

# NORTH DAKOTA LEGISLATIVE COUNCIL

## Minutes of the

### BUDGET SECTION

Wednesday, December 4, 2002  
Senate Chamber, State Capitol  
Bismarck, North Dakota

Representative Ken Svedjan, Chairman, called the meeting to order at 11:05 a.m.

**Members present:** Representatives Ken Svedjan, Ole Aarsvold, Larry Bellew, Merle Boucher, Thomas Brusegaard, Ron Carlisle, Al Carlson, Jeff Delzer, Eliot Glassheim, Keith Kempenich, James Kerzman, Kim Koppelman, Joe Kroeber, Bob Martinson, Ralph Metcalf, David Monson, Earl Rennerfeldt, Bob Skarphol, Blair Thoreson, Mike Timm, Francis J. Wald, John Warner, Amy Warnke; Senators John M. Andrist, Bill L. Bowman, Randel Christmann, Michael A. Every, Tony S. Grindberg, Ray Holmberg, Ralph L. Kilzer, Aaron Krauter, Ed Kringstad, Elroy N. Lindaas, Tim Mathern, Larry Robinson, Randy A. Schobinger, Harvey Tallackson, Russell T. Thane

**Members absent:** Representatives Rick Berg, Pam Gulleason, Janet Wentz; Senators David P. O'Connell, Bob Stenehjem

**Others present:** See attached appendix

#### 2003-05 EXECUTIVE BUDGET REVENUE FORECAST

Chairman Svedjan called on Mr. Rod Backman, Director, Office of Management and Budget, for an introduction of his staff. The chairman welcomed Mr. Backman back to work and wished him good health.

At the request of Chairman Svedjan, Ms. Pam Sharp, Deputy Director, Office of Management and Budget, presented information on the executive budget revenue forecast for the 2003-05 biennium and the status of the state general fund for the 2001-03 and 2003-05 bienniums. A copy of the information presented is on file in the Legislative Council office. Ms. Sharp said the 2003-05 biennium general fund revenues are projected to be \$1.77 billion, which is 7.36 percent more than the December 2002 estimate for the 2001-03 biennium. She said after removing revenue from any transfers, the cigarette tax increase of 35 cents per pack and the lottery initiative, the 2003-05 biennial revenue growth rate is 5.37 percent. She said the sales tax revenue increased by approximately \$30 million between biennial revenue forecasts based on the assumption that taxable sales and purchases will grow slightly over 1 percent in 2003, grow about 2.3 percent in 2004, and grow 3.3 percent in 2005.

Ms. Sharp said the individual income tax forecast for the 2003-05 biennium is an increase of \$42 million over the revised forecast for the 2001-03 biennium. She said the growth in the individual income tax is based on estimated adjusted gross income with capital gains and losses factored in.

Ms. Sharp said the Office of Management and Budget (OMB) is proposing to remove the \$62 million general fund revenue cap on the oil and gas production tax and oil extraction tax collected for the 2003-05 biennium so that all related state revenue is deposited in the general fund, instead of depositing any amount over \$62 million into the permanent oil tax trust fund. The result is an approximate increase in general fund revenue of \$3.5 million. She said OMB anticipates the price of North Dakota crude oil to be approximately \$22 per barrel for the 2001-03 biennium, \$22 to \$24 per barrel for fiscal year 2004, and \$18 to \$21 per barrel for 2005. She said oil production is expected to remain steady at 84,000 barrels per day throughout the 2003-05 biennium.

In response to a question from Representative Warner, Ms. Sharp said the increase in cigarette and tobacco tax revenues of \$29.7 million takes into account the fact that cigarettes are sold on Indian reservations and that there will be less cigarettes sold with a higher tax.

In response to a question from Representative Koppelman, Ms. Sharp said Economy.com estimated the lottery revenue at \$5 million. Economy.com researched surrounding states and made assumptions on administrative and vendor costs to arrive at the \$5 million estimate.

In response to a question from Representative Delzer, Ms. Sharp said the individual income tax revenue forecast for the 2003-05 biennium reflects future capital losses.

Ms. Sharp said the 2003-05 other transfers amount includes \$14.3 million from the permanent oil tax trust fund, which is the estimated 2003-05 balance of the fund. Ms. Sharp said the law provides that a two-thirds vote of each house is required in order to transfer the \$14.3 million from the permanent oil tax trust fund to the general fund.

Ms. Sharp presented the following information on the status of the state general fund:

Unobligated general fund balance - July 1, 2001	\$62,240,652
Add	
Estimated general fund collections (based on January 2003 revised revenue forecast)	\$1,647,015,799
Estimated potential transfer from Bank of North Dakota	22,862,442
Total estimated general fund revenue for the 2001-03 biennium	\$1,669,878,241
Less	
2001-03 biennium general fund appropriations	\$1,746,983,713
1.05% allotment - July 2002	(18,343,329)
Department of Human Services - Intergovernmental transfer payment	3,478,509
2001-03 biennium adjusted general fund appropriations	\$1,732,118,893
Add	
Estimated agency turnback	3,862,909
Estimated general fund balance - June 30, 2003 (\$11,994,694 was the 2001 legislative estimate)	\$3,862,909
Add	
Estimated general fund revenue for the 2003-05 biennium	1,768,286,434
Total estimated general fund revenue for the 2003-05 biennium	\$1,772,149,343
Less	
Recommended general fund appropriation for the 2003-05 biennium	1,762,103,934
Estimated general fund balance - June 30, 2005	\$10,045,409

Ms. Sharp said the funding for the 2003-05 biennium budget consists of 35.3 percent from the general fund, 40.6 percent from federal funds, and 24.1 percent from special funds. Sales tax is the largest component of the general fund making up 45.4 percent of general fund revenue, and corporate and individual income taxes are the next largest source at 29.5 percent.

Ms. Sharp said \$79.7 million has been received by the state as of December 4, 2002, as a result of the tobacco settlement and deposited in the tobacco settlement trust fund. She said the \$79.7 million was allocated among the community health trust fund, common schools trust fund, and water development trust fund, pursuant to North Dakota Century Code (NDCC) Section 54-27-25 as shown in the following table:

Tobacco settlement trust fund	
Community health trust fund (10%)	\$7,968,150
Common schools trust fund (45%)	35,856,673
Water development trust fund (45%)	35,856,673
Total transfers from the tobacco settlement trust fund	\$79,681,496
Community health trust fund	
Deposits	\$7,968,150
Expenditures	(2,704,031)
November 30, 2002, balance	\$5,264,119
Water development trust fund	
Deposits	\$35,856,673
Expenditures	(15,236,855)
November 30, 2002, balance	\$20,619,818

Ms. Sharp said there are deficiency requests related to floods that total approximately \$10.9 million. She said the \$10.9 million is included in the 2003-05 agency executive recommendation and related appropriation bills. She said the Department of Human Services deficiency bill, Senate Bill No. 2025, totals \$16.3 million and is all funded from the health care trust fund rather than the general fund.

## ECONOMIC OUTLOOK FOR THE UNITED STATES AND NORTH DAKOTA

At the request of Chairman Svedjan, Mr. Craig Thomas, economist, Economy.com, presented a report on economic assumptions included in the North Dakota executive budget revenue forecast for the 2003-05 biennium. A copy of the information presented is on file in the Legislative Council office. Mr. Thomas said the economy is in a slow recovery and he is not projecting a recession. He said a recession is not projected due to a growth in housing starts and low mortgage rates, which have allowed persons to refinance, take equity out of their houses, and spend the money, increasing retail sales. He said an important point is that although not many new jobs are being created, jobs are no longer being lost. He said although the economic impact of September 11, 2001, was significant, the corporate accounting scandals have done even more damage to the economy.

Mr. Thomas said there is no deflation in the forecast. He said the market is demanding more money for oil at the present time because of the uncertainty with the Middle East situation. He said the Economy.com forecast assumes there will be some kind of action taken in Iraq and that the war will be short in duration as predicted by the federal government.

Mr. Thomas said North Dakota wages and salaries have held up well as a result of the job stability. He said since North Dakota did not lose a lot of jobs, job creation will lag during the recovery. He said unemployment rates in North Dakota are fairly low. He said the state's disposable income and sales will grow moderately. He said the increase in disposable income in North Dakota is a result of the federal income tax refunds and tax cuts, which have provided consumers more disposable income.

Mr. Thomas said North Dakota is more dependent on agriculture than most of the other states. He said for 2001, wheat was by far North Dakota's largest agriculture area, followed by cattle. He said the best indicator is that farmland keeps appreciating. He said the average value per acre of North Dakota farmland has increased since 1992 despite the poor commodity prices.

## EXTRATERRITORIAL WORKERS' COMPENSATION INSURANCE

Chairman Svedjan called on Mr. Brent J. Edison, Executive Director and CEO, Workers Compensation Bureau, who reported on the status of the creation of a workers' compensation insurance company for the

purpose of offering extraterritorial or other states' insurance. A copy of the information presented is on file in the Legislative Council office. Mr. Edison said the Workers Compensation Bureau has a revised business plan, which has been updated since the October 8, 2002, Budget Section meeting. He said the Workers Compensation Bureau also has pro forma financial statements which are required for filing in North Dakota and Minnesota and a rate structure for premiums for North Dakota employers who want the additional protection. He said the Workers Compensation Bureau has a proposed policy, pending endorsement, to ensure compliance with NDCC Chapter 65-08. He said the bureau also has developed the articles of incorporation and bylaws for the new corporation.

## DEPARTMENT OF HUMAN SERVICES

### Mental Health Services

At the request of Chairman Svedjan, Ms. Karen Romig Larson, Director, Division of Mental Health and Substance Abuse Services, Department of Human Services, reported on the mental health services provided through the eight regional human service centers in North Dakota. A copy of the information provided is on file in the Legislative Council office. Ms. Larson said there is a variety of community-based public mental health services available in each of the eight regions. She said some of the services are provided directly by the staff at the human service center, some services are delivered by a human service center contract with a private provider, and some services are provided by referral based on collaboration in the region. She said there are two regions that do not have inpatient psychiatric services available from the private sector. She said six of the regions have contracts to provide the necessary stabilization and short-term hospitalization. The two regions that do not have inpatient psychiatric services are Lake Region, which is Region III, and the south central region, which is Region VI. She said Region III and Region VI rely on the State Hospital to provide that service.

In response to a question from Representative Warner, Ms. Larson said a report was released on a study done by the Department of Justice, the Center for Substance Abuse Treatment, and the Center for Mental Health Services that early intervention and intensive mental health case management could help to prevent or reduce incarceration.

### Service Payments for Elderly and Disabled

At the request of Chairman Svedjan, Ms. Linda Wright, Director, Aging Services Division, Department of Human Services, reported on the status of funding for the service payments for elderly and disabled (SPED) program. A copy of the information provided is on file in the Legislative Council office. Ms. Wright said as of November 27, 2002, there were 67 people waiting to receive SPED services and 13 people waiting for expanded SPED services. She said the

department has had to "freeze" the SPED program in order to stay within the budget appropriated for the 2001-03 biennium. Also, she said, the department has had to maintain a waiting list of seven people per month waiting for expanded SPED services. She said if the Department of Human Services had not made program changes and implemented the "freeze" on new clients, the department would have overspent the SPED and expanded SPED budgets by approximately \$2.5 million for the 2001-03 biennium. She said the department is projected to spend more on SPED and expanded SPED than was budgeted because the number of clients and the cost per client are both higher than was anticipated in the budget.

## 2003-05 EXECUTIVE BUDGET RECOMMENDATIONS

At the request of Chairman Svedjan, Ms. Sheila Peterson, Director, Fiscal Management Division, Office of Management and Budget, introduced the executive budget analysts and discussed the availability of the executive budget summary and detail books for legislators. Ms. Peterson reported on the 2003-05 executive budget recommendations for capital projects and state employee compensation and benefits. She said the budget will allow the state to continue to fully fund health insurance for all state employees. She said the budgeted cost for health insurance is \$493 per month per employee. She said this is a 20.5 percent increase over the 2001-03 biennium and the total cost to the state will be \$17.2 million from all funds. She said the recommended state employee compensation package includes a 1 percent salary increase, effective January 1, 2004, and a 2 percent salary increase, effective January 1, 2005. She said the salary increases have generally been effective the first of July, but the executive budget delays the increases by six months.

Ms. Peterson said the executive recommendation for the capital assets budget is comprised of the following five categories:

Capital projects	\$112,441,357
Extraordinary repairs	20,474,084
Other capital improvements	558,075,280
Equipment over \$5,000	8,974,805
IT equipment over \$5,000	7,563,993
Total	\$707,529,519

Ms. Peterson said there are three capital projects in the budget that are financed from bonding. She said the three projects include two in the State Department of Health--the remodeling of the laboratory and the construction of a new morgue and agency storage building, and the renovation of the laundry and food service areas of the James River Correctional Center (JRCC).

At the request of Chairman Svedjan, Ms. Celeste Kubasta, Office of Management and Budget, presented information on the executive budget recommendations for the Department of Human Services, including the Developmental Center and the State

Hospital. Ms. Kubasta discussed the status of the health care trust fund. She said the projected ending balance for the 2001-03 biennium is \$19,000,000 and is \$616,902 for the 2003-05 biennium. She said the executive budget recommendation for the Department of Human Services totals \$1.5 billion. She said the executive budget recommendation includes updated rejections based on caseload trends and the updated federal medical assistance percentage (FMAP). The FMAP used in the executive recommendation for 2003 is 68.36 percent (actual), in 2004 is 68.31 percent (actual), and in 2005 is 67.47 percent (projected). She said the executive budget recommendation funds nursing homes at the following percentile limits: 85th percentile for direct costs, 85th percentile for other direct costs, and 75th percentile for indirect costs. She said the current limits are 99th percentile, 85th percentile, and 75th percentile.

Ms. Kubasta said the executive budget recommendation recognizes the growth trend in Medicaid pharmaceutical costs and includes provisions for prior authorization, maximum allowable cost, and education components for physicians for a projected \$3 million savings in the 2003-05 Medicaid pharmaceutical program. She said the executive recommendation includes continuation of the following optional services: prescription drugs, durable medical equipment, physical therapy, occupational therapy, speech and hearing, optometry, and psychological services; and includes elimination of the following optional services: hospice, adult dental, chiropractic services, and private duty nursing.

Ms. Kubasta said the executive recommendation approves continued funding of the Healthy Steps program and covers 2,563 children per month. She said the executive budget eliminates provider tax funding options included in the department's budget request for Medicaid and replaces them with money from the health care trust fund. She said the executive budget recommends the elimination of three FTE human service center director positions while retaining the eight regional human service centers. Other directors will also serve those three centers.

At the request of Chairman Svedjan, Mr. Joe Morrisette, Office of Management and Budget, presented information on the executive budget recommendations for the Department of Public Instruction. Mr. Morrisette discussed Department of Public Instruction state school aid and other grants. He said the total Department of Public Instruction grants in the 2003-05 executive recommendation is \$851 million.

Mr. Morrisette said the recommendation includes an appropriation increase of \$31.2 million for teacher compensation payments. He said the teacher compensation payments would increase by \$500 per teacher the first year and an additional \$1,000 per teacher the second year (payments would increase from \$3,000 per teacher in 2002-03 to \$3,500 in 2003-04 and \$4,500 in 2004-05). He said the recommendation includes an increase in the general fund appropriation for state school aid per student and

transportation payments by \$4.1 million, to a total of \$478.1 million.

Ms. Kubasta discussed the executive budget recommendations for the higher education institutions. She said the executive recommendation created a funding pool, in the amount of over \$299 million, for all of the campus operations budgets, which is a hold-even budget for the campuses. She said the criteria the State Board of Higher Education should consider when allocating the funds to the institutions include the long-term finance plan, the cost to continue current operations, major new expenditures, and other available funding sources. She said the executive recommendation consolidates the state grant programs into a single line and replaces the general fund appropriation with student loan trust funds, which include an additional \$2 million for student internship programs. She said the executive recommendation provides a capital assets block grant, continues the technology block grant established by the 2001 Legislative Assembly, and merges all contingency and special needs funding into the contingency block grant. She said the executive recommendation includes a \$5 million initiative from the student loan trust fund for Centers of Excellence within the North Dakota University System.

Ms. Kubasta discussed the executive budget recommendations for the agriculture and economic development agencies. She said the executive recommendation for agriculture research recommends funding the budgets at 95 percent, with the exception of the Main Research Center, where a \$1.2 million pool was added for critical areas and new initiatives identified by the State Board of Agricultural Research and Education.

Mr. Morrisette discussed the executive budget recommendations for the public safety agencies. He said the executive recommendation for the Highway Patrol includes a net reduction of 15 FTE positions as a result of the reduction of the number of the state's weigh and inspection stations, the creation of the motor carrier safety assistance program, and the addition of three new trooper positions.

Mr. Morrisette discussed the executive budget recommendation for the Department of Corrections and Rehabilitation. He said the executive recommendation includes the addition of 102 FTE positions, 66 of which are related to the new women's facility at the State Hospital, and 23 of which are related to the JRCC for the operation of the laundry and food service at the State Hospital. He said the executive recommendation provides for the opening of a new women's prison in the State Hospital's LaHaug building. He said the building will require minimal remodeling to be adapted for use as a women's prison, with the total purchase and remodeling costs of \$1.2 million of federal funds, compared to the estimated construction cost of \$11.5 million for a new women's prison. He said the executive budget provides for the expansion of the JRCC to include assuming operation of the State Hospital's current food service and laundry facilities. He said the recommendation

provides for a transfer of 15 FTE positions from the State Hospital to the JRCC and the construction costs are approximately \$2.6 million, financed through the issuance of bonds. He said the executive recommendation underfunds the department's general fund pay plan by 3 percent, or \$1.6 million, to recognize anticipated salary savings relating to possible delays in filling the recommended 102 new positions and normal agency turnover.

In response to a question from Representative Delzer, Mr. Morrissette said the Office of Management and Budget would provide a schedule illustrating the salary costs of the employees working at the State Hospital who will be transferred to the JRCC, and the cost of those employees at the JRCC related to the JRCC's assuming operation of the State Hospital's food service and laundry facilities.

Mr. Morrissette discussed the executive budget recommendations for the natural resource agencies. He said the executive recommendation for the State Historical Society provides for two .5 FTE positions to convert long-term temporary positions to permanent status. He said the recommendation provides \$1 million from the general fund for initiatives relating to the Lewis and Clark Bicentennial event.

Mr. Morrissette said the executive recommendation for the Game and Fish Department increases funding for habitat improvement and access programs by approximately \$1.7 million and funds three new FTE positions, which were authorized by the Emergency Commission for the 2001-03 biennium, for the habitat and access programs. He said the recommendation provides \$500,000 for land acquisitions and \$400,000 to the Department of Agriculture to continue Game and Fish Department funding of a portion of the state costs for services provided by the United States Department of Agriculture Wildlife Services. He said the recommendation approves the agency request to discontinue funding the waterbank program due to the significant increase in habitat programs administered by the agency.

Mr. Morrissette said the executive recommendation for the Department of Parks and Recreation provides \$85,384 from the general fund for two .75 FTE maintenance positions, one at Devils Lake and one at Fort Lincoln. He said the recommendation provides \$971,486 for initiatives relating to the Lewis and Clark Bicentennial event. The \$971,486 consists of \$321,486 from the general fund, \$210,000 from federal funds, and \$440,000 from special funds.

Mr. Morrissette said the executive recommendation for the State Water Commission simplifies the agency's organizational structure into two major program areas, which are administrative and support services and water and atmospheric resources. Mr. Morrissette said the recommendation eliminates four FTE positions, one FTE for a vacant executive officer position, two FTE positions for water testing, and one FTE for a position authorized in the 2001-03 biennium for the Clean Water Act administration.

Ms. Kubasta discussed the executive budget recommendations for the Department of

Transportation. She said the recommendation dedicates 50 percent of farm truck registration fees to ethanol incentives and replaces highway fund money with highway distribution fund money for Highway Patrol funding. She said the recommendation approves the addition of five FTE positions, consisting of one FTE position for a telecommunications technician and four FTE positions for the statewide construction program.

In response to a question from Senator Bowman, Ms. Kubasta said the highway distribution fund is the fund where all the motor vehicle fuel tax and registration money are deposited. She said of the total amount in the highway tax distribution fund, 37 percent is allocated to cities and counties and 63 percent is allocated to the highway fund. She said prior to the distribution, the Highway Patrol will receive \$6.7 million from the highway tax distribution fund.

## **NORTH DAKOTA STATE UNIVERSITY F Court Student Apartment Building**

Chairman Svedjan called on Mr. Dick Rayl, Vice President, North Dakota State University (NDSU), who reported on the status and the cost of the F Court apartment building. A copy of the information presented is on file in the Legislative Council office. Mr. Rayl said NDSU hired a replacement contractor and the building project was completed at a total cost of \$2,746,129, which was \$436,129 more than the original \$2,310,000 authorized by the 2001 Legislative Assembly, and the building is occupied. He said the extra cost of \$436,129 related to correct the work done incorrectly by the terminated contractor. He said NDSU is currently in arbitration. He said the terminated contractor filed for arbitration claiming damages in excess of \$100,000 for lost profits and alleged defamation related to the contract termination. He said NDSU has counterclaimed for \$518,000 for extra expenses due to the default on the project by the general contractor. He said the arbitration hearing is scheduled for March 24-28, 2003, in Fargo. He said NDSU is covered under a surety bond for the construction project for the extra costs. He said, however, the surety company has refused to pay until there is a determination by the arbitrator of cause related to the termination.

## **AGENCY REQUESTS AUTHORIZED BY THE EMERGENCY COMMISSION**

Chairman Svedjan directed the committee to consider agency requests which have been authorized by the Emergency Commission and forwarded to the Budget Section, pursuant to NDCC Sections 54-16-04, 54-16-04.1, and 54-16-04.2. The information relating to the requests was distributed to the Budget Section members prior to the meeting and is on file in the Legislative Council office. Committee members requested that Emergency Commission Request #1435 be handled separately.

**It was moved by Senator Robinson, seconded by Representative Carlisle, and carried on a voice**

vote that the Budget Section approve the following requests that have been authorized by the Emergency Commission and forwarded to the Budget Section, pursuant to NDCC Sections 54-16-04, 54-16-04.1, and 54-16-04.2:

- **Department of Agriculture (Request #1426) - To increase federal funds spending authority and the State Board of Animal Health line item by \$163,765 to accept funds from the United States Department of Agriculture for homeland security assistance against foreign animal diseases and bioterrorism and to establish related national emergency preparedness standards.**
- **State Radio Communications (Request #1428) - To accept federal passthrough funds from the State Department of Health and increase spending authority by \$90,000 for the equipment line item (\$78,000) and operating line item (\$12,000) to pilot test the digital radio technology prior to full mitigation of emergency communications from analog radio technology.**
- **State Radio Communications (Request #1429) - To transfer spending authority from the salaries line item (\$120,000) and equipment line item (\$170,000) to the operating line item (\$290,000) to purchase software and hardware for locating land line and cellular 911 callers.**
- **State Board for Vocational and Technical Education (Request #1431) - To increase federal funds spending authority by \$115,937 to accept funds from the United States Department of Education for the operating line item (\$110,937) and equipment line item (\$5,000) for the "Transition to Teaching in North Dakota" program, which is a system of professional development and support to develop teachers from a pool of career-changing individuals and persons from industry or the military who have specific vocational-technical skills.**
- **Division of Emergency Management (Request #1433) - To increase other funds spending authority by \$454,671 to accept federal funds allocated by the Federal Emergency Management Agency from the 2002 supplemental appropriations act for further recovery from and response to terrorist attacks on the United States for salaries and wages (\$52,133), operating (\$99,032), and grants (\$303,506) for activities in the areas of homeland security planning, the community emergency response team program, and emergency operations centers.**

Mr. Backman said the Veterans Home Request #1435 is the result of the recommendations from a performance audit of the Veterans Home by the State Auditor's office. Mr. Backman said the audit recommended the Veterans Home hire a consultant to implement the audit recommendations. He said the audit recommendations resulted in the need for the Veterans Home to hire a chief financial officer to correct the financial situation at the Veterans Home. He said the Veterans Home is in the process of hiring a chief financial officer and the Office of Management and Budget is involved in the interview process to help the Veterans Home find a quality chief financial officer. He said the Office of Management and Budget requested a stipulation be added at the Emergency Commission meeting that the consultant contract be approved by both the Office of Management and Budget and the State Auditor's office in order to make sure the contract is for issues that are necessary and cannot be handled by the chief financial officer.

The legislative budget analyst and auditor said the Budget Section only has authority to approve or deny the Emergency Commission request and not attach conditions to the approval, such as requiring the approval of the 2003 Legislative Assembly Appropriations Committees.

In response to a question from Representative Delzer, Mr. Backman said the source of the \$137,000 in the Veterans Home Emergency Commission request is from a special fund of the Veterans Home. He said the original source of the funds is federal funds for the Veterans Home, but the Veterans Home does not have the authority to spend the money within its 2001-03 budget. He said approval of the request would decrease the amount of federal funds available to the Veterans Home for the 2003-05 biennium by \$137,000. He said the \$137,000 was not included in the Veterans Home budget recommendation for the 2003-05 biennium.

**It was moved by Representative Wald, seconded by Senator Robinson, and carried on a voice vote that, pursuant to NDCC Section 54-16-04.2, the Budget Section approve the following request which has been authorized by the Emergency Commission:**

- **Veterans Home (Request #1435) - To increase other funds spending authority and the operating line item by \$137,000 to retain a consultant to assist the Veterans Home in implementing the State Auditor's office performance audit recommendations.**

**It was moved by Senator Robinson, seconded by Representative Warnke, and carried on a voice vote that the Budget Section meeting be adjourned subject to the call of the chair.**

Chairman Svedjan adjourned the meeting at 3:30 p.m.

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Stephanie A. Johnson  
Fiscal Analyst

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Jim W. Smith  
Legislative Budget Analyst and Auditor

ATTACH:1