

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

GOVERNMENT ADMINISTRATION COMMITTEE

Tuesday, August 29, 2017
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Scott Louser, Chairman, called the meeting to order at 10:00 a.m.

Members present: Representatives Scott Louser, Lawrence R. Klemin, Kim Koppelman, Marvin E. Nelson, Christopher D. Olson, Dan Ruby, Roscoe Streyle; Senators Randall A. Burckhard, Joan Heckaman, Dave Oehlke, Ronald Sorvaag

Others present: Allen H. Knudson, Legislative Council, Bismarck
Representative Corey Mock, Grand Forks, and Senator Donald Schaible, Mott, members of the Legislative Management
Representative Todd Porter, Mandan
See [Appendix A](#) for additional persons present.

The Legislative Council staff reviewed the [Supplementary Rules of Operation and Procedure of the North Dakota Legislative Management](#) for the 2017-18 interim.

Chairman Louser thanked the committee members for attending and provided a brief overview of the committee's responsibilities.

STUDY OF STATUTORY AND REGULATORY REQUIREMENTS RELATING TO FEDERAL FUNDING

The Legislative Council staff presented a memorandum entitled [Study of Statutory and Regulatory Requirements as a Condition of Federal Funding - Background Memorandum](#). He said the study is a continuation of a study assigned to the Government Finance Committee during the 2015-16 interim. He said the federal funds estimated, as of September 2016, to be received for the 2017-19 biennium is \$3.73 billion, an increase of \$139.5 million from the original 2015-17 biennium federal funds appropriation of \$3.59 billion.

Ms. Becky Deichert, Budget Analyst, Office of Management and Budget, presented information ([Appendix B](#)) regarding federal funds included in each agency's 2017-19 biennium appropriation. She said the 2017-19 biennium federal funds appropriation is \$3.73 billion, an increase of \$50.5 million from the final 2015-17 biennium federal funds appropriation of \$3.68 billion. She said of the \$3.68 billion of federal funds appropriated for the 2015-17 biennium, \$3.28 billion was spent during the 2015-17 biennium.

In response to a question from Representative Klemin, Ms. Deichert said the appropriation is based on the amount that is expected to be received from the federal government. She said actual expenditures may vary significantly from the appropriation amount. Representative Klemin suggested the committee receive additional information regarding federal funds received by the state and not spent. He also suggested the committee receive additional information regarding federal funds appropriated and not received. Chairman Louser requested the Office of Management and Budget (OMB) to provide the information at the next meeting.

Representative Streyle suggested the Department of Commerce and Housing Finance Agency programs relating to the federal Department of Housing and Urban Development be reviewed by the committee.

Representative Nelson suggested the committee review federal funds of smaller agencies, including the Department of Agriculture.

Senator Oehlke suggested the committee receive information from political subdivisions regarding impacts from federal funds received by the state. Chairman Louser said political subdivisions will be asked to provide information on their federal funds receipts.

Chairman Louser suggested the committee select no more than three agencies to review for additional information.

Senator Sorvaag suggested the committee continue the work of the 2015-16 Government Finance Committee and review federal funds received by the Department of Public Instruction (DPI).

It was moved by Representative Nelson, seconded by Senator Burckhard, and carried on a voice vote to select DPI, the Department of Commerce, and the Department of Agriculture to review as part of the study of federal funds.

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

The Legislative Council staff presented a memorandum entitled [Study of Office Space Cost and Value of Properties Owned by Job Service North Dakota - Background Memorandum](#). He said it may be possible for Job Service North Dakota to vacate certain space or properties and to sell or lease excess space, including the sale or lease of space to other state agencies.

Representative Streyle said the Job Service North Dakota office in Minot has been renovated and the Bureau of Criminal Investigation is now renting excess space in the building.

Ms. Cheri Giesen, Director, Job Service North Dakota, presented information ([Appendix C](#)) regarding office space and properties owned by Job Service North Dakota in Fargo, Rolla, Minot, and Bismarck, including the operating cost, estimated market value, number of employees, and number of clients served at each location. She said Job Service North Dakota is leasing excess space in the Minot office to the Bureau of Criminal Investigation. She said Job Service North Dakota is actively pursuing the lease of the Rolla office. She said Job Service North Dakota has consolidated its operations to two floors of its central office building, leaving two floors available for lease. She said Job Service North Dakota has notified other state agencies of the available space and is working with the Department of Corrections and Rehabilitation to lease a portion of the space. She said Job Service North Dakota is surveying all of its other offices statewide to determine the most effective use and the potential for lease to other entities.

In response to a question from Representative Streyle regarding the office in Rolla, Ms. Giesen said Rollette County declined to lease the property.

In response to a question from Representative Streyle, Ms. Giesen said the Bismarck regional office has 12,000 square feet of usable space. She said 374 square feet in the regional office has been leased to Cankdeska Cikana Community College as of August 2017. She said there is additional excess space that could be leased in the regional office. Representative Streyle suggested the agency consider moving some central office staff to the Bismarck regional office.

In response to a question from Representative Ruby, Ms. Giesen said the agency is precluded by federal regulations from generating a profit on the lease of the building. She said any sale proceeds of a building would be returned to the funding sources used to construct the building.

In response to a question from Representative Nelson, Ms. Giesen said excess space may be leased without approval from the federal government as long as the building is still being used to meet the needs of Job Service North Dakota.

In response to a question from Representative Klemin, Ms. Giesen said Job Service North Dakota is not allowed to lease space in a building for more than the operating cost of the space. She said it is a United States Department of Labor regulation. Representative Klemin suggested Job Service North Dakota be asked to provide documentation regarding the restriction at a future meeting.

In response to a question from Representative Klemin regarding the insured value of Job Service North Dakota properties, Ms. Giesen said the Insurance Department determines the insured value. She said Job Service North Dakota would follow state law for the sale of any building. Representative Klemin suggested the committee receive additional information regarding state law relating to the sale of state property.

In response to a question from Representative Nelson, Ms. Giesen said the excess space in the central office will be leased for \$7.78 per square foot. She said the rental rate in Rolla would be \$8.52 per square foot and the rental rate for the Minot office space would be \$6.56 per square foot. She said the rental price is based on the operating cost of the space. She said the Minot office lease agreement with the Attorney General's office is for

6 years. She said the Rolla office lease would be for a shorter period, because Job Service North Dakota would like to sell the building.

In response to a question from Chairman Louser, Ms. Giesen said the Williston and Fargo regional offices are experiencing more in-person client contact due to changing demographics in those areas. She said technology is reducing in-person contact statewide, but certain clients are not technologically capable and require in-person contact.

Ms. Becky Keller, Budget Analyst, Office of Management and Budget, commented regarding the Job Service North Dakota study. She said OMB is working with Job Service North Dakota to secure lease agreements for Job Service North Dakota's excess space.

Chairman Louser said the agency responses to committee member questions and requests will be presented to the committee at its next meeting.

STUDY OF THE STATE'S EMERGENCY MEDICAL SERVICE SYSTEM

The Legislative Council staff presented a memorandum entitled [Study of the State's Emergency Medical Service System - Background Memorandum](#). He said the Legislative Management directed the study in response to changes made by the State Department of Health to the rural emergency medical service (EMS) assistance grant program.

In response to a question from Representative Klemin, the Legislative Council staff said staff will email a copy of the May 23, 2017, State Department of Health memorandum regarding the rural EMS assistance grant program to the members of the committee.

Representative Porter commented regarding EMS in the state. He said the political subdivisions and health care systems in North Dakota did not want responsibility for EMS, so it has fallen to the state to support and oversee EMS providers.

Representative Streyle commented on the significant changes in funding for EMS. He requested the Legislative Council staff email information he had requested from the State Department of Health to the committee members.

In response to a question from Representative Streyle, Representative Porter said he was not aware of the changes being made to the rural EMS assistance grant program until after the 2017 legislative session had ended.

In response to a question from Representative Ruby, Representative Porter said if the priority for rural EMS assistance grant funding is based strictly on call volume rather than geography there will be geographic areas of critical need that will not be served. Representative Ruby suggested a geographic weighting factor could be added to the formula.

In response to a question from Representative Ruby, Representative Porter said service payments to the EMS provider would depend on whether the client is insured through Medicaid, Medicare, or private insurance. He said a small rural EMS provider may only have one emergency call per day, so additional funding for that EMS operation would be needed to cover fixed costs.

Senator Heckaman expressed concern regarding the level of training and certification required to be an emergency medical technician. Representative Porter said it is important for the first responders to maintain that level of knowledge.

In response to a question from Senator Schaible, Representative Porter said state law could be changed to create lower level EMS licenses that have lower certification requirements.

Ms. Kelli Sears, Director, Division of Emergency Medical Systems, State Department of Health, presented information ([Appendix D](#)) regarding the state's EMS system. She said changes to the administration of the rural EMS assistance grant program included subsidizing the ambulance services based on call volume, adding a second phase grant cycle for ambulance services seeking additional funding, and simplifying the grant application process. She said the changes were made 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.

In response to a question from Senator Schaible, Ms. Sears said she would provide the committee with additional information regarding the number of EMS providers and the number of emergency runs made.

In response to a question from Senator Schaible, Mr. Tim Wiedrich, Section Chief and Education Technology Director, Emergency Preparedness Section, State Department of Health, said ambulance services providing over 700 runs per year are expected to generate enough revenue to pay for its operations without the rural EMS assistance grant.

In response to a question from Senator Burckhard, Mr. Wiedrich said the State Department of Health is trying to foster an environment where the local EMS providers collaborate with one another to have a local first response unit working with a more regional ambulance service.

In response to a question from Representative Klemin, Ms. Sears said she would provide the committee with additional information regarding ambulance service taxing districts, local mill levies, and other EMS funding.

In response to a question from Representative Ruby, Ms. Sears said the new method of awarding rural EMS assistance grants encourages consolidation or collaboration among ambulance services. Mr. Wiedrich said the State Department of Health is not intending for consolidation to be the only option.

In response to a question from Representative Nelson, Ms. Sears said some ambulances licensed in North Dakota are based outside of the state. She said those providers are not eligible for the rural EMS assistance grant unless more than 50 percent of their runs are made in North Dakota.

In response to a question from Representative Nelson, Ms. Sears said ambulance services owned by critical access hospitals are eligible for 101 percent cost-based reimbursement from the federal Centers for Medicare and Medicaid Services. She said the critical access hospital's ambulance service is only eligible for the 101 percent reimbursement if there is no other ambulance services within 35 miles of that provider. She said it is possible for critical access hospital ambulance services to receive a waiver relative to the 35 mile rule.

In response to a question from Chairman Louser, Ms. Sears said she would provide the committee with additional information regarding the rural EMS assistance grant Tier II funding at its next meeting.

Mr. Aaron Birst, Legal Counsel, North Dakota Association of Counties, commented on the EMS study. He provided the committee a document ([Appendix E](#)) regarding county EMS mill levies.

Mr. Ron Lawler, North Dakota EMS Association, Fargo, commented on the EMS study. He spoke in support of changes made to the rural EMS assistance grant program.

Representative Klemin suggested the Legislative Council be asked to provide additional information to the committee regarding statutory provisions relating to ambulance service district mill levies.

STUDY OF THE DUTIES AND ROLE OF THE NORTH DAKOTA FIREFIGHTER'S ASSOCIATION

The Legislative Council staff presented a memorandum entitled [Study of the North Dakota Firefighter's Association - Background Memorandum](#). He said North Dakota Century Code Section 18-03-01.1 states the North Dakota Firefighter's Association (NDFFA) shall:

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

Mr. Robert Knuth, Training Director, North Dakota Firefighter's Association, presented information ([Appendix F](#)) regarding the association's funding sources and duties. He said NDFFA provides training opportunities for all association members. He said in 2016 NDFFA held 87 classes leading to the awarding of 6,549 certifications. He said in addition to funding provided to the association by the state from the insurance tax distribution fund, NDFFA collects dues (\$40) and a library fee (\$25) annually from each fire department. He said NDFFA also receives funding from various grants and donations.

In response to a question from Senator Schaible, Mr. Knuth said he would provide the committee with the number of firefighters who have attended an NDFFA event.

In response to a question from Representative Ruby, Mr. Knuth said NDFA prepares an annual report which identifies NDFA costs. He said NDFA expenses primarily relate to training provided to association members.

In response to a question from Representative Klemin, Mr. Knuth said NDFA adheres to firefighter training procedures that have been approved by the National Fire Protection Association.

In response to a question from Senator Oehlke, Mr. Knuth said NDFA would prefer to keep its current nonprofit structure rather than become part of a state agency.

Ms. Kelli Flermoen, Fire Chief, City of Minot, commented regarding the study of NDFA. She expressed support for the training provided by NDFA.

In response to a question from Chairman Louser, Ms. Flermoen said there had been a lack of communication between NDFA and the North Dakota Fire Chiefs Association in the past. She said communication has improved between the two groups. She added that NDFA receiving a portion of funding from the insurance tax distribution fund that may otherwise be distributed to the fire departments is a concern.

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

The Legislative Council staff presented a memorandum entitled [City and Other Local Election Dates - Background Memorandum](#). He said city and other local elections are often held during the primary election in June of even-numbered years rather than during the general election in November of even-numbered years.

In response to a question from Senator Sorvaag, the Legislative Council staff said home rule cities are permitted to change rules relating to elections, including election dates, if the city's home rule charter allows for it.

Ms. Stephanie Dassinger, Deputy Director, North Dakota League of Cities, presented information ([Appendix G](#)) regarding the committee's study of the desirability of moving city and other local elections from the primary election in June to the general election in November of even-numbered years. She said moving city elections to the November general election would allow existing city officials with budgeting history and experience to develop the budget, rather than newly elected officials with no budget background. She said a negative effect of moving city elections to the November general election may be an increase in the physical size of the ballot causing issues for current voting machines. She said there is also concern that holding city elections during the general election would cause local messages and candidates to be overlooked.

In response to a question from Representative Koppelman, Ms. Dassinger said she is not sure moving local elections to November of even-numbered years would result in cost savings.

In response to a question from Representative Klemin, Ms. Dassinger said the North Dakota League of Cities is working with the Secretary of State and surveying its members to gather local election data. Chairman Louser said the League of Cities would be asked to present its findings at a future meeting.

In response to a question from Chairman Louser, Ms. Dassinger said the election date issue arose at the North Dakota League of Cities' annual convention. She said much of the concern arose over the issue of budgeting immediately after being elected. She said the due date for city budgets has changed, resulting in an even more compressed timeframe for newly elected city officials to develop the budget.

Mr. Alvin A. Jaeger, Secretary of State, provided information ([Appendix H](#)) regarding the committee's study of the desirability of moving city and other local elections from the primary election in June to the general election in November of even-numbered years. He said the budgeting issue may be an issue with the budget due date, rather than the election date. He said a concern of moving local elections to the November general election is many smaller cities often have write-in votes for local candidates, which slows down the tabulation of the results of an election.

In response to a question from Representative Koppelman, Mr. Jaeger said moving local elections to the November general election may result in more votes in the local elections.

In response to a question from Representative Klemin, Mr. Jaeger said 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. He said moving the local elections from the June primary election to the November general election would shift the costs between the elections, but would not likely result in cost savings.

Senator Sorvaag expressed concern regarding moving the date of local elections.

STUDY OF THE PURPOSE AND CONTENT OF STATEMENTS OF INTERESTS

The Legislative Council staff presented a memorandum entitled [Government Administration Committee - Statements of Interests Study](#). He said 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. He said statements of interests must include:

- The name of the business or employer and an identification of the principal source of income;
- 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; 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.

Representative Mock distributed a document ([Appendix I](#)) prepared by the National Conference of State Legislatures and commented regarding the committee's study of the purpose and content of statements of interests and the forms and information required to be filed. He said the statement of interests form is confusing and inefficient and the related requirements have not been updated since at least 1981.

In response to a question from Representative Streyle, Representative Mock said the current statement of interests form may be outdated and lacking relevance.

Mr. John Arnold, Director, Secretary of State's office, presented information ([Appendix J](#)) regarding statements of interests and the forms and information required to be filed. He said the statement of interests form prompts the most questions for the Secretary of State's Elections Unit. He said persons with questions regarding the statement of interests form are often informed that they should consider disclosing too much rather than not enough. He said the South Dakota statement of interests form identifies reporting thresholds. He added that reporting thresholds may answer some of the questions directed to the Secretary of State's office.

In response to a question from Chairman Louser, Mr. Arnold said the Secretary of State's office does not audit or verify items reported in statements of interests.

In response to a question from Representative Olson, Mr. Arnold said the Secretary of State's office does not currently scan submitted statements of interests into digital format. He said it is possible for the Secretary of State's office to scan statements of interests into digital format and post the statements online.

Mr. Jaeger said the Secretary of State's office has not posted statements of interests online because there have not been many requests for copies of officials' statements of interests.

In response to a question from Representative Mock, Mr. Jaeger said there is a \$5 charge to provide a requested statement of interests form submitted by an elected or appointed official.

Representative Streyle said it appears the Secretary of State can make necessary changes without legislative action.

OTHER COMMITTEE RESPONSIBILITIES

The Legislative Council staff presented a memorandum entitled [Other Duties of the Government Administration Committee - Background Memorandum](#). He said the committee has been assigned three other duties by the Legislative Management, including:

- Approve any agreement between a North Dakota state entity and a South Dakota state entity to form a bistate authority.
- Receive a report from OMB regarding the reports received by OMB from each executive branch agency receiving federal funds of a plan to operate the state agency when federal funds are reduced by 5 percent or more.
- 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 to determine the feasibility and desirability of combining the agencies into a single department.

In response to a question from Representative Koppelman, the Legislative Council staff said the study of the Department of Financial Institutions and the Securities Department would be completed by the Governor's office and likely reported to the committee at its final meeting.

Chairman Louser said future meetings would likely be held in late October 2017, February 2018, and April 2018.

No further business appearing, Chairman Louser adjourned the meeting at 4:20 p.m.

Alex J. Cronquist
Fiscal Analyst

ATTACH:10