

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1017

2001 HOUSE APPROPRIATIONS

HB 1017

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1017

House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date January 11, 2001

Tape Number	Side A	Side B	Meter #
1/11/01 tape #1	0 - 2547		
Committee Clerk Signature <i>Kasli Hall</i>			

Minutes:

The committee was called to order.

We have before us the hearing on HB 1017, for the Adjutant General. Welcome to our committee, General.

Brigadier General Michael Haugen: Has prepared written testimony. My name is Brigadier General Mike Haugen, Adjutant General for North Dakota. I want to brag about the North Dakota National Guard, and its great citizens and the support they receive from the state. On page 2 of the handout it explains the number of personnel, Army Guard has authorized strength of 3,414 persons and assigned strength of 3,262. Air Guard has authorized strength of 1,087 and assigned strength of 1,060. The Guard employs 959 full time persons, of which 133 are state FTE's with 40 equivalent FTE's supported with state general funds. On page 3 of the written testimony it is explained where the guard personnel have traveled and the missions they have been on, nationally and internationally.

On page 4 of the written testimony it is explained that the Guard is working on a new mission of getting into space missions and homeland defense, consistent with the constitutional intent of the organized Guard. I am here today to thank you for your past support, and request continued support.

We support the governor's recommended budget, and want to go over line items of the proposed budget with you:

Page 5 - Salaries and Wages - increases are due to current legislative salary adjustment, reclassification of existing FTE's and market competitive increases to maintain work force. We are also requesting 3 additional FTE's for the last 6 months of the 2001-2003 biennium to support the new Wahpeton Center. The Deputy Adj. General position has been funded for one year. The Governor's budget also includes special fund authority of \$247,853 for the 3 FTE's and summer temporaries at the Veteran's Cemetery. These funds are currently funded with interest income from both the Veterans Post War Trust Fund and the Veterans Cemetery Foundation.

Page 6 & 7 - Operating Expenses - increases in Governor's recommendation is for some inflationary increases, due to utility costs for the new Wahpeton Center. The budget also includes \$11.5 million in federal authority to construct a new 90,508 sf Armed Forces Reserve Center in Wahpeton. This facility will house Company B of the 142nd Engineer Battalion, and a Marine Corp Reserve Infantry Company, who does not currently have a ND presence. The existing armory does not have enough space, and cannot be expanded. The construction will be 100% federally funded, but we must budget operational costs for the last 6 months of the 2001-2003 biennium, and we will be paying only a portion of the operational costs.

We have asked for an emergency clause to be added to this item of our bill. The National Guard Bureau has already authorized federal funding with the request that we make a contract award in Spring of 2001. We would like to begin the bid process as early as possible, and take full advantage of the construction season.

Page 8 - The capital improvement line also has \$107,950 in general fund spending which includes \$34,000 for payments in lieu of real estate taxes for lands at Camp Grafton South, and \$73,950 bond repayment for the Grand Forks Armory from the 93-95 biennium. Grants (rental of community armories) contains rental payments for 19 community owned armories partially occupied by the Guard throughout the state. A decrease is in our budget due to the vacation of the Mandan armory. We are the administrative agency for the Civil Air Patrol. The only increase is from the Governor's proposed salary increase for the 1 FTE.

Page 8 & 9 - We revised our tuition fee program to a more equitable and affordable program for our agency and the state colleges and universities. Approximately 500 students receive benefits per semester. We have learned that the number of students taking a full load was higher than what we had originally projected, and have requested an additional \$40,000 for this program. Our request includes a small increase in general fund dollars for Air Guard Contracts which is proportionate to increased federal funds requested for inflationary increases in operations and salaries. The initial budget request also included a small increase in general fund support for Army Guard Contracts which is proportionate to increased federal funds requested for inflationary increases in operations, mainly due to salary increases.

Points out that the Guard provides a positive economic impact of approximately \$213 currently, and projected \$230 million in the 2001-2003 biennium, throughout the whole state. See the bubble chart attached to the written testimony.

Rep. Koppelman: Is the tuition program successful in keeping retention?

Response: Yes. It has been working well. We did a good job in starting the system, and now working in the improvements. It first relied on the university system to participate. If there was any deficiency, the university system made up the difference, not the National Guard. Now the student receives a \$500 per semester (full time student) grant from us while attending a 4-year school - includes BSC, Mary College, Jamestown College- and the university waives 25% of the tuition costs, and there are other financial aids available. This has been a very big boon for us in recruiting and retention. I have no exact figures, but it certainly has benefited us.

Rep. Carlisle: Are there any updates on the Cemetery?

Response: The Cemetery has over 1450 burials and is being used. Current funds comes from the Cemetery Foundation and Veterans Trust Funds. It is a model for the nation on state cemeteries. The number of burials is growing, and the funds in the Foundation are growing.

Rep. Skarphol: How is the Foundation funded?

Response: The Foundation Fund is building by personal donations. The Foundation Board is not using the principal. There are 2 funds used for the cemetery - the Veteran's Trust Fund, generated by portion of license plate sales, and the other is the nonprofit Foundation.

Rep. Skarphol: Is the Wahpeton facility to be in a new location?

Response: Yes. It is a proposed new location in the north section of the city. It will be a much larger, shared facility. Because it is shared with the Marines, it will be federally funded. The old location reverts back to the city.

Rep. Byerly: Why is the Grand Forks armory funded differently - bond repayment- than the Wahpeton armory?

Page 5

Government Operations Division

Bill/Resolution Number HB 1017

Hearing Date January 11, 2001

Response: In Grand Forks there was a state participation, in Wahpeton there is the multiple shared division, so we can get federal funding. In the past the bonds were included in the Industrial Commission budget.

Rep. Byerly: I also have a question regarding the Cemetery. Have we resolved the problem with VA internment's and National Guard payments.

Response: I believe this has been resolved.

Rep. Byerly: There is a HB 1165 that may change requirements on the tuition assistance program. Will the impact on your budget be addressed.

Response: I withdrew that bill yesterday.

John Dwyer: North Dakota National Guard Officers and Enlisted Association. I am a traditional guardsman and legislator also. I have served in the guard for the past 25 years. We appreciated the past support and request future support in the budget requests.

Hearing closed.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1017

House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date January 17, 2001

Tape Number	Side A	Side B	Meter #
01-17-01 tape #2		1250-1840	

Committee Clerk Signature *Kathie Hall*

Minutes:

The committee was called to order, and opened committee work on HB 1017, the Adjutant General's budget bill.

Chairman Byerly: This bill is a little more complicated and involved than the previous bill. This bill has not been assigned yet, because the budget is big, and there are lots of concerns and considerations. There has been a new armory requested in Wahpeton, and they have FTE's for maintenance personnel for the last 6 months of the biennium, and all these persons end up being general fund persons. They also wanted some money for maintenance and repairs and then we will start getting calls from other cities that have armories and they will be lobbying for that then. Item #4, is a money transfer for a bond thing, and then contracts for the army and air guard. Tuition assistance is another increase requested. We will probably see a fiscal note on HB 2158, if it does end up passing. Not expecting that to be a lot of money.

Page 2

Government Operations Division

Bill/Resolution Number HB 1017

Hearing Date January 17, 2001

(Some discussion as to the bill already passed on the floor - HB 1180- and the gist of that bill and what affects that may have on this bill).

Rep. Skarphol: Questioned the maintenance increase request, and whether or not they maintained any buildings before.

Roxanne, L.C.: Explained that she thought the maintenance expense request is not for armory maintenance, but rather for owned buildings, or roads, like Fraine Barracks, Camp Grafton, etc.

Rep. Byerly: Thought that he would be assigned to this budget, if no one objects.

The chairman closed the committee work on this bill.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1017

House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date February 1, 2001

Tape Number	Side A	Side B	Meter #
02-01-01 tape #1	860 - 3200		
Committee Clerk Signature <i>Kathleen Hall</i>			

Minutes:

The committee was called to order, and opened committee work on HB 1017.

Chairman Byerly: A subcommittee of the subcommittee took a trip out to the barracks and talked with the General about some concerns. The National Guard budget is fairly tough, because there is so much money tied up in different areas. A lot of their funds are federal, a lot isn't; they have the cemetery out by Mandan, that is a fiscal mess. Look at the pink sheet, I have some clarification there on item #3, the increased funding for maintenance and repairs. That money is not for community armories, that is just for state owned armories. There is another bill in the session that provides grants for local armories, on a 1 to 1 match, with a limit of \$25,000. This committee will see that bill shortly. (Gives some history about the intent to close armories back in Gov. Sinner's last budget. The armories were never closed, but the moneys for maintenance was never restored). There is no money funding even in this bill, for local armories. There are 19 community armories, and then the state owned armories. The local armories

Page 2

Government Operations Division

Bill/Resolution Number HB 1017

Hearing Date February 1, 2001

operate under a different principal, because the local armories have local income. In the budget the grants line item for the local armories is about \$348,000. That line item is always smaller than the state owned armories.

Rep. Glassheim: There are 19 locally owned armories, and the cost to run these is in the grant line item of \$348,326.

Chairman Byerly: We also talked about the new armory in Wahpeton, and whether it will be on-line and if they really needed the three FTE's for the last six months. They could be behind in building the facility, and not really need this in the budget.

Rep. Koppelman: Wants some clarification as to the whole budgeting process. (General discussion as to agency spending, the penalties they suffer for exceeding their budget, and the fact that the agency would need to appear before the emergency commission or the budget section committee, or even worse, audit and fiscal review).

Chairman Byerly: We asked the General if he really needed the FTE's this biennium, and he said he could not tell, that if the construction season is favorable, and the bids come back in time, then yes. But if things go badly, then no. Hopefully the positions are not filled until the facility is built and they actually need the persons. These are just maintenance persons also that should be able to fill quickly. We do get some turnback of non-spent funds from some agencies. The end result is that we have not come up with any amendments for this budget. Both governor's recommendations had added in one optional item, other bills took care of the other requests, and some other requests were withdrawn.

Rep. Skarphol: Moves DO PASS . Rep. Carlisle seconded. Emergency clause noted.

Rep. Skarphol: Reminds the committee that this budget has a large one time expenditure in the building of the Wahpeton armory.

Page 3

Government Operations Division

Bill/Resolution Number HB 1017

Hearing Date February 1, 2001

Vote on Do Pass, 7 yes, 0 no. Bill passes, with the emergency clause.

Rep. Byerly is assigned to carry this bill to the full subcommittee.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1017

House Appropriations Committee

Conference Committee

Hearing Date February 2, 2001

Type Number	Side A	Side B	Meter #
I	x		1077 - 1870
Committee Clerk Signature <i>L. T. Johnson</i>			

Minutes:

House Appropriations Actions on HB1017.

Rep. Rex Byerly: HB1017 is the Adjutant General (National Guard) and I'm in charge of carrying that bill. Fundamentally what we did on this bill was leave it in tact as it came to us from both governor's. There was no change between Hoven and Schafer. Fundamentally, what's in this bill over and above what was there two years ago, is the big item of the construction of a new armory in Whapeton, were going from an old armory that existed post World War II with 25,000 square foot and were going to 94,000 square feet, and if you look on your pink sheets there are three new FTE positions for maintenance people at the new armory for the last 6 months of the biennium. In talking with the General and his staff, they are not sure if that armory will truly be on line for the last 6 months of the biennium, but they have to have these people in here in case that does exist. And if you look on the bill under section 3 on page 2 is an emergency clause for them to go ahead with the construction of the armory, the armory is being

paid for basically with 100% from the federal government, there are no state funds involved in the construction of the armory. Item number 3 on your pink sheets has to do with maintenance and repair of existing state owned armories, and those armories are in places like Grand Forks, Minot, Dickinson, Bismarck. That's the repair money for those state run facilities. This was actually there option number 1 add back from their list of add backs. This is the only add back that occurred between the budget request and the actual bill itself. There are some funds in here to make a bonding payment, and maybe Dave from OMB can speak to that a little bit more, these are moneys that moved out of the Industrial Commission budget and into the National Guard budget to make the bond payments on some of their stuff, and I was told, I haven't seen it because this is the only budget that has this kind of stuff in it. I was told this is done in multiple budgets, so I'm assuming that probably in Higher Ed it appears and stuff like that, I don't have an answer if you ask me that on other bills. Item number 5 is the state match for the Army and Air Guard programs in the State of North Dakota. As you can see we have spent \$65,000 on the contract and we get \$1.7 million in return. The only other thing that's in there is a \$40,000 increase to the tuition assistance program and if you remember from before, what this is that it allows a guard member who maintains a 2.5 average receives some reimbursement from the guard for taking college classes, its kind of like a GI Bill. We did not add anything to this budget and we did not take anything from this budget, there are some bills that have gone through that effect this budget in a way. If you look at the bottom of the pink sheet, 1165 they withdrew so they are not going to expand the tuition program in their trade and vocational schools, 1180 we passed which allows them to give back to cities, property that they acquired when they built an armory. This allows the guard to give back to the political sub division back the money. There is a House bill that is working its way through 1215 on the top of the next page on the pink sheets

Page 3

House Appropriations Committee

Bill/Resolution Number HB1017

Hearing Date February 2, 2001

that has a profound impact as far as funding is concerned, its almost a 1/2 million dollars. This maintenance money for locally owned armories. With that I would move the bill as presented.

Seconded by Rep. Skarphol.

Rep. Mike Timm: Any discussion?

Rep. Jeff Delzer: On number 3 on increased funding was that the total OAR or did OMB deny part of the request?

Dave - OMB: That's 72% of the their computed need.

Rep. Jeff Delzer: The Wapheton guard armory when that comes on line, do the feds pick up most of the maintenance? Response: They will be just like all other state owned facilities, in that we will be providing the maintenance, both the general maintenance and repair work if it comes up. But it will also be funded partially by the federal government because when the armory opens its actually going to be a dual use facility, the National Guard will be there, as well as the Marine Corp. reserve will be there, and since it is a reserve facility the federal government will in essence be picking up 1/2 of the cost of those kinds of things.

Rep. Mike Timm: Any other questions or discussions on the bill? If not, we will have a vote on HB1017. Do Pass and it doesn't have any amendments. Clerk will call the roll. YES (20) NO (1) ABSENT and not voting (0). Motion passes. Rep. Byerly will carry the bill to the floor.

Date: 02-02-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1017

House APPROPRIATIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By BYERLY Seconded By SKARPHOL

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman	✓				
Wald - Vice Chairman	✓				
Rep - Aarsvold	✓		Rep - Koppelman	✓	
Rep - Boehm	✓		Rep - Martinson	✓	
Rep - Byerly	✓		Rep - Monson	✓	
Rep - Carlisle	✓		Rep - Skarphol	✓	
Rep - Delzer		✓	Rep - Svedjan	✓	
Rep - Glassheim	✓		Rep - Thoreson	✓	
Rep - Gulleson	✓		Rep - Warner	✓	
Rep - Huether	✓		Rep - Wentz	✓	
Rep - Kempenich	✓				
Rep - Kerzman	✓				
Rep - Kliniske	✓				

Total (Yes) 20 No 1

Absent 0

Floor Assignment BYERLY

If the vote is on an amendment, briefly indicate intent:

2001 SENATE APPROPRIATIONS

HB 1017

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1017

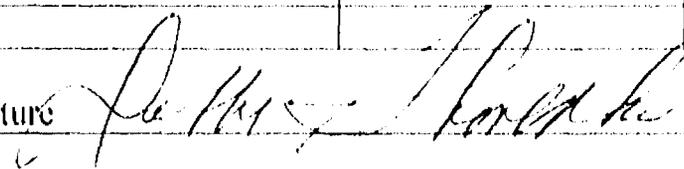
Senate Appropriations Committee

Conference Committee

Hearing Date February 15, 2001

Tape Number	Side A	Side B	Meter #
1		X	2.4-21.1

Committee Clerk Signature



Minutes:

Senator Nothing opened the hearing on HB 1017.

Brigadier General Michael J. Haugen, testified (testimony attached) on this bill.

Senator Thane: Why are there restrictions for public use of the facility?

General Haugen: The restrictions I am not sure about. The Guards used it full time. The larger Armory's in the major cities are used more for public use. There generally is more presence in these larger Armory's.

Senator Thane: The Marine Corp presence as it is no longer a National Guard facility in Wahpeton?

General Haugen: This facility in Wahpeton is 100% funded by Federal Funds. Other facility it is usual one-fourth of the construction costs. In Wahpeton they rent the facility with the community. I will look into the rental.

Senator Andrist: Will the appropriations be ongoing for this facility?

General Haugen: There will be ongoing construction; date of construction is not set in stone but estimated for the last six months of this year because of delays. The maintenance is accurate.

Senator Andrist: Only the costs paid?

General Haugen: The utilities.

Senator Andrist: The Veteran's Cemetery, a bill yesterday approved from general fund.

General Haugen: Those were the 3 FTE positions currently hired for the Veteran Cemetery and spending authority; the positions were not in our budget.

Senator Andrist: The \$500,000 new in the general funds, is that for maintenance and repair?

General Haugen: The bill provides the answers; were not in the Governor's budget; neutral on bill.

Dave Krabbenhoft, OMB, bill was prioritized; fell off from maintenance and operations. The number reflects funding of 70% needed for maintenance increase

With no further testimony, the hearing was closed. Tape #1, Side B, meter 21.1

3-28-01 Full Committee Action (Tape #1, Side A, Meter # 19.4-23.3)

Senator Nething reopened the hearing on HB1017 - Adjutant General.

Discussion, review of the hearing.

Senator Solberg moved a DO PASS; Senator Bowman seconded. Discussion; call for the vote.

Roll Call Vote: 14 yes; 0 no; 0 absent and not voting.

Senator Thane accepted the floor assignment.

Date: 3-27-01

Roll Call Vote #: _____

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HR 1017

Senate Appropriations Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken On Pass

Motion Made By Senator Solberg Seconded By Senator Bowman

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	✓				
Ken Solberg, Vice-Chairman	✓				
Randy A. Schobinger	✓				
Elroy N. Lindaas	✓				
Harvey Tallackson	✓				
Larry J. Robinson	✓				
Steven W. Tomac	✓				
Joel C. Heitkamp	✓				
Tony Grindberg	✓				
Russell T. Thane	✓				
Ed Kringstad	✓				
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist	✓				

Total Yes 14 No 0

Absent 0

Floor Assignment Senator Thane

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 28, 2001 11:51 a.m.

Module No: SR-54-6956
Carrier: Thane
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1017: Appropriations Committee (Sen. Nething, Chairman) recommends DO PASS
(14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1017 was placed on the
Fourteenth order on the calendar.

2001 TESTIMONY

HB 1017

January 8, 2001

**Department 540 - Adjutant General/National Guard
 House Bill No. 1017**

	FTE Positions	General Fund	Other Funds	Total
2001-03 Executive Budget	136.00	\$8,990,964	\$31,242,854	\$40,233,818
1999-2001 Legislative Appropriations	133.00	8,386,735	18,381,898	26,768,633
Increase (Decrease)	3.00	\$604,229	\$12,860,956	\$13,465,185

The 1999-2001 appropriation amounts include \$49,536, \$24,043 of which is from the general fund, for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$2,540, \$950 of which is from the general fund, for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing the \$35 per month minimum salary increases in July 1999 and July 2000. The 1999-2001 appropriation amounts do not include \$500,000 of additional federal funds spending authority resulting from Emergency Commission action during the 1999-2001 biennium.

Major Items Affecting Adjutant General/National Guard 2001-03 Budget

	General Fund	Other Funds	Total
1. Increases capital improvement funding from \$1.3 million to \$11.5 million for construction of an armed forces reserve center in Wahpeton.	(\$100,000)	\$10,300,000	\$10,200,000
2. Provides funding for the following 3 new FTE positions for the last six months of the biennium in support of the new Wahpeton Armed Forces Reserve Center:			
1 FTE physical plant director II	\$23,376		\$23,376
1 FTE maintenance supervisor II	\$18,318		\$18,318
1 FTE custodial supervisor II	\$10,386		\$10,386
3. Increases funding for maintenance and repairs.	\$534,777		\$534,777
4. Provides funding for bond payments made on behalf of the agency by the Industrial Commission.	\$73,950		\$73,950
5. Increases funding for the air guard (\$439,052) and the army guard (\$1,356,980) due to inflationary cost increases (costs are primarily federally reimbursed).	\$64,921	\$1,731,111	\$1,796,032
6. Increases funding for the tuition assistance program from \$967,500 to \$1,007,500.	\$40,000		\$40,000
7. Removes salaries and wages funding for "step" increases.	(\$67,742)	(\$115,528)	(\$183,270)

Major Legislation Affecting the Adjutant General/National Guard

House Bill No. 1165 provides that any National Guard member who enrolls in a public or private university or qualifying trade school in the state may qualify for a tuition grant.

House Bill No. 1180 provides that the Adjutant General may lease property to any person and may vacate and return to a political subdivision any property previously acquired by the Adjutant General from a political subdivision.

Senate Bill No. 2158 requires the interest in the Veterans Cemetery trust fund to be deposited in the Veterans Cemetery maintenance fund for funding salaries and maintenance of the Veterans Cemetery.

January 18, 2001

Department 540 - Adjutant General/National Guard
House Bill No. 1017

	FTE Positions	General Fund	Other Funds	Total
2001-03 Schafer Executive Budget	136.00	\$8,990,964	\$31,242,854	\$40,233,818
1999-2001 Legislative Appropriations	133.00	8,386,735	18,381,898	26,768,633
Increase (Decrease)	3.00	\$604,229	\$12,860,956	\$13,465,185

2001-03 Hoeven Executive Budget	136.00	\$8,990,964	\$31,242,854	\$40,233,818
Hoeven Increase (Decrease) to Schafer	0.00	\$0	\$0	\$0

The 1999-2001 appropriation amounts include \$49,536, \$24,043 of which is from the general fund, for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$2,540, \$950 of which is from the general fund, for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing the \$35 per month minimum salary increases in July 1999 and July 2000. The 1999-2001 appropriation amounts do not include \$500,000 of additional federal funds spending authority resulting from Emergency Commission action during the 1999-2001 biennium.

Major Schafer Recommendations Affecting Adjutant General/National Guard 2001-03 Budget

	General Fund	Other Funds	Total
1. Increases capital improvement funding from \$1.3 million to \$11.5 million for construction of an armed forces reserve center in Wahpeton.	(\$100,000)	\$10,300,000	\$10,200,000
2. Provides funding for the following 3 new FTE positions for the last six months of the biennium in support of the new Wahpeton Armed Forces Reserve Center:			
1 FTE physical plant director II	\$23,376		\$23,376
1 FTE maintenance supervisor II	\$18,318		\$18,318
1 FTE custodial supervisor II	\$10,386		\$10,386
3. Increases funding for maintenance and repairs.	\$534,777		\$534,777
4. Provides funding for bond payments made on behalf of the agency by the Industrial Commission.	\$73,950		\$73,950
5. Increases funding for the air guard (\$439,052) and the army guard (\$1,356,980) due to inflationary cost increases (costs are primarily federally reimbursed).	\$64,921	\$1,731,111	\$1,796,032
6. Increases funding for the tuition assistance program from \$967,500 to \$1,007,500.	\$40,000		\$40,000
7. Removes salaries and wages funding for "step" increases.	(\$67,742)	(\$115,528)	(\$183,270)

Major Hoeven Recommendations Affecting Adjutant General/National Guard 2001-03 Budget Compared to the Bill as Introduced (Schafer Budget)

	General Fund	Other Funds	Total
1. The Hoeven budget recommendation does not change the Schafer executive budget recommendation for this agency.			

Major Legislation Affecting the Adjutant General/National Guard

House Bill No. 1165 provides that any National Guard member who enrolls in a public or private university or qualifying trade school in the state may qualify for a tuition grant.

House Bill No. 1180 provides that the Adjutant General may lease property to any person and may vacate and return to a political subdivision any property previously acquired by the Adjutant General from a political subdivision.

House Bill No. 1215 provides a general fund appropriation of \$475,000 to the Adjutant General for the maintenance and repair of political-owned armories.

Senate Bill No. 2158 requires the interest in the Veterans Cemetery trust fund to be deposited in the Veterans Cemetery maintenance fund for funding salaries and maintenance of the Veterans Cemetery.

Department 540 - Adjutant General/National Guard
 House Bill No. 1017

	FTE Positions	General Fund	Other Funds	Total
2001-03 Schafer Executive Budget	136.00	\$8,990,964	\$31,242,854	\$40,233,818
1999-2001 Legislative Appropriations	133.00	8,386,735	18,381,898	26,768,633 ¹
Increase (Decrease)	3.00	\$604,229	\$12,860,956	\$13,465,185

2001-03 Hoeven Executive Budget	136.00	\$8,990,964	\$31,242,854	\$40,233,818
Hoeven Increase (Decrease) to Schafer	0.00	\$0	\$0	\$0

¹ The 1999-2001 appropriation amounts include \$49,536, \$24,043 of which is from the general fund, for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$2,540, \$950 of which is from the general fund, for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing the \$35 per month minimum salary increases in July 1999 and July 2000. The 1999-2001 appropriation amounts do not include \$500,000 of additional federal funds spending authority resulting from Emergency Commission action during the 1999-2001 biennium.

Major Schafer Recommendations Affecting Adjutant General/National Guard 2001-03 Budget

	General Fund	Other Funds	Total
1. Increases capital improvement funding from \$1.3 million to \$11.5 million for construction of an armed forces reserve center in Wahpeton.	(\$100,000)	\$10,300,000	\$10,200,000
2. Provides funding for the following 3 new FTE positions for the last six months of the biennium in support of the new Wahpeton Armed Forces Reserve Center:			
1 FTE physical plant director II	\$23,376		\$23,376
1 FTE maintenance supervisor II	\$18,318		\$18,318
1 FTE custodial supervisor II	\$10,386		\$10,386
3. Increases funding for maintenance and repairs.	\$534,777		\$534,777
4. Provides funding for bond payments made on behalf of the agency by the Industrial Commission.	\$73,950		\$73,950
5. Increases funding for the air guard (\$439,052) and the army guard (\$1,356,980) due to inflationary cost increases (costs are primarily federally reimbursed).	\$64,921	\$1,731,111	\$1,796,032
6. Increases funding for the tuition assistance program from \$967,500 to \$1,007,500.	\$40,000		\$40,000
7. Removes salaries and wages funding for "step" increases.	(\$67,742)	(\$115,528)	(\$183,270)

Major Hoeven Recommendations Affecting Adjutant General/National Guard 2001-03 Budget Compared to the Bill as Introduced (Schafer Budget)

	General Fund	Other Funds	Total
1. The Hoeven budget recommendation does not change the Schafer executive budget recommendation for this agency.			

Major Legislation Affecting the Adjutant General/National Guard

House Bill No. 1180 provides that the Adjutant General may lease property to any person and may vacate and return to a political subdivision any property previously acquired by the Adjutant General from a political subdivision. (This bill has been passed by both the House and the Senate.)

House Bill No. 1215 provides a general fund appropriation of \$475,000 to the Adjutant General for the maintenance and repair of political-owned armories. (At the present time, this bill has not been acted upon by the House.)

Senate Bill No. 2158 requires the interest in the Veterans Cemetery trust fund to be deposited in the Veterans Cemetery maintenance fund for funding salaries and maintenance of the Veterans Cemetery. (This bill has been passed by the Senate.)

Senate Bill No. 2229 provides an appropriation from the general fund in the amount of \$247,500 for operating the Veterans Cemetery. At the present time, this bill has not been acted upon by the Senate.)

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1017 - Funding Summary**

	Executive Budget	House Changes	House Version
Adjutant General			
Salaries and wages	\$3,507,859		\$3,507,859
Operating expenses	2,967,722		2,967,722
Equipment	50,000		50,000
Capital improvements	11,607,950		11,607,950
Grants	348,026		348,026
Civil air patrol	109,730		109,730
Civil air patrol-Workers' comp payment	9,186		9,186
Tuition and enlistment compensation	1,007,500		1,007,500
Air guard contract	5,960,184		5,960,184
Army guard contract	14,665,661		14,665,661
Total all funds	<u>\$40,233,818</u>	<u>\$0</u>	<u>\$40,233,818</u>
Less estimated income	<u>31,242,854</u>	<u>0</u>	<u>31,242,854</u>
General fund	<u>\$8,990,964</u>	<u>\$0</u>	<u>\$8,990,964</u>
FTE	136.00	0.00	136.00
Bill total			
Total all funds	\$40,233,818	\$0	\$40,233,818
Less estimated income	31,242,854	0	31,242,854
General fund	<u>\$8,990,964</u>	<u>\$0</u>	<u>\$8,990,964</u>
FTE	136.00	0.00	136.00

House Bill No. 1017 - Adjutant General - House Action

The House did not change the Schafer executive budget recommendation for the Adjutant General. Governor Hoeven did not propose any changes to the Schafer recommendation for this agency.

TESTIMONY OF
BRIGADIER GENERAL MICHAEL J. HAUGEN
THE ADJUTANT GENERAL
BEFORE THE
SENATE APPROPRIATIONS COMMITTEE
FEBRUARY 15, 2001
HOUSE BILL 1017

*Testimony received
-15
House in
February*

The challenges presented to the North Dakota National Guard over the biennium were many. They ranged from unit reorganizations to meet future force structure requirements to complex deployments supporting third world countries. We mobilized Company B, 142 Engineer Battalion to Kosovo. We continued a significant home state commitment in support of disaster relief and numerous community projects.

The individual units' accomplishments can be attributed to the great North Dakota citizens who make up these units as soldiers and airmen. On every level, our overall success can be credited in a major part to the support of our Governor, the Legislature, and the communities of our Great State.

Once again, the North Dakota National Guard led the nation in the quality of recruits. This is a very positive reflection on our education system. We continue to attract the "best of the best" and report for any muster that is requested of us. Our vision is to "Mentor and Train Leaders." With all of the demands that are placed on our National Guard and our partners, it is critical that we remain flexible and responsive to whatever our state or nation requires. This, above all else, requires enlightened, motivated leadership of a top quality force.

As of the first of this year, the North Dakota Army National Guard had an authorized strength of 3,414 personnel and had an assigned strength of 3,262. The North Dakota Air National Guard had an authorized strength of 1,087 personnel and had an assigned strength of 1,060. The National Guard of North Dakota employs 959 full-time personnel, of which 133 are State FTE positions with 40 equivalent FTE's supported with state general funds.

The past biennium found us not only facing the missions of today, but also preparing to meet the new challenges of tomorrow. Your North Dakota National Guard soldiers and airmen are recognized globally for their pioneer spirit and "can do" attitudes. Army National Guard Quartermaster soldiers braved tropical heat and austere living conditions to provide clean water to remote villages in Central America following devastating natural disasters. Engineers traveled to several remote areas of the world to build clinics and schools. Air National Guard Personnel deployed to Italy, Germany, Saudi Arabia and Turkey in support of national security objectives. As we move into the future, we must begin to think about the unthinkable. Defense of our homeland and responding to threats of terrorism, to include weapons of mass destruction, are no longer pages from a science fiction novel, but potential reality.

Your Guardsmen also brought value to more than 30 local communities. We assisted in the improvement and construction of city parks and recreation facilities in many communities across the state of North Dakota. We had the opportunity to support four school districts, several police departments and other local governmental agencies across our state. Although our performance and accomplishments are recognized around the world, we truly appreciate the opportunity to support and work with the citizens of North Dakota. Our soldiers and airmen seek involvement in "Red Ribbon Week", a carnival for hundreds of our

youth that promotes a drug free lifestyle, or the chance to bring Christmas to the North Dakota Veterans Home in Lisbon and the VA Hospital in Fargo. We have integrated individuals from other state agencies, our communities and businesses into our North Dakota National Guard Leadership Development training programs.

In these times of military downsizing and re-engineering, the North Dakota National Guard is expanding the Army and Air National Guard presence in brand new mission areas for the National Guard. We are currently integrating the North Dakota Army and Air National Guard into Space missions, such as National Missile Defense, providing security, maintenance helicopter and service support to the Intercontinental Ballistic Missile and Space Radar missions. Our potential involvement in these space missions, currently supported totally by the active duty military, will have a significant economic impact in our state. These missions are also, truly "Homeland Defense" missions, consistent with the constitutional intent for the organized militia. None of this would have been possible without the solid support of our North Dakota Legislature. I am here today to ask you to continue your outstanding record of support for the North Dakota National Guard. The Governor has given us a sound budget recommendation that will enable us to be an effective and capable force as we move forward in this new millennium. I would like to review the line items of our proposed budget with you.

Salaries and Wages

General fund increases are due to the current legislative salary benefit adjustment for both years of the biennium, reclassifications of existing FTE's, and market competitive increases to maintain our temporary work force.

We are also requesting 3 additional FTE for the last six months of the biennium in support of the new Wahpeton Armed Forces Reserve Center which is also a part of our budget request.

The Deputy Adjutant General position has been funded for one year of the biennium to minimize the increase in general funds for salaries and wages and also to fund fixed costs in our state operations.

The Governor's budget also includes special fund authority of \$247,853 for the 3 FTE and summer temporaries at the Veterans Cemetery. During the current biennium these salaries are funded with interest income from both the Veterans Post War Trust Fund and the Veterans Cemetery Foundation.

Operating Expenses

The increase shown in the Governor's recommendation is for some inflationary increases throughout this line item. The largest increase is in utilities. This also includes utility costs for the new Wahpeton Armed Forces Reserve Center for the last six months of the biennium. We did anticipate an increase in utilities but probably not to the extent of the actual market in the last few months.

Capital Improvements

Our budget request includes \$11.5 million in federal authority to construct a new 90,508 sf Armed Forces Reserve Center in Wahpeton. This facility will house the recent Kosovo deployed, Company B, the 142nd Engineer Battalion and also a Marine Corp Reserve Infantry Company with an anticipated 9 full-time personnel. Currently, the Marine Corps Reserve does not have a presence in North Dakota.

The current armory in Wahpeton is overcrowded with a large deficiency in administration, supply and training areas. The existing armory cannot be expanded due to its deteriorated condition and the location does not allow for expansion.

The space within this new facility will provide the necessary administration, indoor training areas and storage of large equipment. This facility will play a key role insuring that the North Dakota National Guard maintains a high state of readiness.

The construction cost will be 100% federally funded. We anticipate partial occupancy approximately six months before the end of the 01-03 Biennium. Therefore, we have included in our general fund budget request, operational costs for the last six months of the 01-03 Biennium. The Marines will occupy a portion of this facility during mid year 2003 and will be paying a proportionate amount of the operational costs (estimated at 25%). With their activation date uncertain, we have not shown any cost sharing within this budget.

We have asked that an emergency clause be attached to this item of our appropriations bill. National Guard Bureau has already authorized federal funding for this facility with the request that we make contract award in Spring 2001. We would like to begin the bid process as early as possible this spring to take advantage of a full construction season and avoid inflationary costs that may occur if construction is delayed to after July 1, 2001.

The capital improvements line also has \$107,950 in general funding which includes \$34,000 for payments in lieu of real estate taxes for lands at Camp Grafton South and also \$73,950 in bond repayment for the Grand Forks Armory received in the 93-95 Biennium.

Grants (Rental of Community Armories) This line provides rental payments for 19 community owned armories partially occupied by National Guard units throughout the State. A decrease of \$7,200 is in our budget request due to the vacation of the Mandan Armory.

Civil Air Patrol We are the administrative agency for the North Dakota Civil Air Patrol and they are housed at Fraine Barracks. There is no increase in this line item except for the Governor's proposed salary increase for the one FTE paid in this line.

Tuition Fees Last biennium we revised our Tuition Program to a more equitable and affordable program for both our agency and also the state colleges and universities. We have had excellent participation in the program from current National Guard men and women at approximately 500 students receiving benefits per semester. The program reimburses each student based upon the number of credit hours completed and requires at least a 2.5 GPA. Our first experiences with this program during the 99-01 Biennium indicated that the number of students

taking a full load (12 credit hours) was higher than what we had originally projected. In projecting our costs for the 01-03 Biennium, we have requested a \$40,000 increase in this program.

Air Guard Contracts Our request included a small increase (\$30,000) in general fund support which is proportionate to increased federal funds requested for inflationary increases in operations and salaries. Additional general fund increases were added due to the current legislative salary and benefit increases for those employees having a general fund match.

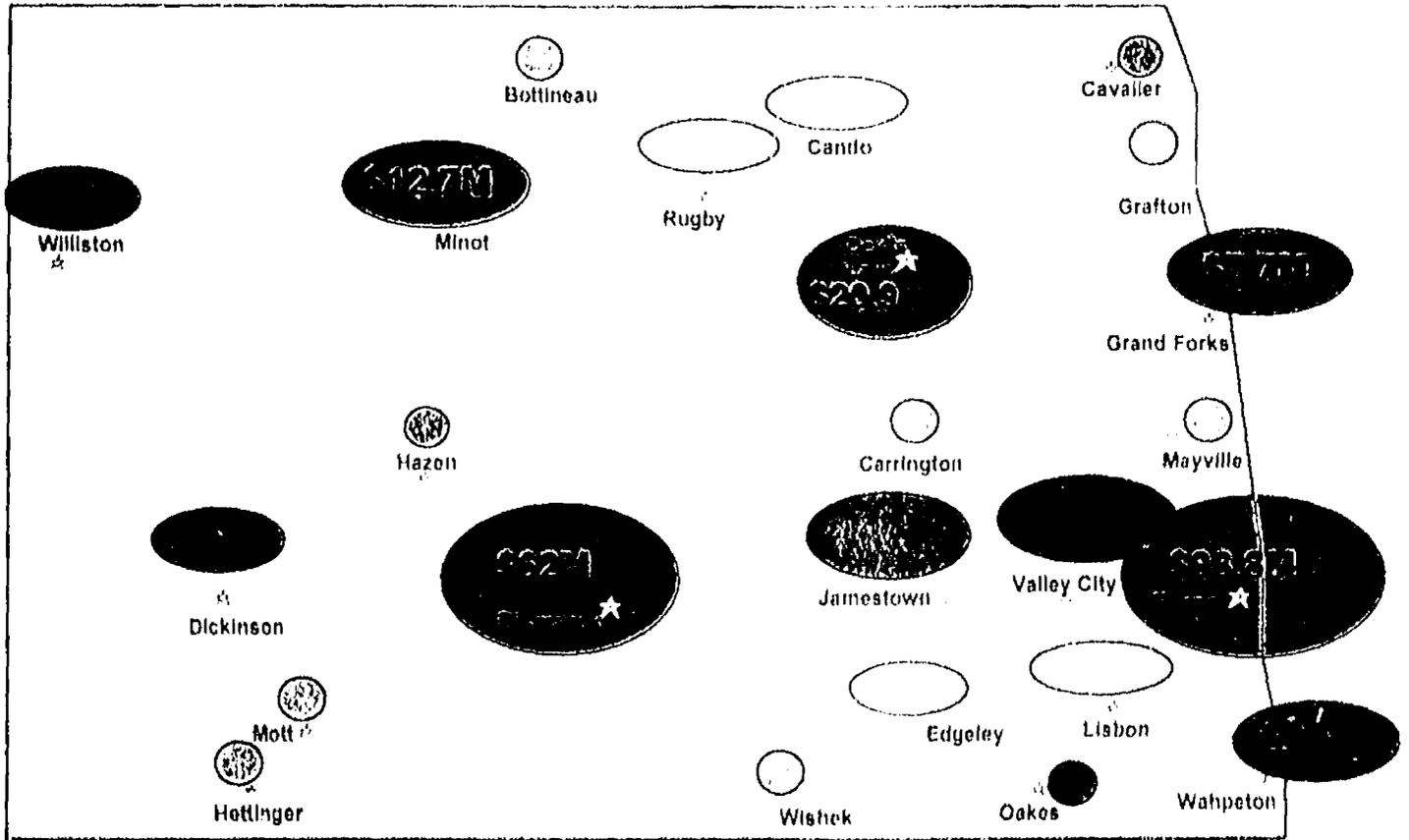
Army Guard Contracts Our initial budget request for this line also included a small increase (\$34,921) in general fund support which is proportionate to increased federal funds requested for inflationary increases in operations, mainly utilities and some salaries. Additional general fund increases were added due to the current legislative salary and benefit increases for those employees having a general fund match.

North Dakota's National Guard stands ready to respond to our Governor when called, to meet our citizens' needs and provide protection and relief from natural emergencies and other contingencies. The Guard does not cost our State; it pays, resulting in our state prospering by our presence. The North Dakota National Guard will provide our state an economic impact of approximately \$213 million for the current biennium and a projected \$230 million for the 01-03 Biennium. This is economic impact that is distributed throughout our state, not just limited to our largest cities. It makes a positive difference and provides proportional impacts to some of our smallest communities (**please refer to attached bubble charts**). I am extremely proud of our Guard, their level of readiness, their accomplishments, their professionalism and their resolve.

I would be pleased to respond to any questions, Mr. Chairman.

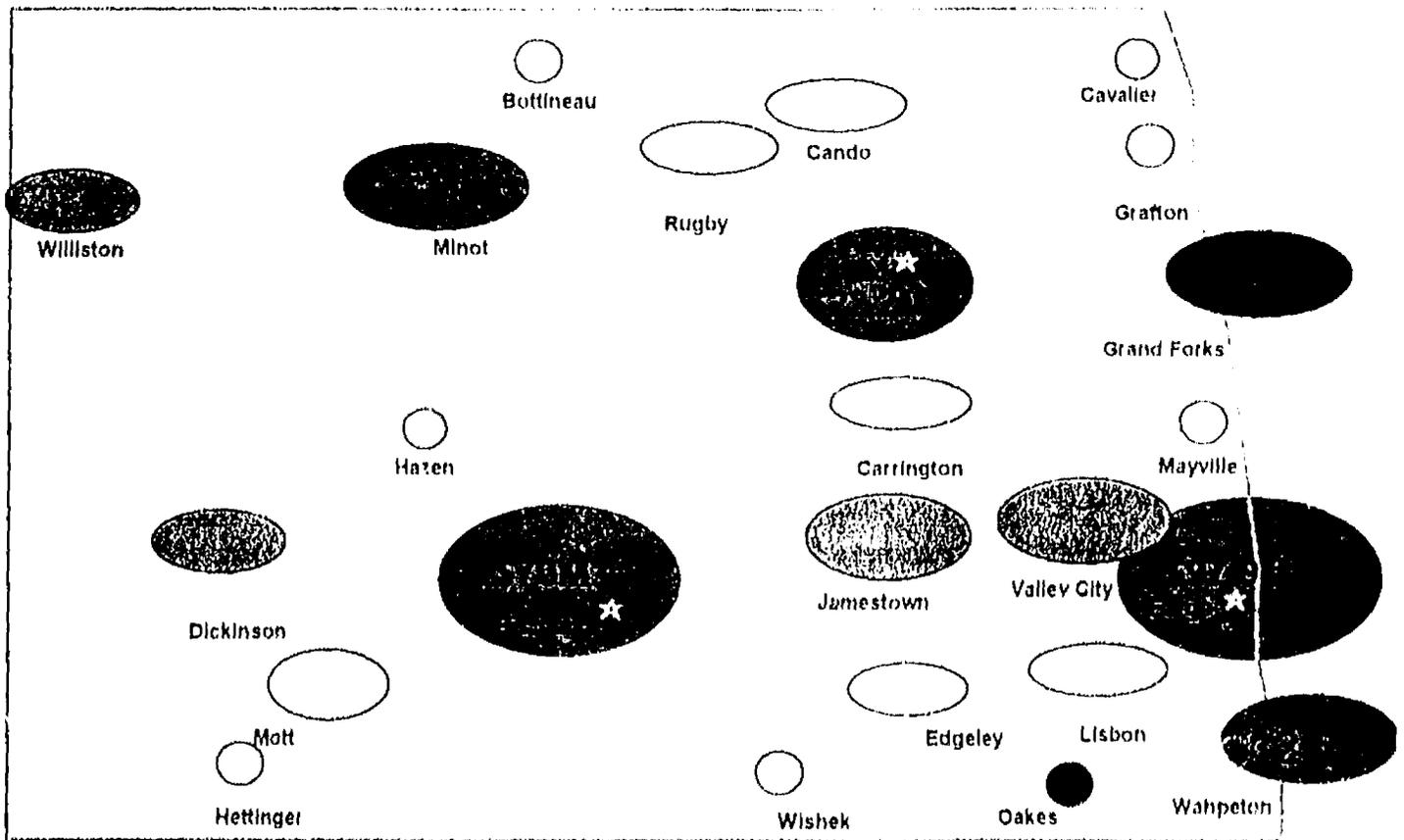
Economic Impact (Federal and State)

99-01



\$100-300K \$301-500K \$501-750K \$751-1M \$1-5M \$5-10M \$10M+

Projected Economic Impact (Federal and State) 01-03



\$100-300K \$301-500K \$501-750K \$751-1M \$1-5M \$5-10M \$10M+

