

**Department of Economic Development and Finance  
Budget 601  
House Bill No. 1019**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
1999-2001 legislative appropriation	23.00	\$7,813,802	\$4,093,075	\$11,906,877
1997-99 legislative appropriation	<u>28.00</u>	<u>9,171,986</u>	<u>4,271,933</u>	<u>13,443,919</u>
1999-2001 appropriation increase (decrease) to 1997-99 appropriation	(5.00)	(\$1,358,184)	(\$178,858)	(\$1,537,042)

**NOTE:** The 1999-2001 appropriation amounts include \$14 from the general fund for the agency's share of the \$1.4 million funding pool appropriated to the Office of Management and Budget for assisting agencies in providing the \$35 per month minimum salary increases in July 1999 and July 2000.

**Item Description**

**Salaries and FTE reductions** - The 1999 Legislative Assembly reduced salaries and wages of the department by \$460,000 from the general fund and removed six unspecified FTE positions.

**Status/Result**

The following position changes were made effective as of June 30, 1999, to meet the salaries and wages reductions and FTE reductions made by the 1999 Legislative Assembly (the amounts shown reflect the cost of salaries and fringe benefits for a biennium):

Removed 1 FTE administrative secretary III	(\$57,192)
Removed 1 FTE administrative secretary III	(56,976)
Removed 1 FTE community development economic development specialist III	(89,664)
Removed 1 FTE community development economic development division manager	(115,368)
Removed 1 FTE development fund manager	(122,064)
Removed 1 FTE economic development division manager	(124,824)
Removed 1 FTE economic development specialist III	(99,288)
Added 1 FTE computer network specialist	74,586
<b>Total (6 FTE)</b>	<b>(\$590,790)</b>

By eliminating the six FTE positions as required by the Legislative Assembly, the agency reduced salaries and wages by \$590,790, \$130,790 more than the required reduction of \$460,000. As part of the required reduction in force, the department made a number of organizational changes in order to most effectively perform its duties and responsibilities within the funding and FTE levels authorized by the Legislative Assembly.

**Manufacturing technology partnership** - A section was added to the bill providing that \$150,000 of the grants line item be used for the manufacturing technology partnership.

Based on a federal Department of Commerce review of North Dakota's manufacturing technology partnership which was being administered by North Dakota State University (NDSU), effective September 1, 1999, the federal agency decided to suspend funding for North Dakota's center because of a lack of results and impact. Before the federal funding will again be available to North Dakota, the state must submit an acceptable state-endorsed plan detailing how North Dakota will operate a manufacturing extension partnership

**Champion communities** - A section was added to the bill providing that \$50,000 of the grants line item be used for matching funds to United States Department of Agriculture-designated champion communities for the funding of an economic development coordinator employed by the champion communities.

**Grants** - The 1999 Legislative Assembly appropriated \$1,968,061 from the general fund for grants.

**Mutual fund capital pool** - A section was added authorizing the department, with the Agricultural Products Utilization Commission, to establish a mutual fund capital pool to attract investments in value-added processing plants.

**Beef trade issues** - The 1999 Legislative Assembly appropriated \$100,000 from the agricultural fuel tax fund for the Agricultural Products Utilization Commission to use to obtain assistance in resolving beef industry trade issues.

**Ethanol production subsidies** - The 1999 Legislative Assembly provided \$1.5 million from the highway tax distribution fund for making ethanol production subsidy payments to an ethanol plant that was in operation before July 1995 and which produced fewer than 15 million gallons of ethanol in the

center in the state in order to perform its mission to serve the small manufacturers within the state.

Administration of the manufacturing extension partnership has been transferred from NDSU to the Department of Economic Development and Finance. As a result of this transfer, the department, in October 1999, received Emergency Commission and Budget Section approval for additional federal and other funds spending authority in the amount of \$820,575 for the 1999-2001 biennium. The department is conducting a market analysis of the state's manufacturers to determine those services that are needed and those that the manufacturers would be willing to support financially through a manufacturing extension partnership center. The department will be preparing its plan on how North Dakota's manufacturing extension partnership center will operate for submission to the federal government. Once approved by the federal government, federal funds will again be available to North Dakota for the center. The department anticipates funding for the center for the remainder of the 1999-2001 biennium will be significantly less than the \$820,575 of additional spending authority approved by the Emergency Commission for this purpose in October 1999.

The department has distributed \$25,000 to each of the designated champion communities of Rugby and Bowman.

Through March 2000, the department has committed 88 percent of its grant funding in support of community and business projects.

Because of the funding and FTE reductions made by the 1999 Legislative Assembly, the department does not anticipate establishing a mutual fund capital pool during the 1999-2001 biennium.

In September 1999, the Agricultural Products Utilization Commission provided the \$100,000 to Ranchers-Cattlemen Action Legal Fund (R-CALF) in support of the organization's action claiming Canada was involved in unfair trade practices relating to its cattle movements into the United States. After hearing the case, the International Trade Commission determined that although the action does have an impact on the cattle industry, it has an insignificant impact on the nation's overall economy. The organization filed an intent to appeal, but at its February 2000 convention, it decided to delay any further action at this time.

Through March 2000, the Agricultural Products Utilization Commission has provided \$750,000, the maximum amount available for the first year of the biennium, to the Alchem ethanol plant in Grafton.

previous fiscal year. In addition, a contingent appropriation of \$300,000 from the highway tax distribution fund is available for providing ethanol production subsidy payments to an ethanol plant that becomes operational after July 1, 1999.

To date, there has been no indication a new plant may begin operation during this biennium.