

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET SECTION NORTHEAST TOUR GROUP

Monday, Tuesday, and Wednesday, September 28-30, 1998
Mayville, Grand Forks, and Grafton, North Dakota

Representative Richard Kunkel, Chairman, Northeast Tour Group, called the tour group to order at 1:00 p.m. on Monday, September 28, 1998, at Mayville State University, Mayville. The following members listed as present attended all or a portion of the tour.

Members present: Representatives Richard Kunkel, Mike Timm, Francis J. Wald; Senators David E. Nething, Larry J. Robinson

Members absent: Representatives Merle Boucher, John Dorso, Pam Gulleason

Others present: See attached appendix

MAYVILLE STATE UNIVERSITY

At the request of Chairman Kunkel, Mr. John Freije, Mayor, Mayville, welcomed the tour group to Mayville.

At the request of Chairman Kunkel, Ms. Cheri Schoenfish, Great Plains Software, Fargo, presented information on a collaborative project between Great Plains Software and Mayville State University. A copy of the information presented is on file in the Legislative Council office. Ms. Schoenfish said a collaborative effort between Great Plains Software and Mayville State University has resulted in the creation of an information technology program at Mayville State University. She said the program will offer students a paid internship with Great Plains Software for which they will receive college credit toward the completion of a four-year degree. She said the program will provide students with information technology skills and job experience.

In response to a question from Representative Timm, Ms. Schoenfish said students will be paid approximately \$8 to \$10 per hour for work during their internship, which will take place during the summer before their senior year or in the first semester of their senior year. She said students participating in the program will attend classes on the Mayville State University campus during the last semester of their senior year.

At the request of Chairman Kunkel, Dr. Ellen Chaffee, President, Mayville State University, presented information on recent developments at the university. A copy of the information presented is on file in the Legislative Council office. Dr. Chaffee said that for the 1998-99 school year, enrollment at Mayville State University is 740 headcount students, 643 full-time

equivalent (FTE) students. She said through a partnership with Valley City State University, Mayville State University has cut administrative expenses by 11 percent and saved approximately \$300,000 per year.

Dr. Chaffee said through grants, student fees, and budget reallocations, the university has implemented a notebook computer initiative to provide notebook computers to all university students and faculty. She said 74 percent of the university's students have indicated that the notebook computer initiative has enhanced their learning experience.

Dr. Chaffee said Mayville State University ended school early during the spring semester of 1997 to provide flood assistance to Grand Forks residents. Mr. Larry Isaak, Chancellor, North Dakota University System, praised the university's efforts to provide assistance to Grand Forks residents after the 1997 flood.

At the request of Chairman Kunkel, Mr. Steve Bensen, Mayville State University, presented information on past appropriations for the university and the university's 1999-2001 biennium budget request. A copy of the information presented is on file in the Legislative Council office. Mr. Bensen said that, pursuant to the Governor's budget guidelines, the university's 1999-2001 biennium budget request includes a five percent general fund reduction from the 1997-99 biennium appropriation. He said the university has requested the restoration of approximately \$250,000 which was removed from the budget request to meet the five percent reduction requirement.

Mr. Bensen said the university is also requesting funding for the following new initiatives included in the optional adjustments to the budget request:

- New faculty position, \$80,000.
- Physical plant position, \$39,904.
- New faculty position, \$79,641.
- Instructional technology specialist, \$60,000.
- Music program, \$21,000.
- International diversity program, \$10,000.
- Inflation and operating expenses, \$54,000.
- Targeted critical salaries, \$54,010.
- Capital improvements, \$39,746.
- Six-year plan, customized learning, \$72,099.
- Targeted critical salaries, \$54,010.
- Technical support staff, \$59,566.

- Six-year plan, individualized instruction, \$62,683.

At the request of Chairman Kunkel, Mr. Ray Boyer, Mayville State University, presented information on deferred maintenance and capital projects at the university. A copy of the information presented is on file in the Legislative Council office. He said that at Mayville State University and other institutions, maintenance has been deferred because of budget limitations. He said the university's 1999-2001 biennium budget request includes \$1.7 million for boiler replacement and steam line repairs.

Dr. Chaffee said the university has renovated classrooms to allow faculty to use multimedia presentations and to provide network and power outlets for each student so that the notebook computers can be fully utilized as an educational tool. She said all dormrooms have network access so students can utilize their notebook computers at all times.

Representative Timm asked what fees students are required to pay in order to use a notebook computer. Mr. Gary Hagen, Mayville State University, said students are required to pay \$475 per semester for the lease of the notebook computers. He said students have the option to purchase the computer at the end of the three-year lease, although no students have indicated an intention to do so. He said the total fees charged to a student for use of a notebook computer is approximately 60 percent of the cost a student would incur if a similar computer was purchased, along with required software, memory upgrades, and maintenance.

In response to a question from Representative Wald, Mr. Bensen said the university's notebook computers are leased through a contract with IBM. Mr. Isaak said an interim Legislative Council committee is considering a bill which would prohibit state agencies from entering into lease contracts that extend beyond a biennial period. He said the North Dakota University System is opposed to this bill because it would reduce flexibility required to meet technological needs. He said all leases entered into by the University System include a clause which cancels the contract if adequate appropriations are not provided by the Legislative Assembly.

The tour group toured the facilities of Mayville State University, including multimedia classrooms, a chemistry laboratory, and the heating plant.

The committee returned to the Student Center and received information from various faculty members and students regarding the use of technology in education.

At the request of Chairman Kunkel, Mr. Rob Larson, Mayville State University, presented information on ComMark, Inc., a marketing consulting business which rents space from the university and has employed Mayville State University students. Mr. Larson said through the use of the Internet and assistance provided by Mayville State University,

ComMark, Inc., has been able to compete nationally and provide economic development to North Dakota.

In response to a question from Senator Robinson, Dr. Chaffee said the university's highest priority capital construction needs are heating plant and steam line improvements. She said she is concerned about the condition of the university's heating plant and its operation during the 1998-99 winter. She said the condition of the heating plant is a result of deferred maintenance.

Senator Nething asked Dr. Chaffee to comment on the University System funding pools provided by the 1997 Legislative Assembly. Dr. Chaffee said the 1997-99 biennium is not an adequate period on which to base a judgment on the funding pool process. She said the process has created turmoil and uncertainty among the state's universities, but the universities are satisfied with the allocation process. She said the funding pool process should work better and create less uncertainty for the institutions if it is approved by the Legislative Assembly for the 1999-2001 biennium. Mr. Bensen said the funding pool allocation process was complicated during the 1997-99 biennium because of revenue shortfalls at various universities which limited the Board of Higher Education's flexibility in allocating the funds.

In response to a question from Senator Robinson, Dr. Chaffee said the number of Canadian students enrolled at Mayville State University has declined by approximately 50 percent from previous levels. She said however, that freshman enrollment has increased 25 percent for the 1998-99 school year and total enrollment has increased by approximately five percent.

The tour group recessed at 4:50 p.m. and traveled to Grand Forks.

SCHOOL FOR THE BLIND

The tour group reconvened at 8:05 a.m. on Tuesday, September 29, at the School for the Blind in Grand Forks.

At the request of Chairman Kunkel, Ms. Carmen Suminski, Superintendent, School for the Blind, welcomed the tour group to the School for the Blind and presented information on the clients served and the services delivered by the school. A copy of the information presented is on file in the Legislative Council office. The committee also viewed a public service video which provided information on the services of the School for the Blind. The video was distributed by the School for the Blind to North Dakota television stations. Ms. Suminski said regional coordinators located in the eight regions of the state served 293 clients during the 1997-98 fiscal year.

In response to a question from Representative Timm, Ms. Suminski said the regional coordinators are the main contact persons in each of the eight regions of the state but also serve the entire state in delivering specific services.

Representative Aarsvold asked how North Dakota's aging population has affected the services delivered by the School for the Blind. Ms. Suminski said the school has seen an increase in the number of calls requesting vision services and talking books.

Senator Robinson asked how long students stay at the school when receiving training or instruction. Ms. Suminski said the length of stay varies from one week to several months depending on the needs of the client.

At the request of Chairman Kunkel, Ms. Laura Thoreson, School for the Blind, presented information on the school's 1997-99 biennium budget and 1999-2001 biennium budget request. A copy of the information presented is on file in the Legislative Council office. She said expenditures for the 1997-99 biennium are currently estimated to be approximately \$96,000 less than the \$3.3 million appropriation. She said special fund revenue for the 1997-99 biennium is currently estimated to be approximately \$57,000 more than the school's \$886,000 special funds appropriation.

Ms. Thoreson said the reduction in estimated expenditures is primarily related to two vacant positions which the School for the Blind has been unable to fill. She said the estimated increase in special fund revenue is primarily related to additional rental income anticipated to be received from the Grand Forks public school district and additional distributions from the Land Department. Ms. Thoreson said the agency's 1999-2001 biennium budget request included an additional \$200,000 for salaries and wages to extend teacher contracts from 9 to 12 months and to increase teacher salaries based on Central Personnel's salary schedule.

She said the requested equipment line item is a reduction from the 1997-99 biennium appropriation but includes \$40,000 to purchase computers, pursuant to the agency's technology plan. She said the request also includes approximately \$52,000 for capital improvements, which will provide for roof repairs, the repaving of parking lots, and the replacement of sidewalks in order to meet Americans with Disabilities Act requirements. She said the requested 1999-2001 biennium budget includes a general fund reduction of five percent, pursuant to the Governor's budget guidelines. She said the School for the Blind is not requesting any optional adjustments.

In response to a question from Senator Nething, Ms. Suminski said members of the North Dakota Association for the Blind serve on the School for the Blind advisory board. She said the School for the Blind does not provide any funding to the North Dakota Association for the Blind. She said the School for the Blind receives donations from organizations and individuals.

Dr. Wayne Sanstead, Superintendent of Public Instruction, said the School for the Blind's programmatic change from a residential institution to an

outreach program has been successful and will serve as a model for other states.

The tour group conducted a tour of the School for the Blind, including the renovation of the pool area, recessed at 9:00 a.m., and traveled to the University of North Dakota.

UNIVERSITY OF NORTH DAKOTA

The tour group reconvened at 9:10 a.m. at the University of North Dakota.

Dr. Kendall L. Baker, President, University of North Dakota, welcomed the tour group to the university.

At the request of Chairman Kunkel, Mr. John Ettling, University of North Dakota, presented information on the university's 1999-2001 biennium budget request. A copy of the information presented is on file in the Legislative Council office. He said the university has developed a plan to restore or reallocate \$4.5 million which was removed from the budget request pursuant to the five percent general fund reduction directed by the Governor. He said the university plans to use approximately \$594,000 of the \$4.5 million to restore programs that were reduced to meet the 95 percent budget. He said the remaining \$3.9 million will be reallocated to the following new initiatives:

1. \$2.1 million for salary enhancements for faculty.
2. \$600,000 for the enhancement of graduate assistant stipends.
3. \$640,000 for an academic program investment pool to enhance programs with high enrollment or potential for growth.
4. \$360,000 for an academic innovation pool to address pressing needs in the academic area.
5. \$200,000 for a strategic investment pool to improve institutional efficiency and effectiveness as the university responds to internal and external conditions.

In response to a question from Senator Nething, Mr. Ettling said the university has appreciated the flexibility of the salary and technology funding pools provided by the 1997 Legislative Assembly. He said the flexibility has allowed the university to reward faculty members with outstanding performance. Dr. Baker and Dr. H. David Wilson, M.D., University of North Dakota School of Medicine and Health Sciences, also expressed support for the salary and technology funding pool process. Mr. Isaak said the Board of Higher Education has required colleges and universities to reallocate funds within their budgets to match salary allocations by the board. He said the budget reallocations are consistent with the board's six-year plan, which calls for an additional five percent of salaries and wages to be reallocated to salary increases during a six-year period.

At the request of Chairman Kunkel, Dr. Robert H. Boyd, University of North Dakota, presented

information on the university's students. A copy of the information presented is on file in the Legislative Council office. He said for the fall 1998-99 semester, the university has 10,392 enrolled students, of which 8,483 are undergraduates, 1,452 are graduate students, 228 are medical students, 206 are law students, and 23 are enrolled to audit classes. He said the university's student population includes students from every state and 159 foreign countries. He said students from every county in North Dakota are attending the university.

Representative Wald asked if the number of enrolled students presented by Dr. Boyd includes high school students receiving high school and college credit for college classes. Dr. Boyd said high school students receiving dual credit for college classes through the university's outreach programs are not counted in the enrollment numbers. Senator Robinson said consistency should be maintained between the institutions regarding the reporting of enrollments and the type of students included in enrollment numbers. Mr. Isaak said it was his understanding that high school students receiving dual credit were included in college enrollment numbers. Senator Robinson said it may be appropriate for those students to be counted, but it is important for the Legislative Assembly to know the composition of the student body. Dr. Baker said most dual enrollment students are served through the university's outreach programs and are not counted as part of the regular student enrollment because they are not enrolled in regular college classes. He said, however, if a high school student is enrolled in a regular college class and is also receiving high school credit for that class, they are counted as part of the regular enrollment. Dr. Boyd said that during the 1997-98 school year, the university served approximately 15,500 students through outreach programs, only 1,359 of which are included in the college's enrollment count.

In response to a question from Senator Nething, Dr. Baker said the university could serve a maximum of approximately 11,500 students with current resources and facilities. Senator Nething said that with declining enrollment, it may be important for the state to join the Midwestern Higher Education Commission to attract more students to the state.

At the request of Chairman Kunkel, Ms. Alice C. Brekke, University of North Dakota, presented information on the status of the current budget. A copy of the information presented is on file in the Legislative Council office. She said for fiscal year 1998, the university's revenue came from the following sources:

- Tuition and fees, 18 percent.
- State general fund appropriations, 27 percent.
- Grants, contracts, and endowments, 28 percent.
- Sales and services from education departments, 12 percent.

- Sales and services from auxiliary operations, 15 percent.

She said the 1997-99 biennium appropriation included \$53 million of other funds, only \$47.2 million of which is anticipated to be received. She said the \$5.8 million shortfall is related to reduced tuition income.

At the request of Chairman Kunkel, Ms. Peggy Lucke, University of North Dakota, presented information on deficit balances in various funds at the university and capital project needs for the 1999-2001 biennium. A copy of the information presented is on file in the Legislative Council office. She said the university's initial fiscal year 1997 audit report identified negative fund balances of approximately \$6 million. She said the total of the deficit balances anticipated to be identified in the university's 1998 audit report is approximately \$2.6 million. She said, of that amount, all but approximately \$347,000 relates to the impact of the 1997 flood. She said the university's highest priority capital project need for the 1999-2001 biennium is \$3.5 million for improvements to the university's electrical distribution system. She said this amount has been included in the Board of Higher Education's requested infrastructure pool. She said two other projects requested by the university, \$5 million for O'Kelly Hall renovations and \$4.7 million for renovations to the education building, were not approved and are not included in the board's budget request. She said the board's 1999-2001 biennium budget request also includes \$4 million of local funds for the construction of a new bookstore building to be leased by Barnes & Noble, Inc.

At the request of Chairman Kunkel, Mr. Larry Zitzow, University of North Dakota, presented information on flood recovery efforts at the university. A copy of the information presented is on file in the Legislative Council office. He said the university has recently completed negotiations with the Federal Emergency Management Agency (FEMA) regarding the campus steam line distribution system. He said FEMA has agreed to provide approximately \$24 million for the repair and replacement of the campus steam lines. Mr. Zitzow said there were 72 buildings on the university's campus which were flooded, resulting in \$43 million in damages. He said 59 different contractors were utilized on 259 separate contracts to clean and renovate damaged property on the campus.

Ms. Brekke said as a result of the 1997 flood, the university is anticipating a deficiency appropriation request of \$6,195,659. She said items not included in the estimated deficiency appropriation request are a \$5.8 million shortfall in tuition revenue, \$8.3 million in other lost revenue, and \$7 million relating to the cost-of-work interruption and lost opportunities at the Energy and Environmental Research Center.

In response to a question from Representative Wald, Ms. Brekke said some positive results of the

1997 flood include the replacement of computers, elevators, and other equipment.

Ms. Lucke said the negotiation with insurance companies regarding flood claims is continuing, but may require litigation. In response to a question from Representative Svedjan, Ms. Lucke said the university has hired an attorney and is paying those costs.

The tour group toured the university's skywalk system from the Rural Technology Center to Odegard Hall, then traveled to the University of North Dakota School of Medicine and Health Sciences.

At the request of Chairman Kunkel, Dr. Wilson presented information on the goals, objectives, and initiatives of the University of North Dakota School of Medicine and Health Sciences. A copy of the information presented is on file in the Legislative Council office. Dr. Wilson said the school's biomedical animal research facility authorized by the 1997 Legislative Assembly will be constructed using funds from the following sources:

- State bonding proceeds, \$3 million.
- United States Department of Agriculture grants, \$600,000.
- University of North Dakota local funds, \$1.2 million.
- University of North Dakota Alumni Foundation advance, \$1.2 million.

Dr. Wilson said the \$1.2 million advance from the foundation is an advance on an endowment which will be received by the University of North Dakota School of Medicine and Health Sciences.

Dr. Wilson said the university had 306 applications for 50 class positions for the 1998-99 school year. He said the class includes 43 North Dakota students, three from Minnesota, three from Montana, and one from Wyoming. He said the class is approximately 56 percent male and 44 percent female. He said 1997-99 biennium revenue for the medical school includes \$27.5 million from the state general fund and \$54.2 million of other revenue. He said the University of North Dakota School of Medicine and Health Sciences received approximately \$4.5 million in grant and contract awards for the 1997-98 fiscal year.

Dr. Wilson also discussed the impact of the 1997 flood on the University of North Dakota School of Medicine and Health Sciences. He said sewer backup damaged approximately 71,000 square feet in the School of Medicine and Health Sciences complex. He said damages to the School of Medicine and Health Sciences were approximately \$5.2 million, \$2.1 million relating to the building and \$3.1 million relating to equipment. He said the school received approximately \$4.7 million from FEMA to cover these costs. He said over 700 alumni and friends of the School of Medicine and Health Sciences have donated over \$457,000 to assist the school's flood recovery efforts.

The tour group conducted a tour of the University of North Dakota School of Medicine and Health Sciences building, traveled to the Memorial Union, and recessed from 12:00 noon to 1:00 p.m. for a noon luncheon. The committee toured the Memorial Union building, O'Kelly Hall, and the education building, then traveled to the Energy and Environmental Research Center.

At the request of Chairman Kunkel, Dr. Gerald Groenewold, Ph.D., Director, Energy and Environmental Research Center, presented information on the research activities of the Energy and Environmental Research Center and the impact of the 1997 flood. A copy of the information presented is on file in the Legislative Council office. Dr. Groenewold said that in order to pay its employees during the flood, the center borrowed approximately \$466,000 from the university, which will need to be repaid. He said the Energy and Environmental Research Center generates its own funds and does not receive state support. He said the center cannot make a profit and, therefore, has no financial reserves to protect itself from a situation such as the 1997 flood. He said the flood resulted in an impact of approximately \$7 million to the center because of lost opportunities when no new proposals could be written and because work on existing projects could not be completed, increasing the length of time required to complete existing contracts.

The tour group conducted a tour of the Energy and Environmental Research Center building, then traveled to the university's Bronson property.

At the request of Chairman Kunkel, Dr. Baker discussed the university's plans to develop the Bronson property into a commercial development to include a "university village." Dr. Baker said the university's plans include the construction of a building which would be leased by Barnes & Noble, Inc., which would use the facility to operate the university bookstore as well as a retail bookstore to serve the Grand Forks community.

In response to a question from Representative Wald, Dr. Baker said the property being considered for commercial development is owned by the university and was received as a gift.

Representative Timm asked if members of the community are concerned about the university's competition with private sector businesses. Dr. Baker said the community supports the proposed project because it will provide commercial space which will allow businesses to locate near the university and serve that area of the Grand Forks community. Ms. Jeannette Satrom, Board of Higher Education, said the board also supports the university's proposed project. Senator Nething said the Legislative Assembly has authorized a similar development at North Dakota State University.

Senator DeMers asked if Barnes & Noble, Inc., will pay property taxes on the building leased from the

university. Ms. Lucke said the company will pay property taxes on the portion of the building not related to the university bookstore.

Dr. Baker said the university's proposed financing for the bookstore building includes:

- Approximately \$1.2 million from the sale of the bookstore inventory.
- Approximately \$1 million from funding reserves for bookstore improvements.
- Approximately \$1.8 million from the proceeds of revenue bonds issued by the University Alumni Foundation.

Senator Robinson asked if the university's students support the proposed project. Dr. Baker said university students support the proposal because the variety of products and services offered by Barnes & Noble, Inc., are appealing to students. He said the move would also provide extra space in the Memorial Union building.

The tour group recessed at 4:25 p.m.

MILL AND ELEVATOR

The tour group reconvened at 8:00 a.m., Wednesday, September 30, 1998, at the Mill and Elevator in Grand Forks.

At the request of Chairman Kunkel, Mr. Michael Strobel, General Manager, Mill and Elevator, presented information on the Mill and Elevator's goals and mission statement, current budget status, 1999-2001 biennium budget request, and proposed mill upgrade project. A copy of the information presented is on file in the Legislative Council office. He said the Mill and Elevator's 1997-99 biennium appropriation is approximately \$19.4 million, and approximately \$8.6 million was spent during the first year of the biennium. He said the Mill and Elevator's 1999-2001 biennium budget request is for approximately \$20.5 million, an increase of approximately \$1 million over the 1997-99 biennium appropriation. He said full-time employees at the Mill and Elevator are estimated to continue at 124 during the 1999-2001 biennium.

Mr. Strobel said the proposed mill upgrade project includes five areas of improvement and modernization:

1. Elevator renovation to replace obsolete drag conveyors that deliver wheat to the mill bins with modern drag conveyors.
2. Wheat cleaning systems upgrade to replace the three current wheat cleaning systems.
3. Addition of a wheat tempering building to allow for 24-hour conditioning of spring wheat, which will provide for maximum flour extraction.
4. The modernization of the A and B mills and the reflowing of the D and K mills.
5. The addition of a pelleting system to allow the profitable marketing of milling byproducts.

In response to a question from Representative Wald, Mr. Strobel said the cost of the mill improvement project is approximately \$8 million to \$12 million, which if the project is approved, will probably be borrowed from the Bank of North Dakota. Representative Wald suggested that the mill consider the issuance of bonds to finance the project.

In response to a question from Representative Wald, Mr. Strobel said the Mill and Elevator is in the process of collecting two overdue receivables, the largest of which is approximately \$845,000.

In response to a question from Representative Jensen, Mr. Strobel said the annual savings related to the mill upgrade project is approximately \$3.7 million. He said the project should provide a return of approximately 20 percent on the amount invested. He said it is difficult for the mill to compete with newer mills because newer mills are equipped with more efficient equipment.

In response to a question from Representative Timm, Mr. Strobel said the Mill and Elevator purchases approximately 95 percent of its grain from North Dakota farmers and approximately five percent from Minnesota. He said none of the Mill and Elevator's grain comes from Canadian farmers.

Representative Wald asked if the proposed mill upgrade project will be presented to the 1999 Legislative Assembly. Mr. Strobel said the proposed project will be presented to the Industrial Commission, and if necessary will be presented to the Legislative Assembly.

Senator Robinson asked if the Mill and Elevator has other capital improvement needs in addition to the mill upgrade project. Mr. Strobel said the proposed mill upgrade project is the most pressing capital improvement need. He said improvements that may be considered in future bienniums include automating the flour storage system and replacing belt conveyors in the elevator.

The tour group conducted a tour of the mill, recessed at 9:40 a.m., and traveled to Grafton.

DEVELOPMENTAL CENTER

The tour group reconvened at 10:30 a.m. at the Developmental Center at Westwood Park in Grafton.

At the request of Chairman Kunkel, Mr. Brian Lunski, Superintendent, Developmental Center, presented information on the goals and mission of the Developmental Center. A copy of the information presented is on file in the Legislative Council office. Mr. Lunski said the agency's strategic plan will be updated annually and will be revised if necessary to match the Department of Human Services strategic plan when it is developed.

At the request of Chairman Kunkel, Mr. Dave Bosanco, Developmental Center, presented information regarding the center's current budget, requested 1999-2001 biennium budget, and current population. A copy of the information presented is on file in the

Legislative Council office. Mr. Bosanco said during fiscal year 1998 the center's average daily population was 142 clients. He said the fiscal year 1999 population is estimated to be approximately 140 clients per day. Mr. Bosanco said expenditures during the current biennium are anticipated to be approximately \$2 million less than appropriated. He said approximately \$1 million of the estimated decrease in expenditures relates to services the center anticipated providing on a fee basis to a retirement housing project which was planned for the current biennium but which has not become operational, approximately \$400,000 relates to a proposed veterans care program which has not been established, and approximately \$600,000 relates to salaries and wages savings from vacant positions and employee turnover which was required due to underfunding of the Developmental Center's salary budget.

In response to a question from Senator Nething, Mr. Bosanco said the estimated \$2 million reduction in expenditures will not result in any general fund turnback.

Mr. Bosanco said in order to meet the required five percent general fund reduction for the 1999-2001 biennium, the salaries and wages line item was decreased by \$1.5 million and approximately 18 FTE positions were removed from the budget.

In response to a question from Representative Kunkel, Mr. Bosanco said the 18 positions have been requested in the Developmental Center's optional adjustment package.

Senator Robinson asked if the reduction of 18 FTEs could be accomplished through attrition or if it would require a reduction in force. Mr. Bosanco said the Developmental Center normally has 5 to 10 vacant positions. He said the center will make every effort to accomplish the reduction through attrition. Mr. Lunski said if none of the positions are restored, it is possible a few positions would have to be eliminated through a reduction in force.

In response to a question from Senator Nething, Mr. Bosanco said no optional adjustment package is being requested for the capital improvements line item. He said the \$195,390 request for the 1999-2001 biennium includes approximately \$116,000 for roof repairs and is anticipated to meet the needs of the Developmental Center.

Representative Timm asked if the 18 positions eliminated in the 1999-2001 budget request are necessary for the operation of the institution. He said the Developmental Center serves as a "safety net" to provide services to individuals who cannot be served in communities because of behavioral and other problems. He said it is difficult for the center to take additional clients from community programs while trying to reduce the size of the staff by 18 positions.

Senator Nething asked how many of the clients at the Developmental Center reside there for only a short period of time or are served by the center

outside the institution. Mr. Lunski said the Developmental Center operates a respite program which allows parents of developmentally disabled children to leave their children with the center during the summer to take vacations. He said the Developmental Center receives approximately 11 to 12 clients per year through this program. Mr. Lunski also said the Developmental Center serves clients statewide through crisis intervention and mobile adaptive equipment programs.

In response to a question from Senator Nething, Mr. Lunski said clients served at the Developmental Center through the respite program may be counted in the center's average daily population, but clients served outside the Developmental Center are not. Senator Nething suggested that those clients be counted in the number of clients served by the institution to provide a more accurate indication of the Developmental Center's services.

At the request of Chairman Kunkel, Ms. Karen Shimek, Developmental Center, presented information on a proposed traumatic brain-injured program at the Developmental Center. Ms. Shimek said some North Dakota residents with traumatic brain injury are currently sent out of state for care or are inappropriately placed in nursing homes. She said the Developmental Center plans to start a small traumatic brain-injured unit for up to four people. She said the area that will house the traumatic brain-injured unit will need to become licensed as a skilled nursing facility.

Senator Robinson asked Ms. Shimek to compare the proposed Developmental Center program with the Soaring Eagle Ranch program in Valley City. Ms. Shimek said the Soaring Eagle Ranch is limited in the number of clients it can accept but provides services similar to what the Developmental Center will provide. She said, however, the Developmental Center will deal with clients who have more severe behavioral problems than those at the Valley City facility.

In response to a question from Senator Robinson, Ms. Shimek said the Developmental Center will have the capacity for 12 traumatic brain-injured patients but would need additional staff to care for that number of patients.

Mr. Lunski said the Developmental Center will work with current providers of traumatic brain-injured services and will not compete with those providers.

The committee recessed from 11:55 a.m. to 12:30 p.m. for a noon luncheon, then toured the physical and occupational therapy unit, the Cedar Grove residence and proposed traumatic brain-injured unit, Dakota East Vocational Center, Health Services Center, and the Adaptive Equipment Services building.

The tour group adjourned at 1:50 p.m.

Joe R. Morrissette
Senior Fiscal Analyst

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

ATTACH:1