyn, Harvey D. Tallackson

**Members absent:** Representatives Pam Gulle-son, Ben Tollefson, Janet Wentz; Senators Ray Holm-berg, Pete Naaden

**Others present:** See attached appendix

**It was moved by Representative Wald, seconded by Representative Hausauer, and carried on a voice vote that the minutes of the June 10, 1998, meeting of the Budget Section be approved as distributed.**

### STATUS OF THE GENERAL FUND

At the request of Chairman Dalrymple, Mr. Rod Backman, Director, Office of Management and Budget, presented a report on the status of the state general fund. A copy of the information presented is on file in the Legislative Council office. Mr. Backman said preliminary information for the month of September indicated that through September 30, 1998, biennium to date general fund revenues were 5.5 percent or \$48.1 million more than projected in the 1997 legislative revenue forecast, and general fund revenues for the month of September were 10.1 percent or \$5.2 million more than projected. Mr. Backman presented the following information on the status of the state general fund, based on preliminary information for the month of September 1998:

|   |                 |
|---|-----------------|
| Unobligated general fund balance - July 1, 1997   | \$65,000,000    |
| Add:  |                 |
| Estimated general fund collec-tions through September 30, 1998  | 915,417,699     |
| Remaining forecasted general fund revenue for the 1997-99 biennium (based on the 1997 legislative revenue forecast)                   | 567,764,203     |
| Total estimated general fund revenue for the 1997-99 biennium (\$48.1 million more than the legisla-tive estimate of \$1,500,096,023) | \$1,548,181,902 |
| Less:   |                 |
| 1997-99 biennium general fund appropriations  | 1,489,240,087   |
| Estimated general fund balance - June 30, 1999 (\$48.1 million more than the legislative estimate of \$10,855,936)                    | \$58,941,815    |

### DEPARTMENT OF HUMAN SERVICES COMPUTER SYSTEMS

At the request of Chairman Dalrymple, Mr. Roger Hertz, Department of Human Services, presented information on the status of the department's major technology projects. A copy of the information presented is on file in the Legislative Council office. Mr. Hertz said the department's major technology projects are:

1. The training, education, employment, and management (TEEM) project.
2. The State Hospital project.
3. The medical/temporary assistance for needy families (TANF) project.
4. The child care project.
5. The child support enforcement system project.

Mr. Hertz's presentation included the following information:

- Approximately 61 percent of the existing aid to families with dependent children cases have been converted into the TEEM system; conversion should be completed during the first quarter of 1999.

- TEEM implementation has been completed at all county social service offices.
- The department will not implement a simplified food stamp program but will add the regular food stamp program to the TEEM system during the 1999-2001 biennium.
- The department has completed the conversion from the IBM OS/2 operating system to the Windows NT operating system.
- The department is moving forward with implementation of a new patient care system for the State Hospital and Developmental Center.
- In October 1998, the department will receive proposals for the medical/TANF project.
- The department will not be including the child care function in the TEEM system.
- The child support enforcement system is continuing on schedule; testing is nearly completed; and certification will be requested prior to the October 1999 deadline.
- The following amounts have been budgeted and spent for the department's major computer projects:

| Project        | Budget for 1997-99 Biennium | Amount Spent Through October 7, 1998 |
|----------------|-----------------------------|--------------------------------------|
| TEEM           | \$1,770,248                 | \$419,412                            |
| State Hospital | \$1,800,000                 | \$720,938                            |
| Medical/TANF   | \$2,917,229                 | \$9,353                              |
| Child care     | \$329,332                   | \$0                                  |

- The department has spent approximately \$4 million for development of the child support enforcement system and plans to spend approximately \$2.5 million more prior to October 1, 1999.

In response to a question from Senator Lips, Mr. Hertz said because the department's child support enforcement system was not federally certified by October 1, 1998, North Dakota will be assessed a penalty of approximately \$160,000. He said if the child support enforcement system is certified by October 1999, 20 percent of the penalty will be forgiven, reducing the penalty to approximately \$128,000. He said the department is confident the system will be certified prior to the October 1999 deadline.

Senator Solberg asked why Mr. Hertz referred to the child support enforcement system as continuing on schedule. Mr. Hertz said that although the project was not completed by the initial deadline, the project is on schedule to be completed before October 1999, which is required in order to reduce the state's penalty.

In response to a question from Senator Krauter, Mr. Hertz said the department will not spend the entire amount appropriated for the TEEM project. He said the project was initially developed based on proposed federal regulations with the anticipation that

substantial changes would be required when the final regulations were issued. He said the changes required to meet the actual federal regulations have not been as extensive as originally anticipated.

In response to a question from Representative Byerly, Mr. Hertz said the department is not anticipating federal penalties relating to the development of any computer system other than the child support enforcement system. In response to another question from Representative Byerly, Mr. Hertz said the department has contracted with the Information Services Division for development of the child support enforcement system. Representative Byerly said contracts entered into with private contractors have penalties for not meeting deadlines specified in the contract, and the Information Services Division should be liable for the state's penalty relating to failure to meet the child support enforcement system deadline. Mr. Hertz said the project is a cooperative effort between the Department of Human Services and the Information Services Division.

### SALE OF WESTWOOD PARK PROPERTY

At the request of Chairman Dalrymple, Lt. Governor Rosemarie Myrdal presented information on the actions of the Westwood Park Assets Management Committee to sell property at Westwood Park. A copy of the information presented is on file in the Legislative Council office. She said although the Westwood Park Assets Management Committee has not yet approved the proposed sale, pursuant to North Dakota Century Code (NDCC) Section 25-04-20, she is requesting Budget Section approval on behalf of the Westwood Park Assets Management Committee to sell two parcels of Westwood Park property to the Walsh County Historical Society:

1. Approximately 9.265 acres which have been leased to the Walsh County Historical Society since 1972.
2. Approximately 5.44 acres which have been leased to the Walsh County Historical Society since April 1, 1998.

Lt. Governor Myrdal said the Walsh County Historical Society currently pays rent of \$150 per year for both parcels. She said the Department of Human Services would like to sell the property for \$1 and have the Walsh County Historical Society pay all appraisal and abstract fees. She said the state of North Dakota will retain the mineral interests in the property.

In response to a question from Senator Mathern, Lt. Governor Myrdal said the Walsh County Historical Society uses the property to operate Heritage Village, a historic interpretive sight.

Senator Nething asked if the Walsh County Historical Society will pay property tax on the land if the sale is approved. Lt. Governor Myrdal said the Walsh County Historical Society is a tax-exempt organization and is not required to pay property tax.

In response to a question from Representative Boucher, Lt. Governor Myrdal said the property will be deeded to the Walsh County Historical Society, not Walsh County.

Representative Delzer asked if the state currently incurs any expense to maintain the property. Lt. Governor Myrdal said the Developmental Center currently pays approximately \$830 per year for mowing and weed control relating to the property. Representative Delzer asked if the agreement with the Walsh County Historical Society will include a provision that if the society discontinues its operations, the property will revert to the state. Lt. Governor Myrdal was not sure if the contract will include such a provision. Senator Nething suggested the Budget Section defer action on this request until Representative Delzer's question could be answered. Senator Tallackson said the Walsh County Historical Society has been in existence for over 20 years and has spent a considerable amount of money to develop Heritage Village.

**It was moved by Senator Lips and seconded by Representative Soukup that pursuant to North Dakota Century Code Section 25-04-20, the Budget Section approve the sale of approximately 14.7 acres of Westwood Park property to the Walsh County Historical Society for the price of \$1.**

**It was moved by Senator Tallackson, seconded by Senator Nething, and carried on a voice vote that the motion to approve the sale of Westwood Park property to the Walsh County Historical Society be amended to provide that the sales contract include a provision that if the Walsh County Historical Society discontinues its operations, the property will revert to the state of North Dakota.**

The motion as amended was passed as follows:

**It was moved by Senator Lips, seconded by Representative Soukup, and carried on a roll call vote that pursuant to North Dakota Century Code Section 25-04-20, the Budget Section approve the sale of approximately 14.7 acres of Westwood Park property to the Walsh County Historical Society for the price of \$1 and that the sales agreement include the provision that if the Walsh County Historical Society discontinues its operations, the property will revert to the state of North Dakota.** Representatives Dalrymple, Aarsvold, Bernstein, Boehm, Boucher, Byerly, Carlisle, Delzer, Gerntholz, Hausauer, Kunkel, Lloyd, Nichols, Soukup, Svedjan, Timm, Wald, and Wilkie and Senators Bowman, Lips, Mathern, Nething, Redlin, Robinson, Solberg, St. Aubyn, and Tallackson voted "aye." No negative votes were cast.

## **VETERANS HOME MANAGEMENT, BUDGETING, AND ACCOUNTING PRACTICES**

At the request of Chairman Dalrymple, Mr. Ken Anderson, Commandant, Veterans Home, presented information on the development and implementation of a plan to improve the agency's management, budgeting, and accounting practices, pursuant to 1997 Senate Bill No. 2007. A copy of the information presented is on file in the Legislative Council office. Mr. Anderson said the Veterans Home has taken steps to improve its budgeting and accounting procedures. He said each department at the Veterans Home takes an active role in monitoring the budget and receives monthly variance reports comparing actual to budgeted expenditures. He said department administrators are required to explain any variances and outline a corrective plan of action, if necessary, to address variances. He said the fiscal year 1998 audit revealed no problems with the recording and reporting of financial transactions at the Veterans Home.

In response to a question from Representative Timm, Mr. Anderson said there are currently 38 patients in the Veterans Home skilled care unit and 111 patients in the basic care unit.

In response to a question from Representative Dalrymple, Mr. Anderson said that although the number of patients at the Veterans Home has remained stable, the veterans' population is aging and the basic care residents are requiring more services. In response to another question from Representative Dalrymple, Mr. Anderson said the Veterans Home has no expansion plans.

## **WORKERS COMPENSATION BUREAU CRITICAL SALARY ADJUSTMENTS**

At the request of Chairman Dalrymple, Ms. Tammy Dolan, Workers Compensation Bureau, presented information on the Workers Compensation Bureau's expenditure of the 1997-99 biennium appropriation of \$350,000 for critical salary adjustments. A copy of the information presented is on file in the Legislative Council office. Ms. Dolan said that during the 1997-99 biennium, no general pay increases were given to bureau employees. She said individual pay increases ranged from one to nine percent, with an average of 4.75 percent, based on employee job performance. She said the bureau's pay for performance program has had a positive impact on employee morale and has reduced staff turnover from 22 percent in 1996 to 11 percent in 1997. She said that during the 1997-99 biennium the expenditure of the \$350,000 appropriation for critical salary adjustments was not accounted for separately from the bureau's regular appropriation for salaries and wages because all salary increases provided by the bureau were considered to be critical.

## CHILDREN'S SERVICES COORDINATING COMMITTEE GRANTS

At the request of Chairman Dalrymple, Lt. Governor Myrdal presented information on grant applications received and approved by the Children's Services Coordinating Committee (CSCC). A copy of the information presented is on file in the Legislative Council office. The 1997 Legislative Assembly appropriated \$350,000 for specific statewide grants to be distributed by the CSCC. However, approximately \$640,000 was estimated to be available for statewide grants. The remaining \$290,000 was to be distributed by the state CSCC subject to Budget Section approval, pursuant to NDCC Section 54-56-03. Lt. Governor Myrdal said the CSCC received 22 grant applications requesting a total of \$725,123. She said the CSCC approved five grant applications for a total of \$120,000. She said each of the grants approved provides services to reduce the number of juveniles entering the criminal justice system.

In response to a question from Senator Nething, Lt. Governor Myrdal said the entities receiving grants will submit quarterly reports to the CSCC. She said when Budget Section approval is requested to distribute additional grants, information will be presented on the outcomes achieved by the programs funded by the CSCC. She said the grant applications approved were for programs that will provide measurable outcomes so the effectiveness of the programs can be determined and measured.

**It was moved by Senator Lips, seconded by Representative Kunkel, and carried on a roll call vote that pursuant to North Dakota Century Code Section 54-56-03, the Budget Section authorize the Children's Services Coordinating Committee to distribute five grants for a total of \$120,000.** Representatives Dalrymple, Aarsvold, Bernstein, Boehm, Boucher, Byerly, Carlisle, Delzer, Dorso, Gertholz, Hausauer, Kunkel, Lloyd, Nichols, Soukup, Svedjan, Timm, Wald, and Wilkie and Senators Bowman, Lips, Mathern, Nelson, Redlin, Robinson, Solberg, St. Aubyn, and Tallackson voted "aye." No negative votes were cast.

## CHILDREN'S SERVICES COORDINATING COMMITTEE REPORT ON ADMINISTRATIVE COSTS

At the request of Chairman Dalrymple, Lt. Governor Myrdal presented information on administrative costs of regional and tribal children's services coordinating committees. A copy of the information presented is on file in the Legislative Council office. Section 6 of 1997 Senate Bill No. 2014 provides legislative intent that because of the relatively high administrative expenses compared to income of some regional and tribal children's services coordinating committees, the state CSCC should conduct an analysis and develop a plan to reduce, by

consolidation, administrative costs of regional and tribal committees. Lt. Governor Myrdal said the CSCC has determined that due to the geographic size of the less populous regions of the state and the large population of other regions, it is not feasible to consolidate the local children's services coordinating committees and that it is essential for all 12 committees in the state to continue to exist. She said 1997 Senate Bill No. 2014 provided \$1,080,000 of spending authority for grants to regional and tribal committees for administrative costs for the 1997-99 biennium. She said during the first fiscal year of the biennium, local committees have spent \$505,619 for administrative costs, \$34,381 less than the \$540,000 per year provided. She said since the limit on administrative expenditures went into effect on July 1, 1997, some of the local committees have had to reduce their staff to include only a coordinator. She said most regional committees have indicated that if the limit on administrative expenditures was removed or raised, the amount spent on salaries and wages would be increased to allow for the employment of two full-time equivalent positions—a coordinator and an administrative assistant.

Lt. Governor Myrdal said in addition to the \$505,619 amount regional and tribal committees have spent for administrative costs during the first year of the biennium, committees have spent an additional \$172,000 carried over from the 1995-97 biennium. Lt. Governor Myrdal said an Attorney General's opinion provided the authority for the regional and tribal committees to spend carryover funds for administrative expenses.

Chairman Dalrymple asked if the state CSCC discussed the fact that the use by regional and tribal children's services coordinating committees of carryover funds for administrative expenses was contrary to the legislative intent specified in Senate Bill No. 2014. Lt. Governor Myrdal said this issue was discussed, and it was decided that the use of carryover funds was an issue to be decided at the local level. She said an Attorney General's opinion dated June 3, 1997, provided that any funds held by a regional committee at the end of the 1995-97 biennium belonged to the committee and could be used for any purpose permitted by law including the payment of administrative costs. She said the use of carryover funds in future bienniums was addressed by the 1997 Legislative Assembly in Senate Bill No. 2014, which provided that a regional or tribal committee may not carry over funds in excess of \$50,000.

## REPORT ON FEDERAL FUNDS

At the request of Chairman Dalrymple, Legislative Council staff presented a report entitled *Analysis of Federal Funds for Bienniums Ending June 30, 1999, and June 30, 2001*. The report provided, for all state agencies and institutions receiving federal funds

during the 1997-99 or 1999-2001 biennium, the following information:

- For the 1997-99 biennium: federal funds appropriated, federal funds estimated to be received, appropriated matching funds, required maintenance of effort, and estimated amount of indirect costs reimbursed.
- For the 1999-2001 biennium: federal funds estimated to be received, required matching funds, required maintenance of effort, and estimated amount of indirect costs reimbursed.

The report indicated that for the 1997-99 biennium state agencies and institutions anticipate receiving \$1.628 billion of federal funds, approximately \$177 million more than the amount appropriated. For the 1999-2001 biennium, state agencies and institutions anticipate receiving approximately \$1.604 billion of federal funds.

### LEGISLATIVE HEARINGS FOR FEDERAL BLOCK GRANTS

At the request of Chairman Dalrymple, Legislative Council staff presented a memorandum entitled *Federal Block Grants - Legislative Hearings*. The memorandum indicated that of the 12 block grant programs listed in the *1998 Catalog of Federal Domestic Assistance*, only the community services block grant requires a public hearing held by the Legislative Assembly. A summary of the proposed use and distribution plan for the block grant will be provided by the Office of Management and Budget prior to the agency's appropriation hearing during the 1999 legislative session. The required public hearing will be held as part of the appropriation hearing for the Office of Management and Budget.

At the request of Chairman Dalrymple, Legislative Council staff presented a resolution draft authorizing the Budget Section to hold any public hearings required during the period from the adjournment of the 56th Legislative Assembly through September 30, 2001.

**It was moved by Senator Lips, seconded by Senator Robinson, and carried on a voice vote that the resolution draft relating to Budget Section authority to hold public legislative hearings required for the receipt of federal block grant funds during the period from the recess or adjournment of the 56th Legislative Assembly through September 30, 2001, be approved and recommended to the Legislative Council.**

### CAPITAL CONSTRUCTION PROJECTS WITH A REQUIRED LOCAL MATCH

At the request of Chairman Dalrymple, Legislative Council staff presented a memorandum entitled *Capital Construction Projects With a Required Local Match 1989-91 to 1997-99 Bienniums*. The Legislative Council staff said a similar memorandum was

presented to the committee at its June meeting, at which time the committee requested that the memorandum be expanded to include information regarding the source of local funds provided for bond repayment. The memorandum indicated that the source of local matching funds have included: college and university foundations, student fees, bond refunding proceeds, and the city of Minot.

### STATE AND FEDERAL HISTORIC BUILDING PRESERVATION LAWS

At the request of Chairman Dalrymple, Mr. Jeffrey Nelson, Assistant Code Revisor, Legislative Council, presented a memorandum entitled *State and Federal Historic Building Preservation Laws*. Mr. Nelson said the issue of whether the State Historical Society may prohibit the demolition of a state-owned building that the Legislative Assembly or a state agency intends to demolish depends upon whether the building, in the opinion of the Superintendent of the State Historical Society, is significant in understanding and interpreting the history of the state or has been placed on the state historic sites registry. He said NDCC Section 55-02-07 provides a procedure to be followed if the building has been determined to be historically significant and NDCC Chapter 55-10 provides a procedure to be followed if the building has been placed on the state historic sites registry. He said although the State Historical Society may prohibit the demolition of a state-owned building, the State Historical Society is a creature of the Legislative Assembly, and consequently, the Legislative Assembly can order the demolition of a state-owned building by enacting appropriate legislation.

In response to a question from Representative Byerly, Mr. Nelson said although no federal law would prohibit the Legislative Assembly from enacting legislation to abolish the state historic sites registry, such legislation could result in the state becoming ineligible to participate in certain federal programs or receive certain federal funds.

In response to a question from Representative Dalrymple, Mr. Nelson said the Old Science Building at the University of North Dakota has been added to the state historic sites registry by the State Historical Board.

Senator St. Aubyn expressed concern that the State Historical Society can prohibit the demolition of a building which the Legislative Assembly appropriated funds to demolish, thus forcing the state to provide funds to maintain the property or be liable for injuries sustained if the property is in disrepair. He said it may be appropriate for the Legislative Assembly to consider a bill to limit the State Historical Society's authority to list a property on the state historic sites registry. Senator St. Aubyn said he plans to request that the Legislative Council staff prepare a bill for him to introduce to the 1999 Legislative Assembly to limit the State Historical Society's

authority to prohibit the demolition of a building by placing it on the state historic sites registry. Chairman Dalrymple said he will also sponsor the proposed bill. Senator Lips suggested that an analysis of the cost to renovate and maintain historical property should be considered in the State Historical Society review process.

The committee recessed for lunch from 12:00 noon to 1:00 p.m.

### **ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS GRANTS**

At the request of Chairman Dalrymple, Mr. John Bjornson, Counsel, Legislative Council, discussed planning grants distributed by the Advisory Commission on Intergovernmental Relations. He said that at the July 9, 1997, meeting of the Advisory Commission on Intergovernmental Relations, the commission accepted the final reports presented by the North Dakota League of Cities and the North Dakota Association of Counties regarding planning grants received from the commission. He said no new planning grant moneys have been appropriated by the 1995 or 1997 Legislative Assembly, therefore no additional grant funds are available, and no grants are outstanding. He said the Advisory Commission on Intergovernmental Relations has approved and recommended to the Legislative Council a bill draft to repeal NDCC Section 54-35.2-02.1 to eliminate the planning grant program and remove the requirement that the commission report annually to the Budget Section.

### **BUDGET SECTION AUTHORITY RELATING TO CAPITAL CONSTRUCTION PROJECTS**

At the request of Chairman Dalrymple, Mr. Bjornson presented a memorandum entitled *Capital Construction Projects - Authorization of Expansions by the Budget Section*. Mr. Bjornson said NDCC Section 15-55-10 prohibits the construction of any campus buildings or improvements without legislative approval. He said, however, Section 15-10-12.1 provides an exception to this prohibition by allowing the State Board of Higher Education, with the approval of the Budget Section, to use land under the control of the board and construct buildings and campus improvements financed by donations, gifts, grants, and bequests. He said that although it may be argued that the Budget Section's authority under Section 15-10-12.1 is an unlawful delegation of legislative authority and is a violation of the separation of powers provisions in the Constitution of North Dakota, every enactment of the Legislative Assembly is presumed to be constitutional. He said the burden of proof would be on anyone challenging the constitutionality of this statute and the Constitution of North

Dakota provides that it takes four of the five Supreme Court justices to declare a state law unconstitutional.

### **UNIVERSITY SYSTEM CAPITAL PROJECTS**

At the request of Chairman Dalrymple, Dr. Kendall Baker, President, University of North Dakota, discussed the university's plans to commercially develop university property into a "university village." He said the property which the university is proposing to develop is approximately 150 acres, which was donated to the university and is adjacent to the campus. He said the university village will provide students with services they have requested at a location near the campus and will also provide services to the Grand Forks community. He said the university has been negotiating with Barnes & Noble, Inc. and would like to construct a building to be leased by Barnes & Noble, Inc. for use as the university bookstore and a retail bookstore. He said construction of the building will be financed from the sale of bookstore inventory, accumulated reserves for bookstore improvements, and the proceeds of revenue bonds issued by the university alumni foundation.

In response to a question from Representative Soukup, Dr. Baker said the textbooks sold by Barnes & Noble, Inc. will be priced using a markup considered to be the industry standard for university bookstores, which is the same percentage markup currently used by the university bookstore. Representative Soukup asked how the university determined that students support the proposed project. Dr. Baker said he has received comments from individual students and from the student government. He said the advisory committee for the project will include students.

Representative Lloyd asked how the university will provide space for student intramural activities, which now take place on the land planned for development. Dr. Baker said the property planned for development is a large tract of land of which approximately 40 to 45 percent will be left as "green space" for intramural activities.

Senator Krauter asked if the university will be responsible for the maintenance of the proposed building. Dr. Baker said the agreement with Barnes & Noble, Inc. provides that Barnes & Noble, Inc. will be responsible for all maintenance relating to the interior of the building and the university will be responsible for all maintenance relating to the exterior of the building.

In response to a question from Representative Byerly, Dr. Baker said the agreement with Barnes & Noble, Inc. will provide that the university will share in the profits of the store which will provide long-term revenue for the university.

In response to a question from Representative Delzer, Dr. Baker said the university has spent approximately \$6,000 of local funds on preliminary

designs for the proposed university village. He said that amount does not include university staff time.

A bill draft that provides an appropriation of \$4.5 million of other funds from various sources to the University of North Dakota for the construction of a building for use as a university bookstore and other retail businesses was distributed to the committee. The bill draft provides that any funds received by the university for the lease of the building will be appropriated to the university for use in operating and maintaining the building and other institutional needs and prohibits the university from using any other funds for the operation and maintenance of the building.

Senator Redlin said the Legislative Assembly should consider the issue of the commercial development proposed by the university. Senator Nething said the Legislative Assembly has previously authorized North Dakota State University to develop a similar project. Senator St. Aubyn said the Legislative Assembly has encouraged the institutions of higher education to help themselves by generating revenue. He said the proposed project will provide a long-term source of revenue to the university.

**It was moved by Senator Redlin, seconded by Senator St. Aubyn, and carried on a roll call vote that the bill draft appropriating \$4.5 million from special funds and authorizing the construction of a building on the University of North Dakota campus for use as the university bookstore and for other retail businesses be approved and recommended to the Legislative Council.** Representatives Dalrymple, Aarsvold, Bernstein, Boucher, Byerly, Carlisle, Dorso, Gerntholz, Hausauer, Huether, Kunkel, Lloyd, Svedjan, Timm, and Wald and Senators Bowman, Lips, Mathern, Nalewaja, Nelson, Nething, Redlin, Robinson, Solberg, and St. Aubyn voted "aye." Representatives Boehm, Delzer, Nichols, Soukup, and Wilkie and Senator Krauter voted "nay."

At the request of Chairman Dalrymple, Ms. Peggy Lucke, University of North Dakota, presented a request for Budget Section approval to increase from \$1.2 to \$1.3 million, the amount the university is authorized to spend for the 42nd Street skywalk project. A copy of the information presented is on file in the Legislative Council office. Ms. Lucke said that on October 9, 1996, the Budget Section authorized the University of North Dakota to construct a walkway between Clifford Hall and the Aerospace Training and Research Center Building at a cost of \$1.2 million to be paid with private funds. She said the university was forced to delay the project as a result of the 1997 flood. She said this delay resulted in increased labor and material costs. She said the university is requesting Budget Section approval, pursuant to NDCC Section 15-10-12.1, to increase the authorized amount of the project from \$1.2 to \$1.3 million. She said the additional amount will be paid with additional private funds.

**It was moved by Senator Nething, seconded by Representative Svedjan, and carried on a roll call vote that pursuant to North Dakota Century Code Section 15-10-12.1, the Budget Section increase the authorized amount of the 42nd Street skywalk project from \$1.2 to \$1.3 million of private funds.** Representatives Dalrymple, Aarsvold, Bernstein, Boucher, Byerly, Carlisle, Gerntholz, Hausauer, Huether, Kunkel, Lloyd, Nichols, Soukup, Svedjan, Timm, Wald, and Wilkie and Senators Bowman, Krauter, Lips, Mathern, Nalewaja, Nething, Redlin, Robinson, Solberg, and St. Aubyn voted "aye." No negative votes were cast.

At the request of Chairman Dalrymple, Mr. Alvin Binstock, Dickinson State University, presented information on a proposed project at Dickinson State University to remodel and expand the student center. A copy of the information presented is on file in the Legislative Council office. Mr. Binstock said Dickinson State University requested State Board of Higher Education approval to request authority from the 1999 Legislative Assembly to proceed with the project and to issue and sell self-liquidating, tax-exempt bonds in an amount not to exceed \$1 million. He said the board approved the university's request but amended it to allow the university to request approval to issue up to \$1.5 million of bonds, if necessary. He said the total cost of the project is currently estimated to be approximately \$3.2 million as follows:

|                         |             |
|-------------------------|-------------|
| Remodeling and addition | \$2,500,000 |
| New furnishings         | 350,000     |
| Asbestos abatement      | 331,000     |
| Total                   | \$3,181,000 |

The proposed sources of funds for the project are:

|                                |             |
|--------------------------------|-------------|
| Asbestos litigation funds      | \$331,000   |
| Auxiliary reserves             | 1,200,000   |
| Proposed revenue bond proceeds | 1,000,000   |
| Oil production royalties       | 500,000     |
| Private contributions          | 169,000     |
| Total                          | \$3,200,000 |

Mr. Binstock said the project was authorized by the 1995 Legislative Assembly, but Section 10 of 1995 House Bill No. 1003 provided the authority for the issuance of the bonds only during the 1995-97 biennium.

**It was moved by Senator Lips, seconded by Representative Wald, and carried on a voice vote that the Budget Section request the Legislative Council staff to prepare, for the committee's December 1998 meeting, a bill draft to authorize Dickinson State University to issue and sell self-liquidating, tax-exempt bonds in an amount not to exceed \$1.5 million for the purpose of renovating and expanding the student center at Dickinson State University.**

## **AGENCY REQUESTS AUTHORIZED BY THE EMERGENCY COMMISSION**

Chairman Dalrymple requested that the committee consider agency requests which have been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to NDCC Sections 54-16-04, 54-16-04.1, and 54-16-04.2. Information relating to the request was distributed to Budget Section members prior to the meeting and is on file in the Legislative Council office.

It was moved by Representative Carlisle, seconded by Representative Lloyd, and carried on a roll call vote that the Budget Section approve the following requests which have been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to North Dakota Century Code Sections 54-16-04, 54-16-04.1, and 54-16-04.2:

- Dickinson State University (Request #1144) - To increase other funds spending authority and the capital improvements line item by \$79,667 of excess income for projects including window replacements at Stoxen Library.
- Department of Human Services (Request #1146) - To increase other funds spending authority and the capital improvements line item of the Developmental Center by \$31,962 to replace a dehumidifier in the center's swimming pool area.
- Department of Corrections and Rehabilitation - Juvenile Services Division - Youth Correctional Center (Request #1149) - To transfer spending authority of \$35,000 from the operating expenses line item to the salaries and wages line item and to increase federal funds spending authority and the salaries and wages line item by \$5,597 for a carpentry trades instructor and a part-time carpentry trades assistant.
- Department of Corrections and Rehabilitation - Juvenile Services Division - Youth Correctional Center (Request #1150) - To increase federal funds spending authority and the capital improvements line item by \$9,300 for flood-related repairs to a gravel road.
- Council on the Arts (Request #1151) - To increase federal funds spending authority and the grants line item by \$231,824 from the National Endowment for the Arts (\$229,500) and carryover spending authority from the 1995-97 biennium (\$2,324).
- Department of Corrections and Rehabilitation - Adult Services Division - James River Correctional Center (Request #1152) - To increase other funds spending authority and the capital improvements - medium security facility line item by \$316,752 of federal funds (\$285,077) and special funds derived from Roughrider Industries operations (\$31,675) for the construction of a Roughrider Industries building at the James River Correctional Center.
- Department of Corrections and Rehabilitation - Adult Services Division - Penitentiary (Request #1153) - To increase federal funds spending authority by \$61,052 for salaries and wages (\$11,952) and equipment (\$49,100) and to transfer spending authority of \$15,400 from the salaries and wages line item to the equipment line item to expand the workplace and community transition training for the incarcerated youth offenders program, to purchase computers, and to purchase an electronic fingerprint scanning unit.
- Department of Public Instruction (Request #1155) - To increase other funds spending authority and the grants - SENDIT line item by \$122,600 for Internet access fees paid by schools.
- Highway Patrol (Request #1156) - To increase federal funds spending authority by \$88,000 for the field operations division (\$80,000) and the Law Enforcement Training Academy (\$8,000) for radar equipment, tire deflators, and training for local law enforcement officers.
- Highway Patrol (Request #1157) - To increase federal funds spending authority and the field operations line item by \$303,000 for the mobile data communications system project (\$203,000) and the motor carrier safety assistance program (\$100,000).
- Highway Patrol (Request #1158) - To increase other funds spending authority by \$33,000 for building improvements at a weigh station (\$3,000 - field operations line item) and replacement of a boiler at the Law Enforcement Training Academy (\$30,000 - law enforcement training academy line item).
- Job Service North Dakota (Request #1159) - To increase other funds spending authority and the grants line item by \$66,000 for the summer youth employment program in Grand Forks.
- Job Service North Dakota (Request #1160) - To increase federal funds spending authority by \$1,722,600 for salaries and wages (\$117,450), operating expenses (\$39,150), and grants (\$1,566,000) for temporary income to persons unemployed as a result of ground saturation disasters.

- **Job Service North Dakota (Request #1161) - To increase federal funds spending authority by \$333,647 for operating expenses (\$262,647) and equipment (\$71,000) to install an interstate benefit inquiry system (\$26,000), pay for the unemployment insurance portion of a performance audit (\$54,847), implement law changes (\$167,000), and implement the North American industry classification system (\$85,800).**
- **Job Service North Dakota (Request #1162) - To increase other funds spending authority by \$1,368,438 for salaries and wages (\$850,206), operating expenses (\$284,328), equipment (\$40,000), and grants (\$193,904) for the welfare-to-work program.**
- **Industrial Commission (Request #1164) - To increase federal funds spending authority by \$58,000 for salaries and wages (\$47,500) and operating expenses (\$10,500) for geological survey projects.**
- **Division of Emergency Management (Request #1166) - To increase federal funds spending authority by \$50,000 for salaries and wages (\$16,500) and operating expenses (\$33,500) for a program to promote disaster-resistant communities.**
- **Division of Emergency Management (Request #1168) - To increase spending authority by \$7,052,500 (\$6,075,000 of federal funds, \$977,500 from a disaster loan) for salaries and wages (\$130,000), operating expenses (\$57,500), and grants (\$6,865,000) for disaster-related work.**

Representatives Dalrymple, Aarsvold, Boucher, Byerly, Carlisle, Delzer, Dorso, Gertholz, Hausauer, Huether, Kunkel, Lloyd, Nichols, Timm, Wald, and Wilkie and Senators Bowman, Krauter, Lips, Mathern, Nalewaja, Nelson, Nething, Redlin, Robinson, Solberg, and St. Aubyn voted "aye." No negative votes were cast.

## BUDGET TOUR REPORTS

At the request of Chairman Dalrymple, Senator Nething, Chairman, Budget Committee on Government Finance, presented a report on that committee's budget tours of the Youth Correctional Center, State Penitentiary, Missouri River Correctional Center, Roughrider Industries, and James River Correctional Center. A copy of the report is on file in the Legislative Council office.

**It was moved by Senator Nething, seconded by Senator Lips, and carried on a voice vote that the Budget Section accept the Budget Committee on Government Finance report on budget tours of the Youth Correctional Center, State Penitentiary, Missouri River Correctional Center, Roughrider Industries, and James River Correctional Center.**

At the request of Chairman Dalrymple, Representative Kunkel presented a report on the Budget Committee on Government Services budget tours of the Badlands Human Service Center, Dickinson State University, and Dickinson Research Extension Center. A copy of the report is on file in the Legislative Council office.

**It was moved by Representative Kunkel, seconded by Representative Huether, and carried on a voice vote that the Budget Section accept the Budget Committee on Government Services report on budget tours of the Badlands Human Service Center, Dickinson State University, and Dickinson Research Extension Center.**

At the request of Chairman Dalrymple, Representative Kunkel, Chairman, Budget Section Northeast Tour Group, presented a report on budget tours of Mayville State University, the School for the Blind, the University of North Dakota, the Mill and Elevator, and the Developmental Center. A copy of the report is on file in the Legislative Council office.

**It was moved by Representative Kunkel, seconded by Representative Soukup, and carried on a voice vote that the Budget Section accept the Northeast Tour Group report on budget tours of Mayville State University, the School for the Blind, the University of North Dakota, the Mill and Elevator, and the Developmental Center.**

At the request of Chairman Dalrymple, Senator Solberg, Chairman, Budget Section Southeast Tour Group, presented a report on budget tours of Valley City State University, the Veterans Home, the State College of Science, North Dakota State University, and the Agronomy Seed Farm. A copy of the report is on file in the Legislative Council office.

**It was moved by Senator Solberg, seconded by Senator St. Aubyn, and carried on a voice vote that the Budget Section accept the Southeast Tour Group report on budget tours of Valley City State University, the Veterans Home, the State College of Science, North Dakota State University, and the Agronomy Seed Farm.**

**It was moved by Senator Lips, seconded by Senator St. Aubyn, and carried on a voice vote that the chairman and the staff of the Legislative Council be requested to prepare a report and the bill drafts recommended by the committee and to present the report and recommended bill drafts to the Legislative Council.**

The meeting was adjourned subject to the call of the chair at 3:40 p.m.

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Joe R. Morrisette  
Senior Fiscal Analyst

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Chester E. Nelson, Jr.  
Legislative Budget Analyst and Auditor

ATTACH: 1