

**Veterans' Home
Budget 313
Senate Bill Nos. 2007, 2025, 2075**

	FTE Positions	General Fund	Other Funds	Total
2009-11 legislative appropriation	120.72	\$16,841,722 ¹	\$16,835,298	\$33,677,020
2007-09 legislative appropriation	<u>92.37</u>	<u>4,189,013</u>	<u>29,914,552</u>	<u>34,103,565</u>
2009-11 appropriation increase (decrease) to 2007-09 appropriation	28.35	\$12,652,709	(\$13,079,254)	(\$426,545)

¹This amount includes \$12,025,133 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$4,816,589.

NOTE: The 2009-11 legislative appropriation amounts include \$90,000 from the general fund for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for executive branch employees.

Item Description

Salary equity adjustments - The Veterans' Home received an allocation of \$90,000 from the general fund for the agency's share of the \$16 million funding pool appropriated to OMB for special market equity adjustments for executive branch employees.

FTE changes - The 2009-11 appropriation includes funding for 120.72 FTE positions, an increase of 28.35 FTE positions from the 2007-09 authorized level of 92.37 FTE positions. The following table summarizes the FTE position changes:

Position	Legislative Appropriation FTE Changes
Changes to staff in existing facility	
Increased .65 FTE account technician I position to a 1 FTE account technician I position	.35
Added health care orderly II positions approved by the Emergency Commission during the 2007-08 interim	3.00
Added a cook I position	.40
Added a custodian position	1.00
Removed a security officer I position	(.40)
Changes to staff for new facility ¹	
Added cook I positions	2.70
Added an administrative assistant II position	.50
Added registered nurse III positions	2.50
Added a social work designee position	1.00
Added a custodian position	1.00
Added a laundry worker position	1.00
Added a registered pharmacy technician position	.50
Added health care orderly II positions	14.80
Total	28.35

¹Section 7 of Senate Bill No. 2007 provides it is the intent of the Legislative Assembly that the Veterans' Home not fill any of the 24 FTE positions for the new Veterans' Home prior to June 1, 2010.

Status/Result

The Veterans' Home provided salary equity adjustments to 32 staff positions. The salary equity adjustments ranged from \$50 to \$258 per employee per month and were effective July 1, 2009.

The Veterans' Home has filled the FTE positions provided for the existing facility. The Veterans' Home anticipates the 24 FTE positions provided for the new facility will not be filled until six weeks to three months prior to the move to the new facility depending on the training necessary for each position. The new facility is anticipated to be complete in February or March 2011.

One-time funding - In Section 2 of Senate Bill No. 2007, the Legislative Assembly identified \$690,728 from the general fund as one-time funding, of which \$98,400 is for an electronic health record system, \$90,088 is for a construction project manager, and \$502,240 is for the new facility FTE positions. Other one-time funding items for the Veterans' Home include:

- Senate Bill No. 2025 - \$7,944,991 in additional funding from the general fund for construction of the new Veterans' Home facility;
- Senate Bill No. 2075 - \$350,000 from the general fund for various exterior Veterans' Home improvements, including a maintenance building (\$93,000), landscaping (\$70,000), relocation of garage (\$17,000), mill and overlay (\$125,000), and street lighting (\$45,000) associated with the construction of the new Veterans' Home facility; and
- Senate Bill No. 2075 - \$3,039,414 of contingent funding from the general fund for the installation of a geothermal heating system in the new Veterans' Home facility if funding from the American Recovery and Reinvestment Act of 2009 (see **Federal fiscal stimulus funding** section below) is not available.

The total one-time funding for the Veterans' Home is \$12,025,133. This amount is not to be considered part of the agency's base budget for preparing the 2011-13 executive budget, and the Veterans' Home is to report to the Appropriations Committees during the 2011 legislative session on the use of this funding.

The Veterans' Home is to report to the Budget Section regarding the Veterans' Home exterior finishing construction projects during the 2009-11 biennium. The report must be made at the first Budget Section meeting scheduled after the exterior finishing construction projects are complete.

The following is a summary of the status of one-time funding:

Electronic health record system	The Veterans' Home is drafting a request for proposal for the electronic health record system.
Construction project manager	The Veterans' Home hired a construction project manager in June 2009 and replaced the individual in March 2010. The Veterans' Home is anticipating all available funds will be used.
New facility FTE positions	The one-time funding for the new facility FTE positions will not be expended until the new facility is occupied in February or March 2011.
New Veterans' Home facility	Construction began on the new Veterans' Home facility in May 2009, and the facility is approximately 50 percent complete. The facility's original completion date was October 2010, but the Veterans' Home anticipates construction to be complete in February or March 2011. See the Veterans' Home construction section below for additional information.
Various exterior Veterans' Home improvements	The Veterans' Home has completed construction of the maintenance building, relocated the garage, and anticipates the landscaping and street lighting will be completed when the new facility is complete. The Veterans' Home is uncertain when the mill and overlay will be complete, because facility roads were further damaged by flooding in 2009 and construction activity. The Veterans' Home anticipates additional funding will be needed to complete the mill and overlay project. The Veterans' Home anticipates requesting funding from the 2011 Legislative Assembly to complete the landscaping, the mill and overlay, and the curb and gutter for the new facility.
Geothermal heating system	The Veterans' Home facility's geothermal heating system did not qualify for funding from the American Recovery and Reinvestment Act of 2009, so the contingent funding from the general fund was used for the installation of a geothermal heating system in the new Veterans' Home facility.

Federal fiscal stimulus funding - The Legislative Assembly appropriated \$3,158,005 of federal fiscal stimulus funds from the American Recovery and Reinvestment Act of 2009 to the Veterans' Home summarized as follows:

Senate Bill No. 2007	
Thermal imager (funding from the Department of Commerce)	\$5,500
Electronic health records system	98,400
Bobcat utility vehicle	14,691
Total federal fiscal stimulus funds appropriated in Senate Bill No. 2007	\$118,591
Senate Bill No. 2075	
Geothermal heating system in the new Veterans' Home facility (funding from the Department of Commerce)	\$3,039,414
Total federal fiscal stimulus funds	\$3,158,005

The Veterans' Home may seek Emergency Commission and Budget Section approval for authority to spend any additional federal funds received under the American Recovery and Reinvestment Act of 2009 in excess of the amounts appropriated. This amount is not to be considered part of the agency's base budget for the 2011-13 biennium. Any program expenditures made with these funds will not be replaced with state funds after the American Recovery and Reinvestment Act of 2009 funds are no longer available.

Veterans' Home construction - The 2007 Legislative Assembly provided \$21,098,656, of which \$6,483,226 was from the permanent oil tax trust fund, \$12,040,278 from federal funds, and \$2,575,152 from revenue bond proceeds for construction of a new 150-bed Veterans' Home facility. The 2009 Legislative Assembly provided in Senate Bill No. 2025 an additional \$10,588,895, of which \$7,944,991 is from the general fund and \$2,643,904 is from federal funds for the facility. Funding authority for the new Veterans' Home facility is summarized as follows:

General fund	\$7,944,991
Permanent oil tax trust fund	6,483,226
Revenue bond proceeds	2,575,152
Federal funds	14,684,182
Total	\$31,687,551

Reports to Budget Section - Section 8 of Senate Bill No. 2007 requires the Veterans' Home construction project manager provide quarterly written summary reports to the Budget Section regarding the status of the Veterans' Home construction project during the 2009-10 interim.

The Veterans' Home was directed to seek funding for these items from federal fiscal stimulus funds from the American Recovery and Reinvestment Act of 2009. The Veterans' Home did not qualify for federal funding for these projects. However, funding from the general fund was provided in Senate Bill No. 2007 for the thermal imager and the electronic health records system if federal fiscal stimulus funds were not available. In addition, contingent funding from the general fund was provided in Senate Bill No. 2075 for the installation of a geothermal heating system in the new Veterans' Home facility. No alternative funding was identified for the Bobcat utility vehicle. The Veterans' Home anticipates spending the general fund appropriation for the thermal imager, electronic health records system, and the geothermal heating system.

The new Veterans' Home will provide 142 private rooms and 4 double rooms and increase the number of skilled nursing beds from 38 in the current facility to 52 in the new facility. Construction began on the new Veterans' Home facility in May 2009, and the facility is approximately 50 percent complete. The facility's original completion date was October 2010, but the Veterans' Home does not anticipate construction to be complete until February or March 2011. The construction contract did not include a penalty clause for not meeting the construction schedule.

The Veterans' Home construction project experienced flooding in October 2009. Excessive water in trenches on the construction site damaged equipment. Subsequent testing, engineering work, and repairs have delayed the project. In addition, the mechanical contractor who incurred losses as a result of the water is requesting a settlement totaling approximately \$115,000. The Veterans' Home maintains it is not responsible for the damaged equipment.

The Veterans' Home construction project manager has provided quarterly written summary reports to the Budget Section regarding the status of the Veterans' Home construction project.

Veterans' Home telephone service - Senate Bill No. 2133 (2009) provides Veterans' Home resident fees may be established by the Veterans' Home Governing Board rather than the Administrative Committee on Veterans' Affairs and allows the Veterans' Home to purchase or arrange for independent third-party telephone services.

Bank of North Dakota borrowing authority - Spring flooding in 2009 required the evacuation of residents who were relocated to two other facilities. In June 2009 the Emergency Commission, pursuant to North Dakota Century Code Section 54-16-13, approved the Veterans' Home request to borrow \$1 million from the Bank of North Dakota to defray expenses related to the 2009 flood disaster.

The Veterans' Home anticipates bidding the new telephone system for installation in the new facility.

Of the \$1 million authorized, the Veterans' Home expended \$137,426 during the 2007-09 biennium, and the remaining authority of \$818,497 continues to be available to the Veterans' Home. This additional authority is not included in the legislative appropriation amounts shown above. The Veterans' Home anticipates repaying the line of credit when reimbursement is received from Federal Emergency Management Agency. Requests for Federal Emergency Management Agency reimbursement have been made, but no funds have been received. The Veterans' Home will be required to provide a 10 percent match, or \$18,150, of the expenditures. At this time, the Veterans' Home is unable to determine whether it will need to seek a deficiency appropriation for the required matching funds.