

# NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

## BUDGET SECTION

Wednesday, December 3, 1997  
Senate Chamber, State Capitol  
Bismarck, North Dakota

Representative Jack Dalrymple, Chairman, called the meeting to order at 9:05 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, Ronald Nichols, Bill Oban, Al Soukup, Ken Svedjan, Ben Tollefson, Francis J. Wald, Janet Wentz, Gerry Wilkie; Senators Bill L. Bowman, Ray Holmberg, Aaron Krauter, Evan E. Lips, Tim Mathern, Pete Naaden, Donna L. Nalewaja, Gary J. Nelson, David E. Nething, Rolland W. Redlin, Larry J. Robinson, Ken Solberg, Rod St. Aubyn

**Members absent:** Representatives Tom D. Freier, Pam Gulleeson, Edward H. Lloyd, Mike Timm; Senator Harvey D. Tallackson

**Others present:** See Appendix A

**It was moved by Senator Lips, seconded by Representative Wald, and carried on a voice vote that the minutes of the October 8, 1997, meeting of the Budget Section be approved as mailed.**

### 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 that through October 31, 1997, general fund revenues were seven percent more than projected revenues, based on the 1997 legislative revenue forecast. He said actual revenues for the month of October were \$9.9 million, or 18.5 percent, more than projected revenues. Mr. Backman presented the following information on the status of the general fund, based on actual revenue collections through October 31, 1997:

Unobligated general fund balance - July 1, 1997	\$65,000,000
Add:	
Actual general fund collections through October 31, 1997	229,833,461
Remaining forecasted general fund revenue for the 1997-99 biennium (based on the 1997 legislative revenue forecast)	1,220,324,146
Total estimated general fund revenue for the 1997-99 biennium (\$15.1 million more than the legislative estimate of \$1,500,096,023)	\$1,515,157,607
Less:	
1997-99 biennium general fund appropriations	1,489,240,087
Estimated general fund balance - June 30, 1999 (\$15.1 million more than the legislative estimate of \$10,855,936)	\$25,917,520

### STATUS OF THE RESPOND COMPUTER SYSTEM

At the request of Chairman Dalrymple, Mr. Roger Hertz, Director, Information Management Division, Department of Human Services, presented information on the status of the reforming and enhancing services for the people of North Dakota (RESPOND) computer project, pursuant to Section 19 of 1997 House Bill No. 1012. A copy of the information presented is on file in the Legislative Council office. Mr. Hertz said the major goals of the RESPOND project are:

1. To provide "single door" access to all human service programs.
2. To provide a common data base that can be used by all human service programs.
3. To provide common technology that can be used in all future technology projects for the department.

Mr. Hertz said the RESPOND project is nearly complete and the major goals have been achieved. He said in all future reports presented by the Department of Human Services, the remaining costs associated with the RESPOND project will be reported as part of the training, education, employment, and management (TEEM) project because the two projects are so closely related.

Representative Wald asked for an explanation of the interest costs of \$321,452 and \$93,113 for the TEEM and RESPOND projects, respectively, as shown on the information presented by Mr. Hertz. Mr. Hertz said some of the TEEM and RESPOND project costs were financed for up to 60 months and the interest charges relate to those amounts which were financed.

### **PROJECTED SAVINGS RELATED TO DEPARTMENT OF HUMAN SERVICES' TECHNOLOGY PROJECTS**

At the request of Chairman Dalrymple, Mr. Hertz 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. The information presented is summarized as follows:

<b>Project</b>	<b>Status</b>
TEEM system	The last group of counties in the state will begin conversion to the TEEM system in June 1998.
Medical - temporary assistance for needy families (TANF) system	The department is continuing its planning for this project.
Child care system	The department is continuing its planning for this project.
State Hospital system	Proposals have been received from vendors and the department anticipates making a recommendation in January 1998 for the award of a contract.

Mr. Hertz said the department is currently studying the possibility of discontinuing the use of IBM's OS/2 operating system, which is used for the TEEM system, because of concerns about the support the operating system will receive in the future and the fact that better operating systems are currently available.

Representative Byerly asked if the department's cost related to conversion of the TEEM

operating system can be paid from the department's existing appropriation. Mr. Hertz said that in December 1997 the department will receive a report from IBM that will provide cost estimates and alternatives. He said that until the report is received, he cannot provide an estimate of the cost related to the operating system conversion.

Senator Bowman said state agencies are required to spend too much money implementing federal program changes, implementing new technology, and retraining workers in using new technology. He said these additional costs reduce any potential cost savings related to the new technology and reduce the amount available for delivering services.

Representative Dorso asked what IBM's responsibility is regarding the department's possible conversion from the OS/2 operating system, which is an IBM product that was recommended by IBM. Mr. Hertz said the department will negotiate with IBM and encourage IBM to absorb some of the costs related to the operating system conversion. Representative Dorso said IBM should have some responsibility to the state to absorb the cost of operating system conversion because it was based on their advice, using their product. Representative Dorso requested that at a future meeting of the Budget Section, the Department of Human Services provide a report to the committee on the status of the operating system conversion. Mr. Hertz said the department will keep the committee informed regarding this issue.

Representative Boucher asked if a contract negotiated with a new vendor for an operating system for the TEEM project can include any assurances that the system will be updated and supported. Mr. Hertz said it is difficult to determine what computer software products will be successful and be supported in the future. He said negotiations with new vendors can include updating the software as new versions become available.

### **DEPARTMENT OF HUMAN SERVICES' NETWORKING PROJECTS**

At the request of Chairman Dalrymple, Mr. Hertz presented information on the department's plans for operating computer networks within the Department of Human Services. A copy of the information presented is on file in the Legislative Council office. Mr. Hertz said the department's 1997-99 biennium appropriation included \$726,195 to maintain and expand the department's existing computer networks. He said the department also requested an appropriation of \$704,060 for new networking projects

within the department. He said none of this amount was approved by the Legislative Assembly and pursuant to Section 19 of 1997 House Bill No. 1012, the department can only begin new networking projects if savings are anticipated in the department's computer projects listed in that section. He said the department anticipates spending \$167,405 of the 1997-99 biennium appropriation to provide additional access to the department's existing computer network.

Representative Byerly questioned the department's estimated cost of \$2,200 per personal computer, as provided in the information presented to the committee. Mr. Hertz said the \$2,200 amount is an approximation. He said the department is required to purchase equipment through the Central Services Division's state purchasing contract at the negotiated rate.

### **JOB SERVICE NORTH DAKOTA**

At the request of Chairman Dalrymple, Ms. Jennifer Gladden, Executive Director, Job Service North Dakota, presented information on unemployment rates by region of the state and by industry, job availability by region of the state and by industry, forecasting methods used by the agency to project the balance in the job insurance trust fund, and the agency's plan to return the job insurance trust fund balance to \$40 million. Copies of the information presented are on file in the Legislative Council office. The information presented on unemployment rates and job openings is attached as Appendices B and C, respectively.

Ms. Gladden said if no changes are implemented in administration, unemployment insurance tax rates, or benefit payments, the job insurance trust fund balance is estimated to decline to \$22.5 million by the end of 1998. She said this is not an acceptable level for the job insurance trust fund and proposed the following three initiatives to increase the balance in the fund:

1. Administrative initiatives:
  - a. Provide additional assistance to claimants to reduce the duration of the benefit period.
  - b. Provide prompt assessments for displaced workers, including the development of a reemployment plan which may include skill training.
  - c. Change the unemployment benefits duration schedule.
2. Executive action:
  - a. Increase unemployment insurance tax rates from an average of .86 percent to 1.09 percent. The tax rate change

is projected to increase trust fund income by \$6.8 million in 1998.

3. Policy changes:
  - a. The agency will develop suggested policy changes for consideration by the Legislative Assembly in the following areas:
    - (1) The taxable wage ceiling.
    - (2) Employer experience rating and the length of time necessary to establish a rating.
    - (3) Interest and penalties on delinquent accounts.
    - (4) Interpretation of suitability of work.

Senator Bowman said many unemployed workers are unemployed because they lack necessary job skills. He said the education system in North Dakota needs to adequately prepare students to enter the work force. Ms. Gladden said Job Service North Dakota works with schools through programs such as job fairs, but more can be done in this area. Senator Holmberg said the 1997 Legislative Assembly attempted to provide a closer link between education and Job Service North Dakota by including as members of the State Board for Vocational and Technical Education the executive director of Job Service North Dakota and the chancellor of higher education, as provided in Section 5 of 1997 Senate Bill No. 2020.

Representative Soukup asked what amount of benefits are paid to unemployed workers who have moved out of state. Ms. Gladden said Job Service North Dakota will provide that information to the committee.

Representative Byerly asked if the agency could provide demographic information, i.e., education levels, age, race, etc., related to unemployed workers in the state. Ms. Gladden said Job Service North Dakota would provide the information to the extent possible.

Representative Dorso suggested that Job Service North Dakota examine the current forecasting model and unemployment insurance tax rate structure.

In response to a question from Representative Wald, Ms. Gladden reviewed the unemployment insurance tax rate schedule, as provided in North Dakota Century Code Section 52-04-05.

Representative Dorso asked Ms. Gladden for suggestions for legislative action to encourage the reduction of administrative costs at Job Service North Dakota. Ms. Gladden said changes at Job Service North Dakota can be accomplished through administrative action. She said the administrative changes proposed will return more

people to work, create a need to pay less benefits from the trust fund, and result in a lower unemployment insurance tax rate.

### **BILL DRAFT RELATING TO BUDGET SECTION APPROVAL OF NONRESIDENT RATES**

At the request of Chairman Dalrymple, the Legislative Council staff presented a bill draft to amend North Dakota Century Code Section 15-10-18, eliminating the requirement that the Budget Section approve nonresident tuition rates set by the State Board of Higher Education.

With the permission of Chairman Dalrymple, Mr. Robert Hale, Minot, presented information on the number of nonresident students at North Dakota colleges and universities, the cost to the taxpayers of North Dakota related to nonresident students, and the need for legislative oversight relating to nonresident tuition rates. A copy of the information presented is on file in the Legislative Council office. Mr. Hale said North Dakota's Constitution places higher education tuition, fees, and service charges under the control of the Legislative Assembly. He said the state's nonresident tuition rate is approximately \$3,700 lower than the average nonresident tuition rate in the region and because of agreements with other states, less than 20 percent of North Dakota's nonresident students pay the full nonresident rate. He said approximately 35 percent of the state's college undergraduate population is nonresident. Mr. Hale said he believes that because the per student cost of providing public higher education services is higher than the amount of nonresident tuition charged, North Dakota taxpayers are spending between \$75 to \$100 million per biennium to support nonresident students.

With the permission of Chairman Dalrymple, Mr. Larry Isaak, Chancellor, North Dakota University System, commented on the bill draft under consideration by the committee. He said he supports the bill draft because it would facilitate the setting of nonresident tuition rates. He said the Budget Section traditionally meets in June of each year, but the State Board of Higher Education must set rates prior to that in order to provide information to prospective students.

Representative Tollefson said the Budget Section should continue to have oversight over nonresident tuition rates set by the State Board of Higher Education. Senator Mathern said the

Budget Section should support the bill draft. He said it is not necessary for the Budget Section to approve nonresident tuition rates because the Legislative Assembly already approves them through the appropriation of tuition income to each institution of higher education. Representative Tollefson said the appropriation process does not provide adequate legislative oversight regarding nonresident tuition rates. He said the amount of information that must be presented during a budget hearing during the legislative session prohibits the discussion of issues of less relative importance, and as nonresident tuition rates. Representative Byerly said the bill draft is important because it encourages debate regarding resident tuition, which normally does not occur during the legislative session. Senator Nething said the bill draft should be supported to continue the legislative initiative begun during the 1997 legislative session, to provide the State Board of Higher Education more flexibility. He said the bill draft would give the State Board of Higher Education flexibility to set rates at the appropriate time, but the Legislative Assembly would still maintain control of the total amount of nonresident tuition through the appropriation process.

**It was moved by Senator Lips, seconded by Representative Hausauer, and carried on a roll call vote that the Budget Section approve and recommend to the Legislative Council the bill draft which eliminates the requirement that the Budget Section approve nonresident tuition rates at the institutions of higher education.** Representatives Dalrymple, Aarsvold, Boucher, Carlisle, Gerntholz, Hausauer, Huether, Kunkel, Oban, Svedjan, and Wentz and Senators Krauter, Lips, Mathern, Naaden, Nalewaja, Nelson, Nething, Redlin, Robinson, and St. Aubyn voted "aye." Representatives Boehm, Byerly, Delzer, Dorso, Nichols, Soukup, Tollefson, Wald, and Wilkie; and Senators Bowman and Solberg voted "nay."

The committee recessed for lunch at 12:10 p.m. and reconvened at 1:10 p.m.

### **BUDGET TOUR GROUP ASSIGNMENTS**

A copy of the budget tour group assignments for the Budget Section and other committees was distributed to the committee and discussed by Chairman Dalrymple. Two groups of Budget Section members were designated to tour state institutions in the northeast and southeast areas of the state as follows:

<b>Budget Section Northeast Tour Group</b>	<b>Budget Section Southeast Tour Group</b>
<b>Committee members:</b> Representatives Richard Kunkel (Chairman), Merle Boucher, John Dorso, Pam Guleson, Mike Timm, Francis J. Wald; Senators David E. Nething, Larry J. Robinson	<b>Committee members:</b> Senators Ken Solberg (Chairman), Aaron Krauter, Pete Naaden, Gary J. Nelson, Rolland W. Redlin; Representatives Ole Aarsvold, James Boehm, Rex R. Byerly, Tom D. Freier, Robert Huether, Bill Oban
<b>Institutions:</b> University of North Dakota Mill and Elevator School for the Blind Mayville State University Developmental Center at Grafton	<b>Institutions:</b> North Dakota State University North Dakota State College of Science Division of Independent Study Valley City State University Main Research Center Veterans Home Agronomy Seed Farm

**NORTH DAKOTA UNIVERSITY SYSTEM  
CAPITAL IMPROVEMENTS PROJECTS**

With the permission of Chairman Dalrymple, Mr. Isaak introduced Dr. Kendall Baker, President, University of North Dakota, and Ms. Patricia Jensen, Vice President and Dean for Agricultural Affairs, North Dakota State University.

Dr. Baker discussed the status of the animal research facility project at the University of North Dakota. The 1997 Legislative Assembly provided an appropriation of \$3 million of bonding proceeds for the project and provided that any federal, public, or private funds received for the project were also appropriated. Dr. Baker said a \$1 million grant application submitted to the National Institute of Health was denied. He said the university is seeking an additional \$1.2 million through federal and private sources and will not begin construction until \$6 million is available for the project.

In response to a question from Senator Nelson, Dr. Baker said the university will maintain detailed records regarding the sources of the funds used for the project to provide assurances to the Legislative Assembly that no state funds other than those appropriated are used for the project.

In response to a question from Representative Wilkie, Dr. Baker said federal and other funds available for the project include approximately \$630,000 from the United States Department of Agriculture which was made available for but not spent on a previous University of North Dakota construction project. Representative Wilkie asked if the previous construction project included any state funds. Dr. Baker said the previous project was the construction of an addition to the medical school and was built with federal and private funds.

Ms. Jensen discussed the status of the animal research facility project at North Dakota State University. The 1997 Legislative Assembly

appropriated \$10 million for the project, \$5 million of bonding proceeds and up to \$5 million of federal and other funds. The Legislative Assembly also provided that at least \$1 million must be provided by the university from non-general fund sources to repay the bonds or pay construction costs. Ms. Jensen said North Dakota State University has \$1.9 million of federal funds available for the project but was anticipating that Congress would provide an additional \$3.1 million. She said in 1997 Congress did not provide any funds for construction projects at land grant universities and consequently the \$3.1 million of federal funds was not made available. She said North Dakota State University is proposing to move forward with the construction project but in a phased approach. Ms. Jensen said Phase 1 of the project would use the \$1.9 million of federal funds already available along with a match of state and other funds to construct a large animal research facility, as proposed to the 1997 Legislative Assembly, and a replacement incinerator for the veterinary diagnostic lab. She said the second phase of the project would be the remaining portion of the project presented to the 1997 Legislative Assembly, a three-story link between Robinson and Van Es Halls to update the small animal research facilities. She said the university is actively pursuing funding options for Phase 2 of the project. She said North Dakota State University will be presenting the proposal for the phased project to the State Board of Higher Education in February or March of 1998.

Senator Lips asked what type of project could be constructed by the university through the use of the \$5 million bonding proceeds appropriated by the 1997 Legislative Assembly and the \$1.9 million of federal funds already received. Ms. Jensen said that with approximately \$7 million, the university could construct the Phase 2 building for small animal research but would have to eliminate some of the biochemistry

facilities in the building. She said the additional state funds would help the university in its fund-raising efforts for Phase 2 of the project. Senator Lips asked if the university has legal authority to use the entire \$5 million bonding proceeds appropriated by the Legislative Assembly, even if the full \$5 million of federal and other funds is not available. Representative Dalrymple said the state funds were provided as a match for federal and other funds. He said it is his opinion that the other funds must be available before the state match is provided.

Senator Solberg said that during past legislative sessions, the Legislative Assembly was told that the federal funds for the animal research facility were available and could be accessed if the Legislative Assembly appropriated the required match.

Representative Dorso said any funds used by the university to match the federal funds for the construction of the animal research facility should be "new" funds raised by the university and not local funds redirected from some other project or activity.

In response to a question from Representative Dalrymple, Ms. Jensen said North Dakota State University will only be requesting authority to match federal or other funds with an equal amount of state bonding proceeds. She said the university will not be requesting the use of additional bonding proceeds unless additional federal or other funds are received.

Representative Wilkie said the state bonding proceeds were provided as a match with the understanding that the federal funds for the project were available to the university. Senator Nelson said that during the 1997 legislative session, North Dakota State University indicated that if the university did not access the federal funds during the 1997-99 biennium, they would no longer be available. He said that statement indicated to members of the Legislative Assembly that the funds were available to the university. He said finding out after the appropriation was made that the funds were never really available to the university leads to distrust among legislators.

Mr. Isaak expressed concern regarding the level of trust between the Legislative Assembly and the institutions of higher education. He said it is his understanding that the law would allow North Dakota State University to construct a \$7 million facility, using the \$5 million of bonding proceeds and the approximately \$2 million of federal funds already received. He said, however, it was the State Board of Higher Education's and the Legislative Assembly's understanding that the money was appropriated for the construction of a

\$10 million facility and that the project was going to be constructed with 50 percent state funds and 50 percent federal funds. He said the State Board of Higher Education is committed to keeping the level of state match the same as originally anticipated by the Legislative Assembly.

In response to a question from Representative Dorso, Mr. Isaak said he would not support redirecting North Dakota State University funds to provide the required match for the animal research facility project.

Representative Byerly said the animal research facility project may have been presented as consisting of two parts but was presented as one project for animal research. He said the university should not proceed until funds are available to proceed with the entire \$10 million project, as presented to the 1997 Legislative Assembly.

Representative Dorso said the 1997 flooding has caused an increase in construction costs in Fargo and Grand Forks. He said he is concerned that the building will be scaled back to accommodate higher than anticipated bids. He asked if the university would consider waiting a year to start the project if bids received in 1998 were considerably higher than anticipated. Mr. Isaak said he could not speculate on what action the State Board of Higher Education or University of North Dakota would take at that point.

At the request of Chairman Dalrymple, Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, presented a capital improvement project tracking report for the 1995-97 biennium. A copy of the information presented is on file in the Legislative Council office.

### **STATE BOARD OF HIGHER EDUCATION'S STUDY OF TUITION MODELS**

At the request of Chairman Dalrymple, Ms. Glatt presented information on the State Board of Higher Education's study of alternative models for charging tuition. A copy of the information presented is on file in the Legislative Council office. Ms. Glatt said the current tuition model is referred to as a flat rate model. She said under this tuition model students pay a per credit hour rate for each credit taken up to 12 hours per semester and a flat tuition rate for credit hours over 12 per semester. She said the tuition committee, a committee composed of financial officers and students from the University System, will present a report to the board by February 1998 regarding two new tuition models. She said the per credit hour model being

considered would require students to pay a uniform rate for each credit hour taken. She said the combined per credit hour/flat rate model under discussion would require students to pay a per credit hour rate for all credits taken up to 15 or 16 hours. She said the State Board of Higher Education will determine in February 1998 whether they want to adopt a per credit hour model, retain the current tuition model, or pursue other alternatives. She said if a change is made in the tuition model, it is anticipated that implementation would not occur before academic year 1999-2000.

Senator Bowman said many students currently enrolled in four-year degree programs have to attend college for five years to obtain a degree. He asked if the board has considered the impact to the length of time required to obtain a degree if a change is made to the current system in which students do not incur additional costs for taking classes above 12 credit hours per semester. Ms. Glatt said the board's tuition committee has considered this issue.

### **STATUS OF THE SERVICE, ACCESS, GROWTH, AND EMPOWERMENT (SAGE) PROJECT**

At the request of Chairman Dalrymple, Ms. Glatt presented information on the status of the University System's new software project, referred to as the SAGE project. A copy of the information presented is on file in the Legislative Council office. She said the North Dakota University System is moving forward with a plan for the replacement of all student-related information and campus support systems. She said the current software systems are nearly 20 years old and have exceeded their useful life. She said the benefits of the SAGE system will be improved services to students, additional opportunities for faculty, improved employee service, and improved public information.

Representative Byerly asked if any cost estimates are available for the SAGE project. Ms. Glatt said no cost estimates are currently available. She said when a cost estimate is available, funding alternatives will be developed and discussed by the State Board of Higher Education, with input from legislative and executive leadership.

### **ROUGH RIDER INDUSTRIES' COMPUTER SYSTEM**

At the request of Chairman Dalrymple, Mr. Dennis Fracassi, Director, Roughrider Industries, presented information on Roughrider

Industries' plans to convert its computer system from a mainframe-based system to a personal computer-based network system. He said the agency needs to convert its computer system to a personal computer-based system to provide additional flexibility and allow the agency to connect its network to the Department of Corrections and Rehabilitation. He said a personal computer-based system is also much easier than the current system to train staff and inmates to use. Mr. Fracassi said that although the need to update the computer system was identified as a need of the department, it was not included in the 1997-99 biennium budget because adequate revenue to pay for the conversion cost was not anticipated. He said, however, during the 1997-99 biennium Roughrider Industries was informed by IBM that no additional support will be provided for the current computer system unless Roughrider Industries spends approximately \$65,000 updating the system. He said it is not appropriate for the agency to spend \$65,000 updating an outdated computer system that it plans to replace in two years. He said the agency is proposing to lease the new system but is anticipating being able to buy out the lease in 1999 with income generated through the next general issue of license plates.

In response to a question from Senator Solberg, Mr. Fracassi said the proposed personal computer-based system would use technology and software similar to that found in most businesses and would therefore provide valuable experience to inmates. He said although the computer system is used by Roughrider Industries to operate the agency and manage the manufacturing process, it also provides important work experience to inmates.

In response to a question from Representative Byerly, Mr. Fracassi said the estimated cost of the personal computer-based network system is approximately \$171,000 and will provide 13 work-stations.

Senator Solberg said the agency should not move forward with the project during the 1997-99 biennium. He said the issue should be considered by an Appropriations Committee during the next legislative session.

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

Representative Byerly requested that Emergency Commission Request #1090 relating to the Department of Public Instruction be considered separately. Representative Wald requested that Emergency Commission Request #1092 relating

to the Department of Public Instruction be considered separately.

It was moved by Senator Robinson, seconded by Senator Lips, 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:

- Job Service North Dakota (Request #1091) - To increase other funds spending authority by \$46,735 for salaries and wages (\$1,735) and grants (\$45,000) for the continuation of a Department of Veterans Affairs grant which began in 1995-97.
- Department of Human Services (Request #1094) - To transfer one FTE position and salaries and wages of \$83,757 from the management and councils subdivision to the program and policy subdivision for the mental health information enhancement plan and to transfer \$124,540 from the grants line of the program and policy subdivision to the field services subdivision for the Northwest Human Service Center (\$68,880) and the North Central Human Service Center (\$55,660) to provide services through regional transition coordinators.
- Department of Human Services (Request #1095) - To increase other funds spending authority by \$150,000 from the Children's Services Coordinating Committee for the West Central Human Service Center (\$50,000), North Central Human Service Center (\$50,000), and Southeast Human Service Center (\$50,000) for matching funds for the Medicaid program.
- Department of Human Services (Request #1096) - To increase federal funds spending authority by \$1,764,616 for operating expenses (\$134,344), equipment (\$4,499), and grants (\$1,625,773) relating to refugee services, family preservation services, adoption services, and foster care.
- Department of Human Services (Request #1097) - To increase federal funds spending authority by \$233,591 for salaries and wages (\$210,424) and operating expenses (\$23,167) for disability determination services.

- Department of Human Services (Request #1098) - To increase federal funds spending authority and the grants line item of the program and policy subdivision by \$62,011 for flood-related assistance services to elderly individuals in the Grand Forks area.
- Highway Patrol (Request #1100) - To increase federal funds spending authority and the field operations line item by \$174,000 to conduct an analysis of United States Highway 52 and to develop a training agenda for motor carriers safety assistance program administrators.
- Department of Agriculture (Request #1101) - To increase other funds spending authority and the state water-bank program line item by \$500,000 from the Game and Fish Department for water-bank contracts, especially those in the Devils Lake Basin.
- Department of Agriculture (Request #1102) - To increase federal funds spending authority and the Project Safe Send line item by \$182,295 for the collection and disposal of flood-damaged hazardous waste collected in the Red River Valley as a result of the 1997 flood.

Representatives Dalrymple, Aarsvold, Bernstein, Boehm, Boucher, Byerly, Delzer, Gerntholz, Huether, Kunkel, Nichols, Oban, Soukup, Svedjan, Wald, Wentz, and Wilkie and Senators Bowman, Krauter, Lips, Mathern, Naaden, Nelson, Redlin, Robinson, Solberg, and St. Aubyn voted "aye." No negative votes were cast.

At the request of Chairman Dalrymple, Dr. Clarence A. Bina, Department of Public Instruction, discussed Emergency Commission Request #1090 to increase the Department of Public Instruction's federal funds spending authority and operating expenses line item by \$1,037,791 for state mathematics assessments. He said the money will be used to provide travel reimbursement, stipends, training materials, and substitute pay to school districts and educators for their participation in the project. Dr. Bina distributed a copy of a report relating to an English language arts standards and assessment project conducted by the Department of Public Instruction. A copy of the information is on file in the Legislative Council office.

Representative Byerly said it should not be necessary to develop an elaborate assessment process to determine if North Dakota children can do mathematics.

Representative Wald expressed concern that \$326,000 of the approximately \$1 million of federal funds will be used to contract with the Mid-continent Regional Educational Laboratory for specialized technical assistance and evaluation. Dr. Bina said it is important to develop standards and assessments to make sure that what students are learning is useful and relevant. He said that although the standards and assessments will be developed through the involvement of North Dakota educators, the technical assistance provided by the Mid-continent Regional Educational Laboratory will be beneficial.

**It was moved by Senator Lips, seconded by Representative Kunkel, and carried on a roll call vote that the Budget Section approve the following request which has been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to North Dakota Century Code Section 54-16-04.1:**

- **Department of Public Instruction (Request #1090) - To increase federal funds spending authority and the operating expenses line item by \$1,037,791 for state mathematics assessments.**

Representatives Dalrymple, Aarsvold, Boucher, Huether, Kunkel, Nichols, Oban, Svedjan, Wentz, and Wilkie and Senators Lips, Mathern, Redlin, Robinson, and St. Aubyn voted "aye." Representatives Bernstein, Boehm, Byerly, Delzer, Dorso, Gerntholz, Soukup, and Wald and Senators Bowman, Naaden, Nelson, and Solberg voted "nay."

At the request of Chairman Dalrymple, Mr. Joe Linnertz, Department of Public Instruction, discussed Emergency Commission Request #1092 to increase the Department of Public Instruction's federal fund spending authority by \$3,125,000 for technology grants and related administration.

Representative Dorso said the grant application process requires a local commitment of time and resources which reduces the time and resources available for the education of children. Mr. Linnertz said the application process does require the commitment of time and resources on the part of the local district, but the Department of Public Instruction has tried to simplify the grant application process so less time is required by districts.

Representative Boucher said although the application process requires a commitment of time and resources by the local school district, the federal grants provide an opportunity for school districts to provide technology to students. He said many districts in North Dakota, through the use of local and state funds, are unable to

provide technology to students to the extent they would like. He said these federal grants provide an opportunity for districts that do not have other resources available.

Senator Bowman said all districts should share equally in the federal funds the department is requesting the authority to receive. He said they should be provided as block grants to each district. Mr. Linnertz said the federal legislation requires that the grants be competitive. Representative Wald asked for additional information on the federal legislation requiring the grants to be distributed on a competitive basis. Mr. Linnertz said he would provide that information. After adjournment of the Budget Section meeting, Mr. Linnertz provided, to the Legislative Council, additional information relating to the grant program and the federal statute which requires distribution of the grant funds on a competitive basis. A copy of the information provided by Mr. Linnertz is on file in the Legislative Council office.

**It was moved by Senator Mathern, seconded by Senator Redlin, and carried on a roll call vote that the Budget Section approve the following request which has been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to North Dakota Century Code Section 54-16-04.1:**

- **Department of Public Instruction (Request #1092) - To increase federal funds spending authority by \$3,125,000 for salaries and wages (\$69,895), operating expenses (\$86,355), and grants (\$2,968,750) for technology grants and related administration.**

Representatives Dalrymple, Aarsvold, Bernstein, Boehm, Boucher, Byerly, Delzer, Dorso, Gerntholz, Huether, Kunkel, Nichols, Oban, Soukup, Svedjan, Wald, and Wilkie and Senators Bowman, Lips, Mathern, Nelson, Redlin, Robinson, and St. Aubyn voted "aye." No negative votes were cast.

## **COMMITTEE DISCUSSION AND STAFF DIRECTIVES**

Representative Dorso said it may be appropriate for a committee of the Legislative Council to work with Job Service North Dakota and receive, prior to the 1999 legislative session, information relating to administrative changes, statutory changes, and changes in the unemployment insurance tax structure that may be proposed by Job Service North Dakota for consideration by the 1999 Legislative Assembly.

**It was moved by Representative Dorso, seconded by Representative Byerly, and carried on a voice vote that the chairman of the Budget Section request that the chairman of the Legislative Council assign to an appropriate interim committee, the responsibility of receiving reports from Job Service North Dakota relating to any administrative changes, statutory changes, and changes in the unemployment insurance tax structure that may be proposed by the agency for consideration by the 1999 Legislative Assembly.**

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:3