

# GOVERNMENT ADMINISTRATION COMMITTEE

The Government Administration Committee was assigned the following studies:

- Section 2 of House Bill No.1029 (2017) directed a study of statutory and regulatory requirements placed on North Dakota state government agencies by United States government agencies as a condition of the receipt of federal funding.
- Section 2 of House Bill No. 1380 (2017) directed a study of the duties and role of the North Dakota Firefighter's Association.
- Section 1 of House Bill No. 1418 (2017) directed a study of the purpose and content of statements of interests and the forms and information required to be filed, including the appropriate financial interests and other necessary content.
- Section 9 of Senate Bill No. 2016 (2017) directed a study of office space cost and value of properties owned by Job Service North Dakota in Fargo, Rolla, Minot, and Bismarck with input from the Office of Management and Budget (OMB).
- House Concurrent Resolution No. 3016 (2017) directed a study of the desirability of moving city and other local elections from the primary election in June in even-numbered years to the general election in November in even-numbered years.
- By Legislative Management directive, the committee was assigned the responsibility to study the state's emergency medical service (EMS) system, including the EMS state grant program and how the distribution of these grants affects services available in rural areas and including a review of the availability of EMS statewide, services that are considered "access critical", and funding available to support these services.

The committee was delegated by the Legislative Management the responsibility to:

- Receive a report from OMB by October 15 of each even-numbered year, regarding the reports received by OMB from each executive branch state agency, excluding entities under the control of the State Board of Higher Education, receiving federal funds, of plans to operate the state agency when federal funds are reduced by 5 percent or more of the total federal funds the state agency receives, pursuant to North Dakota Century Code Section 54-27-27.1.
- Approve any agreement between a North Dakota state entity and South Dakota to form a bistate authority pursuant to Section 54-40-01.
- Receive a report from the Governor by July 1, 2018, regarding the findings and recommendations from the study of operations of the Department of Financial Institutions and the Securities Department to determine the feasibility and desirability of combining the agencies into a single department, pursuant to Section 4 of 2017 Senate Bill No. 2008.

Committee members were Representatives Scott Louser (Chairman), Lawrence R. Klemin, Kim Koppelman, Marvin E. Nelson, Christopher D. Olson, Dan Ruby, and Roscoe Streyle and Senators Randall A. Burckhard, Joan Heckaman, Dave Oehlke, and Ronald Sorvaag.

The committee submitted this report to the Legislative Management at the biennial meeting of the Legislative Management in November 2018. The Legislative Management accepted the report for submission to the 66<sup>th</sup> Legislative Assembly.

## STATUTORY AND REGULATORY REQUIREMENTS RELATING TO FEDERAL FUNDING STUDY

Section 2 of House Bill No. 1029 provided the study was to determine whether there are viable options to meet the needs of our state without having the federal government's oversight and involvement, which state needs can be met if federal funding associated with undesirable regulation or excessive direct and indirect costs is refused, and whether the benefit of accepting certain federal funds outweighs the benefit of participation in the federal programs. The bill also enacted Section 54-27-27.2 to require state agencies to perform an analysis of federal grant fund applications. The study of statutory and regulatory requirements relating to federal funding was a continuation of the study assigned to the Government Finance Committee during the 2015-16 interim.

### Background

Beginning with the 1987-88 interim, the Legislative Council has presented during each interim a memorandum identifying the federal funds appropriated and the estimated federal funds to be received each biennium by agency. The memorandum identifies the agency name, program name, federal funds appropriated, estimated federal funds to be

received, variance, appropriated general fund matching funds, appropriated other funds matching funds, required general fund maintenance of effort, required other funds maintenance of effort, and estimated amount of indirect costs reimbursed.

State agencies with significant federal funds appropriations during the 2015-17 biennium, and those anticipating to receive significant federal funds during the 2017-19 biennium include:

<b>Agency</b>	<b>Original 2015-17 Federal Funds Appropriation</b>	<b>Estimated 2017-19 Federal Funds to be Received</b>
Department of Public Instruction	\$284,948,800	\$270,060,734
State Department of Health	123,345,053	118,438,137
Department of Human Services	2,074,351,759	2,262,647,081
Job Service North Dakota	69,777,470	58,826,922
North Dakota Housing Finance Agency	25,227,780	31,244,828
Adjutant General	185,048,805	113,285,203
Department of Commerce	54,926,671	47,267,813
Upper Great Plains Transportation Institute	4,479,226	16,611,761
Game and Fish Department	32,735,500	37,775,000
State Water Commission	15,620,238	6,825,119
Department of Transportation	616,500,000	664,300,000
Other state agencies	104,286,663	103,433,981
<b>Total</b>	<b>\$3,591,247,965</b>	<b>\$3,730,716,579</b>

### **State Auditor**

The State Auditor performs a "single audit" to review agency spending of federal funds on a biennial basis. Forty-six different state agencies and institutions expend federal funds and over 76 percent of the federal funds spent by state entities in fiscal years 2015 and 2016 were spent by three agencies--the Department of Human Services (DHS), the Department of Transportation, and the Department of Public Instruction (DPI). The auditors are required to obtain an understanding of the internal control over compliance for each major federal program and test the effectiveness of those controls. The compliance requirements are determined by the federal government, and the State Auditor's office is required to test all applicable federal compliance requirements.

The committee chose to focus its study on a review of federally funded programs administered by three state agencies--DPI, Department of Commerce, and the Department of Agriculture.

### **Department of Public Instruction**

According to information provided to the committee, DPI anticipated receiving over \$140.7 million in federal funds for various grant programs for the 2016-17 fiscal year, of which approximately \$129.1 million is provided to individual school districts. The Department of Public Instruction receives grants from the United States Department of Agriculture (USDA), the Department of Education, the Centers for Disease Control and Prevention, and the Department of Health and Human Services. The federal programs administered by DPI include:

1. Title I - Provides financial assistance to state and local educational agencies to meet the needs of at-risk children identified as failing or most at risk of failing the state's performance standards.
2. Title I Part B - Pays the costs of the development of state assessments and standards required by the federal Every Student Succeeds Act.
3. Title I Part C - Ensures migrant students reach academic standards and graduate prepared for responsible citizenship, further learning, and productive employment.
4. Title I Part D - Improves educational services for children and youth in local and state institutions for neglected or delinquent children.
5. Title II Part A - Increases student academic achievement by improving teacher and principal quality.
6. McKinney-Vento Homeless Assistance Act - Provides homeless student services to address the problems homeless children and youth face in enrolling, attending, and succeeding in school.
7. The 21<sup>st</sup> century community learning centers - Develops or expands out-of-school programs.
8. North Dakota refugee school impact grant program - Engages in activities or provides services to benefit school districts in North Dakota with significant numbers of newly arrived refugee children and youth.
9. Title III Part A - Ensures English learners, including immigrant children and youth, attain English proficiency and develop high levels of academic achievement in English.

10. Title VI Part A - Pays the costs of development of state assessments and standards required by the Elementary and Secondary Education Act.
11. Striving Readers Comprehensive Literacy - Creates a comprehensive literacy program to advance literacy skills.
12. Special Education Part B - Ensures children with disabilities have access to free public education to meet their needs and prepare them for further education, employment, and independent living.
13. North Dakota dual sensory project - Promotes academic achievement and improves results for children with disabilities.
14. Adult education - Helps adults over the age of 16 obtain basic academic and educational skills.
15. Safe Schools-Healthy Students Initiative - Coordinates the Youth Risk Behavior Survey, designed to monitor health risk behavior trends and used to plan, evaluate, and improve school and community programs.
16. School Nutrition Programs - The National School Lunch Program, the School Breakfast Program, and the After School Snack Program - Help fight hunger and obesity.
17. USDA Foods for Schools Program - Supports American agricultural producers by providing USDA-purchased food to schools and other institutions participating in the National School Lunch Program.
18. Child and Adult Care Food Program - Provides aid to child and adult care institutions and family or group day care homes to provide food for children, older adults, and disabled persons.
19. Summer Food Service Program - Reimburses providers of meals to children and teens in low-income areas at no charge during the summer months.
20. Fresh Fruit and Vegetable Program - Improves children's diet and creates healthier eating habits.
21. Team Nutrition - Provides training and technical assistance for food service, provides nutrition education for children and caregivers, and supports healthy eating and physical activity.
22. The Emergency Food Assistance Program - Supplements the diets of low-income Americans by providing emergency food and nutrition assistance at no cost.
23. Food Distribution Program on Indian Reservations - Provides foods to low-income households living on Indian reservations and Native American families residing in designated areas near reservations.
24. Commodity Supplemental Food Program - Improves the health of low-income elderly persons at least 60 years of age by supplementing their diets.
25. Special Milk Program - Provides milk to children in schools and child care institutions that do not participate in other federal meal service programs.

Certain federal programs administered by DPI do not require a local funding match and certain programs also provide support for the department's administrative costs. Requirements associated with federal programs may include various reporting and assurances of compliance with program requirements. The Department of Public Instruction completed three analyses of federal grants pursuant to Section 54-27-27.2, including a \$500,000 nutrition grant, a \$28.8 million striving readers grant, and a \$1 million preschool development grant. The Department of Public Instruction determined acceptance of the three federal grants did not subject the state to undue federal oversight or regulations nor conflict with legislative intent.

### **Department of Commerce**

The committee was informed the Department of Commerce has two divisions which receive federal funding--the Division of Workforce Development and the Division of Community Services. The Division of Workforce Development receives \$650,000 in federal grants per year under the AmeriCorps Program to engage volunteers in direct services to help communities address unmet needs in education, public safety, health, and the environment. The Division of Community Services administers the following federal grant programs:

1. Community development block grant - Provides financial assistance to eligible units of local governments to support housing rehabilitation, public facilities, and economic development. (2017 funding - \$3,674,491)
2. HOME Program - Creates partnerships between the government and the private sector to support affordable housing for low-income individuals. (2017 - \$3,000,000)
3. Emergency solutions grant - Provides federal financial assistance to facilities and programs that provide temporary shelter or homeless prevention services to homeless individuals. (2017 funding - \$657,162)
4. Continuum of care grant - Provides rental assistance to disabled homeless or at-risk of homelessness individuals. (2017 funding - \$304,416)

5. State energy programs - Promotes energy conservation and efficiency, and reduces the rate of growth of energy demand by developing and implementing a comprehensive state energy plan. (2017 funding - \$291,110)
6. Weatherization assistance - Increases the energy efficiency of dwellings owned or occupied by low-income individuals to reduce energy expenditures and improve health and safety. (2017 funding - \$7,312,747)
7. Low-income home energy assistance program - Provides funds to subgrantees to repair and replace heating and cooling systems and water heaters in the case of an emergency. (2017 funding - \$1,549,832)
8. Community services block grant program - Provides assistance through community action agencies to implement locally designed anti-poverty programs that include emergency assistance, money management, budgeting, housing counseling, and self-sufficient services to low-income households. (2017 funding - \$3,319,321)

The federal programs under the Department of Commerce require a state general fund match of \$336,898 for an estimated \$47.3 million of federal funds during the 2017-19 biennium. The Department of Commerce analyzed its federally funded programs to ensure the programs were not in conflict with legislative intent as part of the department's internal accountability monitoring.

### **Department of Agriculture**

According to information provided to the committee, federal funding of \$12.1 million comprises 37 percent of the Department of Agriculture's total 2017-19 biennium budget. The Department of Agriculture administers 12 major federal grant programs, including:

1. North Dakota Mediation Services - Helps resolve disputes and helps financially distressed farmers and ranchers.
2. Specialty crop block grant - Enhances competitiveness of specialty crops.
3. Organic certification cost-share - Reimburses producers and handlers of organic agricultural products for costs of obtaining organic certification.
4. Forest Service noxious weed grants - Surveys, maps, and controls noxious and invasive weeds.
5. Pest survey - Conducts surveys to safeguard United States agricultural and environmental resources by ensuring new introductions of harmful plant pests and diseases are detected.
6. Meat inspection - Ensures meat and poultry products purchased by consumers are safe to eat and free from contamination.
7. Drug residue prevention - Creates a food animal antibiotic residue program for livestock producers.
8. Livestock pollution prevention - Provides cost-share assistance to livestock producers to mitigate environmental issues associated with feeding of livestock.
9. Food and Drug Administration feed contract work - Performs inspections on a contract basis for the Food and Drug Administration.
10. Market news - Pays for recording and publishing livestock auction market prices and sales for certain classes of livestock.
11. Pesticide performance - Enforces pesticide laws relating to water quality and endangered species.
12. Animal health - Provides for disease prevention and eradication and other animal health regulation.

The committee was informed federal funds play a significant role in the agriculture industry, and cooperation with the federal government is needed to support the viability and long-term growth of the agriculture industry. The impact of federal regulation on agriculture is a growing concern and the Department of Agriculture reviews the costs and benefits to the local agriculture industry before accepting federal funds. The committee learned state control of federal funds is important to control program implementation, especially as it relates to regulatory programs, and state-administered regulatory programs that fulfill federal requirements are more specific to the needs of state agriculture producers than a federal regulatory program would be.

### **Report on Federal Funds**

Section 54-27-27.1 requires each executive branch state agency, excluding entities under the control of the State Board of Higher Education, receiving federal funds, to report to OMB a plan to operate the state agency if federal funds are reduced by 5 percent or more of the total federal funds the state agency receives. The report must include information on whether the agency will request state funds to offset the decrease in federal funds. The report is not required to address a reduction in federal funds received by the agency which is a result of:

1. A decrease in caseloads or cost per case;

2. A change in the anticipated project completion date for a construction project qualifying for federal fund reimbursement; or
3. The completion of a one-time project funded in whole or in part by federal funds.

The Office of Management and Budget is required to report to the Legislative Management by October 15 of each even-numbered year on the reports received from state agencies under this section. The report must include a summary of the reports received from state agencies on how each agency will operate with the reduction in federal funds. The Government Administration Committee was assigned responsibility for receiving this report for the 2017-18 interim.

The committee received a report from OMB in July 2018 regarding state agency plans to operate if federal funds are reduced by 5 percent or more of the total federal funds the agency receives. Due to the timing of the report, the OMB survey of state agencies was not complete. However, the committee learned six agencies, including the Information Technology Department, Tax Commissioner, School for the Deaf, Insurance Department, Aeronautics Commission, and Adjutant General, are expecting a decrease in federal funding of 5 percent or more. The committee was informed none of the six agencies intend to request state funds to offset the decrease in federal funds. Other agencies surveyed did not expect federal funding to decrease by 5 percent or more, but many have responded with actions anticipated to be taken if federal funding decreases. As of July 2018, all agencies responding indicated the programs associated with the decreased federal funding would be reduced to match the federal funding available.

### Recommendation

The committee makes no recommendation regarding the study of statutory and regulatory requirements relating to federal funding.

## DUTIES OF THE NORTH DAKOTA FIREFIGHTER'S ASSOCIATION STUDY

### Background

The North Dakota Firemen's Association was incorporated as a North Dakota nonprofit organization and registered in the Secretary of State's office in February 1891. In October 2000, the North Dakota Firemen's Association changed its name with the Secretary of State's office to the North Dakota Firefighter's Association. In a February 2006 opinion, the Attorney General stated the North Dakota Firefighter's Association is a public entity because it is supported by public funds and it is recognized by state law to perform a governmental function. The Attorney General stated the definition of public entity is not limited to entities traditionally viewed as governmental; and a nonprofit entity like the North Dakota Firefighter's Association can be a public entity if it is supported by public funds, is expending public funds, or is recognized by state law to exercise public authority or to perform a governmental function.

### Funding for the North Dakota Firefighter's Association

Section 18-03-05 requires the North Dakota Firefighter's Association to submit to OMB an itemized statement of the amount of money necessary to promote the efficiency and growth of the different fire departments and fire protection districts of the association and to conduct fire schools during the biennium.

Section 18-04-05 provides for the disbursement of funds to the North Dakota Firefighter's Association by the Insurance Commissioner from the insurance tax distribution fund. The following schedule identifies the amount of funding appropriated to the Insurance Commissioner for the purpose of providing payments to the North Dakota Firefighter's Association since the 2007-09 biennium:

Biennium	Payments to the North Dakota Firefighter's Association		
	Insurance Tax Distribution Fund	State Fire and Tornado Fund	Total
2007-09	\$120,000	\$170,000	\$290,000
2009-11	\$620,000	\$170,000	\$790,000
2011-13	\$670,000 <sup>1</sup>	\$170,000	\$840,000 <sup>1</sup>
2013-15	\$800,000		\$800,000
2015-17	\$1,020,000 <sup>2</sup>		\$1,020,000 <sup>2</sup>
2017-19	\$828,525		\$828,525

<sup>1</sup>The 2011-13 biennium appropriation amount includes \$50,000 from the insurance tax distribution fund for auto extrication training.

<sup>2</sup>The 2015-17 biennium appropriation amount includes \$130,000 of one-time funding to create a computerized database for all data pertaining to firefighters.

The committee received information indicating the insurance premium tax has been a source of revenue for fire departments and fire districts for many years, and 100 percent of the insurance premium tax on fire-related insurance lines used to be distributed to fire departments and fire districts. However, current appropriations for distributions to fire districts and the North Dakota Firefighter's Association are approximately 67 percent of the insurance premium tax on fire-related insurance lines. The North Dakota Firefighter's Association currently receives 5.5 percent and the fire

departments and fire districts receive 94.5 percent of the amount appropriated. The insurance premium tax revenue not deposited in the insurance tax distribution fund is deposited in the state general fund.

The following schedule identifies the amount of funding appropriated from the insurance tax distribution fund to the Insurance Commissioner for the purpose of providing payments to fire departments and fire districts since the 2007-09 biennium:

Biennium	Distributions to Fire Departments
2007-09	\$6,200,000
2009-11	\$6,200,000
2011-13	\$6,200,000
2013-15	\$14,536,386
2015-17	\$15,681,207
2017-19	\$14,235,561

In addition to funding provided to the association by the state from the insurance tax distribution fund, the association collects dues (\$40) and a library fee (\$25) annually from each fire department and receives funding from various grants and donations. Section 18-03-08 requires the North Dakota Firefighter's Association to report the disposition of all money received by the association annually to OMB.

### North Dakota Firefighter's Association Duties

Governor Arthur Link, in Executive Order No. 1977-3, designated the North Dakota Firemen's Association as the focal point for the state with the responsibility and authority to act or make recommendations in the following areas:

- Approval of state master plan for fire prevention and control;
- Approval of statewide education and training plan;
- Training on all levels;
- Dissemination of information;
- Formal adoption of standards;
- Advisory capacity to the Governor in all fire service matters;
- Advisory capacity to the State Fire Marshal in adoption of codes;
- Budget assistance;
- Research and development; and
- Liaison between the National Fire Prevention and Control Administration and the local level.

Section 18-03-01.1, as created by House Bill No. 1380 (2017), states the North Dakota Firefighter's Association shall:

1. Develop and adopt a statewide fire education and training plan;
2. Coordinate fire service training at all levels; and
3. Establish procedures to govern the certification process for firefighter training.

Section 18-03-02 states fire schools must be held annually under the direction of the North Dakota Firefighter's Association. Section 26.1-01-07.5 requires the North Dakota Firefighter's Association and the State Fire Marshal to assist the Insurance Commissioner in preparing maps of the fire districts of the state for use by insurers.

The committee received testimony from the North Dakota Firefighter's Association and the North Dakota Fire Chief's Association. According to the testimony, the Minnesota state model for firefighter training includes oversight from a 16-member board comprised of a multitude of stakeholders, including the chancellor of the Minnesota State Colleges and Universities system.

The testimony stated there are over 8,800 firefighters in the state and, in 2016, the North Dakota Firefighter's Association held 87 classes leading to the awarding of 6,549 certifications. The North Dakota Firefighter's Association is accredited up to fire officer 1 certification, and classes are taught to National Fire Protection Association standards.

### Recommendation

The committee makes no recommendation regarding the study of the duties and role of the North Dakota Firefighter's Association.

## **PURPOSE AND CONTENT OF STATEMENTS OF INTERESTS STUDY**

Section 1 of 2017 House Bill No. 1418 provides for a study of the purpose and content of statements of interests and the forms and information required to be filed, including the appropriate financial interests and other necessary content. The study was to include consideration of whether supplementary statements of interests or updates of information are necessary and a determination as to who is required to file statements of interests and who should be filing statements of interests. In addition, the bill provided the study was to include a review of filing deadlines and consideration of how long records should be retained.

### **Requirements for Statements of Interests**

Under Section 16.1-09-02, each candidate for elective office and each individual appointed by the Governor to a state agency, board, bureau, commission, department, or licensing board is required to submit a signed statement of interests with the Secretary of State. However, Section 16.1-09-02 allows candidates for President or Vice President of the United States to submit a copy of the personal disclosure statement required by the Federal Election Commission in lieu of the statement of interests. When a write-in candidate who did not need to file a certificate of candidacy is elected, the elected official must submit a statement of interests after the election at the time the official submits the required oath of office. A Governor appointee must submit a statement of interests at the time the appointment is announced.

Section 16.1-09-03 provides the report must include the following information for the candidate or appointee and that person's spouse:

- The name of the business or employer and an identification of the principal source of income of both the candidate or appointee and that person's spouse;
- The name of each business or trust, not the principal source of income, in which the person making the statement, and that person's spouse, have a financial interest;
- A list of the associations or institutions with which the person making the statement, and that person's spouse, are closely associated, or for which they serve as a director or officer, and which may be affected by legislative action, in the case of a statement submitted by a legislative candidate, or action by the candidate or appointee in that person's capacity as an officeholder; and
- The identity by name of all business offices, business directorships, and fiduciary relationships the person making the statement, and that person's spouse, have held in the preceding calendar year.

Section 16.1-09-04 requires the Secretary of State to create and supply statement of interests forms, publish guidelines for completing the forms, and adopt rules, as appropriate, pertaining to the statements. There are no administrative rules regarding the statement of interests. The committee received information indicating the Secretary of State does not scan statements of interests into digital format or post the statements online. There is a \$5 charge to provide a requested statement of interests form filed by a candidate for elective office or an appointed official.

Any person may file a complaint with the Attorney General or a state's attorney alleging a violation of Chapter 16.1-09 regarding statements of interests. Upon receipt of the complaint or motion, the Attorney General or state's attorney must investigate the allegation. Under Section 16.1-09-07, an intentional violation of any provision in Chapter 16.1-09 is a Class B misdemeanor, and the election or appointment of any person who commits the violation is void. However, Section 16.1-09-07 provides if the person is already in office and subject to impeachment, the person will not be removed from office. Rather, that person may be impeached or removed from office by other legal means.

Chapter 16.1-08.1 provides for campaign contribution statements to be filed by candidates for elective office. The committee received testimony suggesting the statement of interests requirements could be added to Chapter 16.1-08.1. However, appointees are not required to disclose information under Chapter 16.1-08.1.

The committee received information showing the requirements for disclosing financial interests varies significantly among other states. Thirty-three other states have an equivalent to North Dakota's statement of interests form. Of the 16 states considered to not have an equivalent, 8 do not have a statement of interests form and 8 file information online only. The states without a statement of interests form may collect similar information using other methods. Other states require details on real estate holdings, debts, gifts, and business interests with government contracts, each of which North Dakota does not specifically require to be disclosed. According to testimony, the Secretary of State's office is less concerned with changing the content of the statement of interests form than with the clarity of the information being requested on the form.

## Recommendation

Although the committee is not recommending a bill, the committee recommends the 2019 Legislative Assembly favorably consider legislation that may be introduced to repeal Chapter 16.1-09 relating to statements of interests, and to include relevant provisions from Chapter 16.1-09 in Chapter 16.1-08.1.

## OFFICE SPACE COST AND VALUE OF PROPERTIES OWNED BY JOB SERVICE NORTH DAKOTA STUDY

Section 9 of Senate Bill No. 2016 (2017) provided for a study of office space cost and value of properties owned by Job Service North Dakota in Fargo, Rolla, Minot, and Bismarck with input from OMB. The bill provided if Job Service North Dakota sold or leased any property identified in Section 9 before July 1, 2017, the property was not to be included in the study. Job Service North Dakota did not sell or lease any property identified in Section 9 before July 1, 2017. Therefore, properties in all four cities were included in the study.

## Background

The State Free Employment Service was established in 1921 and was transferred to the Workers Compensation Bureau in 1937. Also in 1937, an unemployment compensation fund was created using contributions by employers for the payment of compensation for involuntary unemployment and an Unemployment Compensation Division was created in the Workers Compensation Bureau. The State of North Dakota has provided unemployment insurance to its residents since 1937.

The North Dakota Unemployment Compensation Division and the North Dakota State Employment Service Division were transferred out of the Workers Compensation Bureau into the newly created Employment Security Bureau in 1965. In 1979 Job Service North Dakota was created and was charged with administering the duties of the North Dakota Unemployment Compensation and State Employment Service Divisions.

Since the 2001-03 biennium, federal funding for Job Service North Dakota operations generally has remained unchanged. Temporary increases in federal funds have related to the federal American Recovery and Reinvestment Act of 2009, Reed Act distributions for unemployment insurance system modernization, and United States Department of Labor grant funding for the WyCAN (Wyoming, Colorado, Arizona, and North Dakota) consortium to develop a new unemployment insurance system. To address the ongoing funding issues, Job Service North Dakota has implemented a number of technology and business changes and reduced staffing by 208.17 full-time equivalent positions since the 2001-03 biennium.

## Job Service North Dakota Office Locations

In January 2016 Job Service North Dakota announced the closing of seven offices, including the Job Service North Dakota locations in Beulah, Grafton, Harvey, New Town, Oakes, Rolla, and Valley City. Job Service North Dakota has nine regional offices located in Bismarck, Devils Lake, Dickinson, Fargo, Grand Forks, Jamestown, Minot, Wahpeton, and Williston. The 2009 Legislative Assembly approved House Bill No. 1118 to allow Job Service North Dakota to sell its properties in Fargo and Grafton; however, Job Service North Dakota did not exercise that authority prior to July 1, 2017. Section 21 of House Bill No. 1012 (2017) provides legislative intent that DHS purchase the Job Service North Dakota building in Grafton for use at the Life Skills and Transition Center.

The committee received the following information regarding the cost and value of office locations in Fargo, Rolla, Minot, and Bismarck:

Office	Annual Operating Costs	Estimated Market Value	Number of Employees	Clients Served per Day
Fargo	\$156,143	\$756,597	25	238
Minot	\$73,978	\$915,399	11	45
Bismarck local office	\$76,048	\$2,187,530	15	63
Bismarck central office	\$271,090	\$2,935,850	101	N/A
Rolla	\$27,301	\$86,173	N/A	N/A

The committee was informed Job Service North Dakota is precluded by federal regulations from generating a profit on the lease of any building and any proceeds from the sale of a building must be returned to the funding sources used to construct or purchase the building. Excess space may be leased without approval from the federal government as long as the building is being used to meet the needs of Job Service North Dakota. The rental rate for excess space in the central office would be \$7.78 per square foot, the rental rate for the Rolla facility would be \$8.52 per square foot, and the rental rate for excess Minot office space would be \$6.56 per square foot. The rental rate is based on the operating cost of the space. The committee was informed Job Service North Dakota intends to request authority from the 2019 Legislative Assembly to sell the Rolla office building.

The committee received information indicating Job Service North Dakota is leasing excess space in the Minot office to the Bureau of Criminal Investigation. Job Service North Dakota has consolidated its operations to two of the four floors of its central office building and has notified other state agencies of the available space. The Department of Corrections and Rehabilitation has leased a portion of the available space in the central office building and 374 square feet of space in the Bismarck regional office has been leased to Cankdeska Cikana Community College. The committee was informed it is not feasible to relocate employees from the central office building to the Bismarck regional office due to capacity and security concerns. Job Service North Dakota is working with other state agencies, including DHS, to maximize the state's use of available space. The agency's goal is to make the use of space more efficient and more convenient for clients who also may use other state services.

### **Recommendation**

The committee makes no recommendation regarding the study of office space cost and value of properties owned by Job Service North Dakota.

## **MOVING LOCAL ELECTIONS TO THE GENERAL ELECTION IN NOVEMBER OF EVEN-NUMBERED YEARS STUDY**

House Concurrent Resolution No. 3016 (2017) provided for a study of the desirability of moving city and other local elections from the primary election in June in even-numbered years to the general election in November in even-numbered years. According to the resolution, the current system of holding local elections concurrently with primary elections may cause confusion for voters and create logistical difficulties for newly elected city officials who have to prepare budgets by early September.

### **North Dakota Law Regarding Election Dates**

Section 40-21-02 provides city elections are held on the second Tuesday in June in each even-numbered year. Under Section 58-04-01, the electors of a township hold annual meetings on the third Tuesday in March and may elect township officers. If the annual township meeting is not held at that time, a special meeting must be called under Section 58-04-19. Additionally, under Section 58-04-02, a special meeting may be called to fill vacancies in township offices.

Pursuant to Section 15.1-09-22, a school board must hold an election each year between April 1 and June 30 to fill any vacancies. These elections may be held in conjunction with the election of a city located wholly or partially within the school district. In such cases, the school board and governing body of the city may agree to share election costs and responsibilities. Additionally, Section 15.1-09-23 authorizes a school board to hold special elections "for any lawful purpose."

### **Other States' City and Local Election Dates**

The committee received information indicating most states either set municipal elections sometime other than the fall, or do not mandate across all jurisdictions when to hold municipal elections. However, some states hold local elections in November in even-numbered years, and others hold local elections in November in odd-numbered years.

### **Local Elections**

The committee received testimony from the North Dakota League of Cities, North Dakota Association of Counties, and North Dakota School Boards Association. The testimony suggested moving city elections to the November general election would allow incumbent city officials with budgeting history and experience to develop the budget rather than newly elected officials with no budget background. However, the committee was informed moving city elections to the November general election may increase the physical size of the ballot, causing issues for current voting machines. Moving city elections to the November general election also could limit voter exposure to local messages and candidates.

The committee received information indicating the June primary election often costs more per vote than the November general election due to the complexity of the primary election and the difference in voter turnout between the two elections. However, moving the local elections from the June primary election to the November general election likely would shift the costs between the elections, but would not result in significant cost-savings. Also, even if local elections were moved to the November general election, paid employees would be needed at the polling places in the June primary elections.

### **Recommendation**

The committee recommended no statutory changes be made to the timing of local elections.

## **EMERGENCY MEDICAL SERVICE SYSTEM STUDY**

The Legislative Management Chairman assigned the committee a study of the state's EMS system, including the EMS state grant program and how the distribution of these grants affects services available in rural areas and including a review of the availability of EMS statewide, services that are considered "access critical", and funding available to

support these services. The Legislative Management directed the study in response to changes made by the State Department of Health to the rural EMS assistance grant program.

### Background

Chapter 23-27 provides the State Department of Health is the licensing authority for EMS operations and may designate EMS service areas. The 2011 Legislative Assembly, in House Bill No. 1044, created Chapter 23-46 related to EMS. Section 23-46-03 requires the State Department of Health to establish and update biennially a plan for integrated EMS in the state. The plan must identify ambulance operations areas, EMS funding areas that require state financial assistance to operate a minimally reasonable level of EMS, and a minimum reasonable cost for an EMS operation. In addition, Section 23-46-02 requires the State Department of Health to establish an EMS Advisory Council and consider the recommendations of the council on the plan for integrated EMS in the state, development of EMS funding areas, development of the EMS funding areas application process and budget criteria, and other issues relating to EMS as determined by the State Health Officer.

### Emergency Medical Services Funding

Total funding relating to EMS from the 2007-09 biennium through the 2017-19 biennium is summarized as follows:

Biennium	General Fund	Other Funds	Total
2007-09	\$970,000	\$1,550,000	\$2,520,000
2009-11	\$1,068,400	\$3,403,500	\$4,471,900
2011-13	\$4,540,000	\$6,141,806	\$10,681,806
2013-15	\$6,090,000	\$8,250,000	\$14,340,000
2015-17 (Adjusted)	\$7,006,550	\$7,250,000	\$14,256,550
2017-19	\$6,471,000	\$1,250,000	\$7,721,000

Chapter 23-46, established by 2011 House Bill No. 1044, requires the State Department of Health to determine the allocation amount of state financial assistance for each EMS funding area based on the department's determination of:

1. The minimum annual funding necessary to operate the EMS operation or service designated to operate in the ambulance funding area, based on the financial needs unique to each EMS funding area.
2. Required local matching funds commensurate with at least \$10 per capita within the EMS funding area.

The State Department of Health issued its guidance in May 2017 for providing rural EMS assistance grants during the 2017-19 biennium. The department identified in application and grant guidance for the 2017-18 grants that it would subsidize ambulance services based on call volume, a change from prior fiscal year grant awards. The committee was informed the State Department of Health made the changes for the following reasons:

1. To address and overcome the challenges of operating an EMS system in a rural and frontier setting by creating an EMS system that is efficient and effective for its patients.
2. To address a reduction in available funding.
3. To improve the application process, which was lengthy, time-consuming, and complicated for EMS providers as well as the State Department of Health.

According to testimony, the State Department of Health was attempting to encourage the local EMS providers to collaborate with one another to have a local first response unit working with a regional ambulance service and the new method of awarding rural EMS assistance grants encouraged consolidation or collaboration among ambulance services. Other testimony suggested if the priority for rural EMS assistance grant funding is based only on call volume rather than geography, there will be geographic areas of critical need that may not be served. Because a small rural EMS provider may have only one emergency call per day, additional funding for that EMS operation would be needed to cover fixed costs.

The State Department of Health made additional changes to the rural EMS assistance grant program for 2018-19 grants. The EMS Advisory Council developed a funding distribution formula that includes the establishment of revenue and expense models based on run volume, compared the actual revenue and expenses of the applicant, and uses grant funds to cover a percentage of the difference. The committee was informed the new funding formula is more equitable for small rural EMS providers with lower call volumes.

### Recommendation

The committee makes no recommendation regarding the study of the state's EMS system.

## **AGREEMENTS BETWEEN NORTH DAKOTA AND SOUTH DAKOTA**

Section 54-40-01 provides an agency, department, or institution may enter an agreement with the state of South Dakota to form a bistate authority to jointly exercise any function the entity is authorized to perform by law. Any proposed agreement must be submitted to the Legislative Assembly or, if the Legislative Assembly is not in session, to the Legislative Management or a committee designated by the Legislative Management for approval or rejection. The agreement may not become effective until approved by the Legislative Assembly or the Legislative Management. The Government Administration Committee was assigned this responsibility for the 2017-18 interim.

The committee received information regarding the history of the bistate authority legislation. The South Dakota Legislature in 1996 enacted a law creating a legislative commission to meet with a similar commission from North Dakota to study ways North Dakota and South Dakota could collaborate to provide government services more efficiently. The North Dakota Legislative Council appointed a commission to meet with the South Dakota commission. As a result of the joint commission, the North Dakota Legislative Assembly enacted legislation relating to higher education and the formation of a cooperative agreement with South Dakota. The South Dakota commission proposed several initiatives, but the South Dakota Legislature did not approve any of the related bills.

During the 2017-18 interim, no proposed agreements were submitted to the committee for approval to form a bistate authority with the state of South Dakota.

## **REPORT ON THE FEASIBILITY AND DESIRABILITY OF COMBINING THE DEPARTMENT OF FINANCIAL INSTITUTIONS AND THE SECURITIES DEPARTMENT**

The committee was assigned the responsibility to receive a report from the Governor regarding the findings and recommendations from the study of operations of the Department of Financial Institutions and the Securities Department. The study was to determine the feasibility and desirability of combining the agencies into a single department, pursuant to Section 4 of Senate Bill No. 2008 (2017).

The Department of Financial Institutions is a self-funded regulatory agency responsible for the oversight of state banks, trust companies, building and loan associations, mutual investment corporations, mutual savings corporations, banking institutions, credit unions, and other financial corporations doing business under the laws of North Dakota. The department conducts examinations to determine the soundness of financial institutions and monitor compliance with applicable rules and regulations.

The Securities Department regulates the offer and sale of securities and franchises in the state and protects the investing public by enforcing compliance with state laws. The department promotes public awareness of securities laws to prevent violations and to prevent investment fraud. The department also provides investor education programs.

The committee received the report from the Governor which stated the two agencies support separate and distinct regulatory policy objectives and core missions and there are no significant redundancies in the regulatory functions and operations. The report concluded there are no significant cost reduction or operational efficiencies to be gained from combining the two agencies because the removal of one director position likely would result in the creation of two deputy director positions to oversee each division. The report from Governor Burgum recommended the Department of Financial Institutions and the Securities Department not be combined.

### **Recommendation**

The committee recommends the Legislative Management concur with the recommendation of the Governor that the Department of Financial Institutions and the Securities Department not be combined.