# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M

ROLL NUMBER

DESCRIPTION

2015

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2003 SENATE APPROPRIATIONS

SB 2015

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

Senate Appropriations Committee

☐ Conference Committee

Hearing Date January 22, 2003

| Tape Number | Side A | Side B | Meter # |
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| Committee Clerk Signature | Pam Hundrickson | | |

Minutes:

Senator Holmberg called the meeting to order all committee members are present. Opened the hearing on SB2015. This bill relates to providing an appropriation for defraying the expenses of the various divisions under the supervision of the director of the office of management and budget and relating to suspending payments into the permanent oil tax trust fund.

Pam Sharp, Interim Director of the Office of Management and Budget (mtr #404) - Written testimony attached (exhibit 1). Section four of testimony pertaining to state employee compensation adjustments, will be heard on January 28, 2003 at 9:30am. Proposed amendment for SB2015 is attached to the written testimony. Concluded testimony on narrative section's and the Administration Division of the written testimony. Will stand for questions.

Senator Holmberg (mtr #1233) - The contingency transfer to general fund, last time authority was 25 million to take, has been suggested legislature should not have not that. Should have required a special session.

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Ms. Sharp (mtr #1335) - If we would not have had access to that 25 million,we would have done allotments. When we found the shortfall we had attorney's look at the allotment, and it appeared that we had to take money from the Bank of North Dakota (BND). The language we are adding gives us the ability to do allotments rather than take funds from BND.

Senator Holmberg (mtr #1417) - For state memberships and related expenses, that includes governor's appropriations and such.

Ms. Sharp (mtr #1452) - This $350,000 includes Commission on Uniform State Laws, The Counsel on State Government, and travel costs, conference registration, and annual dues. Primarily for legislators. Also covers various conferences for the Governor and Lt. Governor.

Senator Holmberg (mtr #1531) - Just wanted an idea of the dues for the committee.

Senator Mathern (mtr #1570) - Sections 13, 14, 7, want clarification. Why isn't the amount of money just decreased that is taken from the oil tax trust fund, rather than change the law.

Ms. Sharp (mtr #1645) - The way the permanent oil tax trust fund works, the money is collected throughout the biennium. This was the cleanest way to do it.

Senator Mathern (mtr #1731) - In terms of all trust fund transfers in the bill, there a message that we are ? out all possibilities for future of these funds.

Ms. Sharp (mtr #1784) - Some of these trust funds set aside funds for the state to use when needed. We are hoping the economy will turn around. Would have had to give up services without these funds.

Senator Mathern - Do you consider the next biennium when considering these cuts?

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Ms. Sharp (mtr #1865) - We do keep in mind 2005-2007. Some of these funds are regular ongoing funds. Some funds have plenty of money. The oil tax trust fund would be a one time transfer.

Senator Robinson (mtr #1997) - Given concern about trust funds and present economic situation, section 10 of this bill, would it be wise for this legislature to leave out that section. I know it would force issues, but maybe we should exhaust everything.

Senator Thane (mtr #2185) - Section 10, the last sentence, dealing with shortfalls. Are you going to wait until the standing fund balance is at .00 before decisions are made?

Ms. Sharp (mtr #2265) - This would have to be based on a revenue forecast that project a shortfall. We have scheduled forecasts.

Senator Thane - Is there any desire to protect the balance?

Ms. Sharp (mtr #2389) - I am not sure if we could protect that. Not sure if we can do an allotment and leave a fund balance.

Senator Schobinger (mtr #2410) - Section 9 and 12, to what extent do these transfers, specifically the 60 million, effect the banks ability to make higher risk economic development loans.

Eric Hardmeyer, President of Bank of North Dakota, (mtr #2478) - Prepared a sheet that highlighted income, capital and loan portfolio (exhibit 2). Reviewed prepared information. The 60 million dollar transfer, that is equity money with .00 cost associated with it. It does not impact our ability to lend money. It does increase BND's cost of funds. Makes it more expensive for the bank to lend money. Again, does not effect ability to lend.

Senator Schobinger - The effect would be on those borrowing money.

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Mr. Hardmeyer - It could come in the form lower interest margins which would reduce the income to BND. Which is reflected on the projected income for 2003.

Senator Schobinger (mtr # 2920) - question on section 12, which is student loan trust, there is a .25 pt interest reduction for some student loans. Does that have anything to do with the student loan trust fund?

Mr. Hardmeyer (mtr #2963) - That does not impact the student loan trust. Also .25 pt reduction is not offered on all student loans.

Senator Christmann (mtr #3140) - Regarding handout, the 25 million moved to the general fund?

Mr. Hardmeyer (mtr #3202) - I'm talking about if the 25 million is taken in the current biennium. Clarify section 10 and 11, if 25 million taken this biennium that will take our capital down to 146 million, the most available for another draw will be 6 million.

Senator Bowman (mtr #3345) - Shortfalls have come before this committee, are we using all 25 million.

Senator Holmberg (mtr #3500) - If we take 22-25 million during the current biennium, the original 60 million won't be there for the next biennium?

Mr. Hardmeyer (mtr #3534) - No, that 60 million will come out of future earnings. We will earn at a rate of about 31 million. That would be our base line income at the current rate environment.

Ms. Sharp (mtr #3629) - Explanation of deficiency appropriation is totally separate from the issue of the revenue shortfall of roughly 60 million. Human Services shortfall is due to more expenses than anticipated and they do not have the appropriation authority or the cash to cover. The shortfall involving the bank centers around revenue.

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Senator Grindberg (mtr #3973) - In the process in the 25 million decision, if the information about increase expenditures from Human Services had been know, could we have made a larger allotment request. Does that option exist?

Ms. Sharp (mtr #4095) - I don't think so. Dept of Human Services, does not have the authority to spend more than what they have.

Senator Grindberg (mtr #4124) - If a larger allotment had come across, that would carried through as a surplus to the end of the biennium, thereby the deficiency would have been less.

Ms. Sharp - We would have to have legal counsel look at it. I believe they are two separate issues. Is the allotment language correct for a revenue shortfall.

Senator Holmberg - It would have been nice to have 10 or 12 million that would eliminate the shortfall.

Senator Krauter (mtr #4339) - I fail to see a reference to the 17.3 million that you will be taking from the student loan fund for the other programs

Ms. Sharp (mtr #4375) - That 17 million is in spending authority in higher education. Higher Ed. will spend it directly from the student loan fund.

Senator Krauter (mtr #4433) - Question then is if we take 9 million out of there and another 17.3 million, what will happen to the student loan trust fund.

Ed Sather, Bank of North Dakota (mtr #4510) - Information on Student Loan Trust fund handed out (exhibit 3). Explanation followed.

Senator Holmberg (mtr # 4747) - As committee members we are trying to figure out how we are going to pay for this stuff.

Mr. Sather (mtr #4774) - The structure of the 1979 bond issue is directed by the bond guidelines.

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Bonds outstanding for 4.5 million. Once those bonds are paid in full the funds are available to the Industrial Commission and can be used for whatever purpose is determined. Need the consent of AMBAC to release. They have consented to that release. The balance at the end of the '05 biennium will be approximately 25 million dollars.

Senator Holmberg (mtr #4985) - That 25 million would be available for use for the State of North Dakota?

Mr. Sather (mtr #5001)- That is correct. We also have introduced legislation that will allow us to maximize the return on the money.

Senator Robinson (mtr #5176) - Page four, reference to the possibility of a need to reduce student loan portfolio, please clarify.

Mr. Sather (mtr #5237) - If current legislation is approved, and the transfer of 26 million takes place in the next biennium, the assets of the trust are invested in student loans which are earning 9.5%. Student loans may need to be liquidated to make this payment. BND would lose 7.5% on this asset.

Senator Krauter (mtr #5588) - Looking at second bond resolution, what are the opportunities for using those funds?

Mr. Sather (mtr #5631) - The second bond resolution has tremendous of outstanding indebtedness. All bonds insured by AMBAC, they would be reluctant to release. Cash flows and future growth of second bond resolution is very limited. Margins very small.

Tape 1, Side B

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Sheila Peterson, Director of the Fiscal Management Division of OMB (mtr #5) - Fiscal Management Division has four major areas of responsibility. Written testimony included in exhibit 1.

Laurie Steriote Hammeren, Director of the Central Personnel Division of the Office of Management and Budget (mtr #300) - Division is responsible for maintaining a unified system of human resource management. Written testimony included in exhibit 1.

Senator Holmberg (mtr #690) - Other states have elaborate earlier retirement programs.

Ms. Steriote (mtr #733) - I am familiar with agencies that have taken advantage of early retirement programs. Downside, long term experienced workers are short.

Senator Tallackson (mtr #835) - In your division is there a policy of hiring from within the department.

Ms. Steriote (mtr #870) - That is an agency decision, but we encourage agencies to advertise.

Senator Tallackson (mtr #911) - What percentage are union members.

Ms. Seriote (mtr #927) - Can't answer that at this time, but can get that information.

Senator Grindberg (mtr #935) - Are they using Bismarck State College for computer training of state employees.

Ms. Seriote (mtr #992) - Our proposed name is ND Human Resource Management Services, to reflect services we do provide. Relative to first question, training and utilization of Universities. I would have to look into that.

Senator Andrist (mtr #1064) - Why haven't we seen more telecommuting opportunities come from your office.

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Ms. Seriote (mtr #1157) - We have broader advertising than just the largest ten papers. We use our web based system for job openings as well.

Senator Christmann (mtr #1237) - Last page talks about program getting close to 100 hits on web site per month. How many new hires are working outside of state buildings.

Ms. Seriote (mtr #1280) - There are not a significant number of telecommuters. Data survey indicates that many positions in state government don't lend themselves well to an out stationing arrangement.

Linda Belisle, Director of the OMB Central Services Division (mtr #1455) - Central Services ' mission is to provide agencies an departments with economical and timely centralized services. Written testimony included in exhibit 1.

Senator Kringstad (mtr #1691) - The Websphere program is costing $32,000.00, was the Silverstream Company consistent.

Ms. Belisle - I don't know what the cost of the original Silverstream application was.

Senator Krauter (mtr #1737) - You have the operating fund called the central duplication service fund #790, that fund is used for operating. You have a continual cash flow of $665,000.00 to run that, seems like a large amount. Can that be reduced?

Ms. Belisle (mtr #1798) - The fund balance is covering our cost of operating, we are facing some equipment investments. Will need 1.2 million to replace equipment. Hoping to build the fund.

Senator Kilzer (mtr #1965) - Your number of FTE's has that been up or down over the last biennium?

Ms. Belisle (mtr #1987) - The number of FTE's is that same as previous biennium. The total number is 30.

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John Boyle, Director of the Facility Management Division within OMB (mtr #2100) - The employees in this division provide security, central mailroom and tour guide services as well as work as custodians. Written testimony included in exhibit 1.

Senator Mathern (mtr #2340) - Is there a plan for an underground parking lot?

Mr. Boyle (mtr #2400) - Due to budget constraints that has been pushed to the next biennium

Senator Mathern (mtr #2405) - There is a big need for that.

Mr. Boyle (mtr #2425) - It is a 3-3.5 million dollar project.

Senator Mathern (mtr #2480) - Capitol grounds look bad due to all the cars parking everywhere.

Mr. Boyle (mtr #2531) - This proposal is a repair only.

Senator Kringstad (mtr #2550) - Is curb going to added to the walking path.

Mr. Boyle - Yes, that is part of State Street project, concrete and leveling will be done.

Senator Tallackson (mtr #2624) - If you do anything with additional parking you will consider a charge for parking.

Senator Krauter (mtr #2684) - In the '03 biennium, why the account balances are the way they are and why are we adding.

Mr. Boyle - The balance will increase, the Capitol Ground Planning Commission has approved design plans. We are letting that fund grow so that we don't need to come to the legislature to ask for more funds.

Senator Grindberg (mtr #2907) - Three architects will be used because it was felt that was enough to get a good design criteria. Public will also be involved.

Senator Thane (mtr #2990) - Capitol cooling tower, are there any plans on doing anything with it.

Mr. Boyle (mtr #3017) - The Capitol cooling tower may not make it until the next biennium.

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Jo Zschomler, Director of the Risk Management Division of OMB (mtr #3217) - Risk Management Division is assigned the responsibility of administering the risk management program to OMB. Written testimony is included in exhibit 1.

Senator ? (mtr #3502) - Your special funds account is going to continue to grow?

Ms. Zschomler (mtr #3525) - Will end with a .00 balance at the end of the biennium

Ilene Holwegner, Fiscal Officer (mtr #3660) - There are several areas you can get a balance from, where are you looking? When special budget statements where done, we use the balance in the state's accounting system. Does not include payables, receivable, accruable. It is an estimate based on past expenditures.

Senator Krauter (?) (mtr #3960) - Numbers are hard to follow, do we have a system in place that is not giving the correct numbers.

Ms. Holwegner (mtr #4000) - The accounting system can't do projections.

Senator Krauter (mtr #4132) - Back to central duplicating, the history shows steady growth, same with Capitol Grounds Planning Commission.

? (mtr #4174) - I'm not familiar with central duplicating.

Senator Krauter (mtr #4290) - Are we going to see a 1.5 million dollar savings, are we going to see that throughout the agency, has it been budgeted in?

? (mtr #4316) - Nothing was done this year because when the legislation was passed last year, it sunsetted. We are waiting to see what the legislature does this session.

Rick Hessinger, Interim Director ND State Radio Communication (mtr #4479) - The agencies mission is to provide each person in need with professional public safety communication services

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by coordinating, 911, emergency medical, fire, law enforcement, public safety information.Written testimony is included in exhibit 1.

Senator Tallackson (mtr #4911) - Are you monitoring the availability of funds from the federal government for homeland security?

Mr. Hessinger (mtr #4928) - Yes, we are monitoring that, working closely with Dept. of Emergency Management. No significant funds have been available for communications. Continue to monitor.

Senator Tallackson (mtr #5058) - Have they indicated that you may get federal funds, I see it is not in your budget.

Mr. Hessinger (mtr #5087) - No, we are working with Emergency Management on that issue. If that funding becomes available we will know.

Senator Thane (mtr #5133) - In what way are you involved if any with mobile computers that are being used in highway patrol vehicles.

Mr. Hessinger (mtr #5188) - We have central electronic equipment, we work closely with the highway patrol.

Senator Thane (mtr #5320) - Are local radio systems being used by law enforcement. Are county and city compatible with State Radio?

Mr. Hessinger (mtr #5371) - We have a great deal of compatibility in ND. Some cities have opted not to go with standard system in the 70's and haven't had the funding to upgrade.

Senator Kringstad (mtr #5518) - Homeland Security system that is in place, there is no mention of that. Are you involved.

Mr. Hessinger - Yes, we provide communication, warnings etc..

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Testimony from OMB is concluded.

Senator Holmberg closed the hearing on SB2015. Next Tuesday will look at employee compensation portion of this bill.

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

Senate Appropriations Committee

☐ Conference Committee

Hearing Date January 28, 2003

| Tape Number | Side A | Side B | Meter # |
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| #1 | | x | 0-1862 |
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| Committee Clerk Signature | Jan Hendrickson | | |

Minutes:

Senator Holmberg, chair, opened the hearing on SB 2015 Employee compensation -public hearing. Pam Sharp, Interim Director of OMB gave a brief overview of Section 4 of SB 2015 which relates to the state employee compensation. (Exhibit #1) The Governor's recommendation provides for a 1% increase for permanent state employees beginning in January 2004, paid February, 2004, and a 2% increase beginning January 2005, paid February, 2005. Employees whose documented performance levels do not meet standards are not eligible for the increase, nor are probationary employees, however, probationary employees may be given all or a portion of the increase upon completion of probation. No salary increase other than the 1% in January 2004 and 2% in January 2005 may be given to an employee whose salary exceeds or would exceed the salary range maximum. No provision was made regarding the increase be used for merit or equity pay. That was done on purpose, believing that the 1 & 2 % increases are small and it would be difficult to break out a portion of those increases for merit or equity. The

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Governor's recommendation does fully pay the Health Insurance for state employees. The recommendation from the State Employee Compensation Commission (SECC) is for a 5% increase beginning July 2003 and a 2% increase beginning July 2004 with a minimum of $40 per month. Any increase greater than $40 must be based on merit and equity. The rational behind the 5% and 2% recommendation from the State Employee Compensation Commission is based upon the information presented by Central Personnel that shows that in order for the state to maintain salaries at 95% of market, that type of salary increase is required. In addition, the SECC felt that in order to maintain a quality workforce, we need to provide salary increases that are more than the rate of inflation. The SECC also recommended that the state continue paying Health Insurance for state employees.

Chris Runge, Executive Director of the North Dakota Public Employees Association, American Federation of Teachers Local 4660 (#5074). See attached written testimony (Exhibit #2). She stated she was there to testify in behalf of the state employees and to support the salary recommendations of the State Employees Compensation Commission (SCEE), which is 5% and 2% with the health insurance premium payments being paid by the state. She stated that in order for the state to keep the quality services to the citizens of North Dakota then they need to recruit and retain their public employee workforce, and this can only happen with a strong salary and benefit program. They found that 58% of the members of the North Dakota Public Employees Association have considered leaving government service, not because of the benefits but because of the wages. She also recommended that the legislature embark on a 10 year plan to get state employees salaries caught up to the Central Personnel goal of 95% of market. She felt that a 10 year goal of state employees salaries at 95% of market is realistic. She was on a national task

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force on the problems of recruiting and retaining quality public employees. As a result of this work, a report called, "Taking Action Against the Quiet Crisis" was produced (see attachment #2A). Eleven states, big and small participated in the task force as did personnel directors from participating states. This report provides compensation and alternatives to compensation recommendations that states can and should use to retain and recruit a qualified workforce. 45% of all government employees are eligible to retire in the next five to ten years. That is the case in North Dakota as well. Due to the fiscal crises in the states, this will problem will be exacerbated by early retirements and layoffs. In North Dakota, you have already passed recruitment and retention bonus programs, recognizing the problems state agencies are already having in recruiting and retaining quality public employees. She also stated that they were against having the employee pay $50.00 toward the health care premium, which was presented to her at a local newspaper interview. She felt that would be cutting employees pay. She also attached to her testimony a report developed by the Central Personnel Division entitled, "Health Insurance Premium Information", which shows that the state paying the full family premium was in line with other states. She also stated that they understand the budgetary pressures, and they are willing to work with the committee to find a workable solution while at the same time assuring that quality service is provided to the citizens of North Dakota.

Questions: (#5910)

Senator Bowman: How are other states handling this problem, as they have bigger budget problems? Answer: (Chris Runge) Connecticut cut 3000 employees, other states are looking at a wide variety of tax increases, even states that would not have considered that in the past. They know they have no other choice, because they know they can not cut the work force and cut

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programs, they are doing a variety of things....early retirements, layoffs, tax increases to tide them over until the economy gets better. She also knew that the states, counties, political subdivisions are talking to the federal government about a ballout for the states in terms of Medicaid, etc. She was very in favor of getting federal dollars into the states. Senator Bowman continued: In our area, southwest North Dakota, people took, in some cases, a complete wipeout (End of Tape #1 Side A--Continued on Side B) Chris Runge continued that the pay increases and the paid health care premiums are spent back in the communities that will help those areas that were hard hit by the drought and other disasters. She also stated that the work force that lives in these communities need our support and they provide valuable services to the people out in these communities. Senator Christmann (#37): Senator Christmann wanted to know if the 58% that is considering leaving, are they more of the senior employees, or newer employees? Chris Runge: When we did this survey it was of our members, as you know we are an aging work force, and as she looked across the membership, she saw that as well. You still have the problem of bringing in new employees into state government, and one of the big draws is that fully paid health insurance, not the pay. Senator Christmann continued: How many employees are members of the Public Employees Association? Chris Runge: We have approximately 1800 active members and 1100 retired members. Senator Thane: Is there information available that shows the difference between the private and public sector as far as job descriptions are concerned? Chris Runge: Central Personnel may have that information. Senator Krauter: Wanted to know if the pay raise proposed by the Governor was always not awarded until January? Chris Runge: This is different from the past, pay raises have always taken effect at the beginning of the biennium, wondering if this an attempt to save some money by not starting right away.

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Chris Runge stated that Michael Levitt was unable to attend but he did send a letter that he wrote to Governor Hoeven - which is attached, Exhibit #3.

Senator Holmberg stated that SB 2015 is in a subcommittee consisting of Senator Holmberg, Senator Kringstad and Senator Tallackson.

Tom Tupa (#380) representing the Independent North Dakota State Employees Association.(No written testimony). Would like to go on record supporting the salary adjustments. Would like to see the increases that were purposed by the State Employees Compensation Commission to be considered by this committee, however, he understood the almost impossibility of that happening. He also wanted to continue the support of the full health care premiums. When people say that the employees are not paying their share of medical care, they should understand that the employee has to pay their copays, and deductibles. He also stated that if the committee could not do any better than the 1% & 2% salary increase that they consider moving the target date from January to July, making it consistent with the Fiscal Year.

Senator Holmberg:(#520) It is the committee's understand that in the budget that we have before us, the money is in the budget of all of the executive branch, with the exception of higher education who was told to find the money, no additional money was put for the health or pay increase.

Gary Feist; (#582) an employee of the Tax Department since November 1991. (Written testimony attached Exhibit #4). He has been a sales and special taxes auditor and currently he is a corporate income tax auditor. He is also currently serving as a member of the State Employee Compensation Commission (SECC). He is asking support for the increase in state employees salaries larger than that proposed by Governor Hoeven. He stated that the state employees needed

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LaCosta Rickford 10/15/03
Operator's Signature Date

the higher salary rate just to get them within the 95% of market value. He stated that the rate of inflation is 1.9% for 2003 and 2.3% for 2004 which is higher than the raise proposed by Governor Hoeven. He felt that the raise should be at least as high as the rate of inflation. He also objected to the pay increased not taking affect until January.

Gerry Nies (#893) lives in Grand Forks and works for UND. (Written testimony attached-Exhibit #5). He stated that the benefits offered by the state are the main reason that state employees stay. Employees are getting older, so the medical benefits are a big concern for employees. He stated that the employees didn't come in asking for big things. He ended his testimony with an attempt at humor. "Please don't take my insurance. I will need it when I accidentally shoot myself when I reach down to pick up my illegal cigarette that I dropped while trying to pet my friend's dog that he brought in from Minnesota to hunt. We had been discussing economic development and how my pay raise and health insurance and how they would be comparable that of his (name of company) company that he was looking at bringing to North Dakota for economic development.

Questions: (#1371)

Senator Bowman: Do you have a retirement plan build into your wages? Gerry replied that yes he did. Senator Bowman continued: What is that worth to you? Senator Bowman continued that he did not have a retirement plan, and he needed to know all of the benefits that the employees receive. He stated also that the 26% increase in health care that the state will be paying is also an increase in pay wages, it comes out of someone's pocket to pay you so that you have the privilege to retire when you choose and a fairly nice health insurance package. He supports the health insurance package, but just remember that everyone does not have the luxury of a retirement

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package and it costs someone money to give you that. Gerry responded that he recognized that, but his retirement and his social security will not make him comfortable, and he also stated that he pays for his retirement package and he has paid for that over the years with considerable less increases in pay. It isn't something that we don't pay. Senator Mathern: (#1602). What do you anticipate will be the pay increase for University employees at your salary range? Gerry: I have no idea, at this point it is totally up to the President at my University and they have not given any indication as to what that will be. Senator Mathern: Do you know what salary difference is or is there between you and a classified public employee? Do you know if there is a classified state employee that is doing your job at the UND that is getting more or less than you? Gerry: No one else does what he does in the state of North Dakota. I work at the University, I work at disability support services and what I do is provide technology support for those individuals with disabilities, there is nobody else in the state that is doing this type of job.

With no other testimonies on SB 2015 regarding the public comment on State Employee Compensation, Senator Holmberg, chair closed the hearing. (#1862).

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015 vote

Senate Appropriations Committee

☐ Conference Committee

Hearing Date 2-18-03

| Tape Number | Side A | Side B | Meter # |
|---|---|---|---|
| 1 | X | | 0-11650 |
| | | | |
| | | | |

Committee Clerk Signature Sandra Dawson

Minutes: Chairman Holmberg opened the hearing to vote on SB 2015. Attendance roll was called, a quorum was established. Chairman Holmberg proposed amendment (38038.0103) and had Roxene Woeste also explain the amendment.. (Meter 190) Chairman Holmberg explained the 1. salary increases cuts, 2. Dues for the education of the state have been found in DPI's budget, and 3. Bonuses for salaries working during the legislature also to put on OMB's budget instead of the agencies. (Meter 363) Pam Sharp, OMB: Explained Section 8 on the bonding fund. Language to be put on OMB budget. (Meter 377) Chairman Holmberg introduced Senator Krauter has amendment (38038.0104) to propose. (Meter 405) Senator Krauter: Telecommuting available to rural areas are important and get this concept in the eyes of the people. Read the intent of the amendment. By locating state employment positions is rural areas through telecommuting. (Meter 650) Senator Bowman stated his concern with telecommuting. Setting up an intent and then by rule, the intent is changed. (Meter 846) Chairman asked for a voice vote to pass the first amendment. It passed. The second amendment from Senator Krauter passed with a

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Operator's Signature Date

voice vote (38038.0104), Motion by Tallackson and seconded by Bowman. Senator Krauter did not have his amendment printed yet but the committee voted on it. There was a roll call vote and amendment failed 6-7-1. There was motion to DO PASS AS AMENDED by Senator Tallackson and seconded by Senator Bowman. It passed 13 yeas, 0 nays and 1 absent. Senator Holmberg to carry the bill.

The two amendments combined (38038.0107)

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# FISCAL NOTE

**Requested by Legislative Council**
12/24/2002

Bill/Resolution No.: SB 2015

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2001-2003 Biennium | | 2003-2005 Biennium | | 2005-2007 Biennium | |
|---|---|---|---|---|---|---|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| **Revenues** | | | $3,415,659 | ($3,415,659) | | |
| **Expenditures** | | | | | | |
| **Appropriations** | | | | | | |

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| 2001-2003 Biennium | | | 2003-2005 Biennium | | | 2005-2007 Biennium | | |
|---|---|---|---|---|---|---|---|---|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | | | | | | |

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

As a result of the amendment in Section 13 of SB 2015, $3,415,659 will be deposited into the general fund. Without the amendment, the $3,415,659 would have been deposited into the Permanent Oil Tax Trust Fund. The effects of this amendment are included in Governor Hoeven's executive budget.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
   A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

As a result of the amendment in Section 13 of SB 2015, $3,415,659 will be deposited into the general fund. Without the amendment, the $3,415,659 would have been deposited into the Permanent Oil Tax Trust Fund. The effects of this amendment are included in Governor Hoeven's executive budget.

   B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

   C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

| | | | |
|---|---|---|---|
| **Name:** | Pam Sharp | **Agency:** | OMB |
| **Phone Number:** | 328-4606 | **Date Prepared:** | 12/26/2002 |

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LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0103
Title.
Fiscal No. 1

Prepared by the Legislative Council staff for
Senate Appropriations
February 14, 2003

PROPOSED AMENDMENTS TO SENATE BILL NO. 2015

Page 1, line 6, after "fund" insert "; to prohibit the payment of bonuses or temporary salary adjustments for extra working hours because of the legislative session"

Page 1, line 14, replace "15,549,754" with "15,404,949"

Page 1, line 15, replace "11,364,985" with "11,461,745"

Page 1, line 18, replace "27,826,739" with "27,778,694"

Page 1, line 19, replace "7,918,764" with "7,891,748"

Page 1, line 20, replace "19,907,975" with "19,886,946"

Page 2, remove lines 7 through 19

Page 2, line 24, replace "353,200" with "449,960"

Page 3, after line 8, insert:

**"SECTION 8. BONDING FUND TRANSFER TO STATE GENERAL FUND.** The insurance commissioner shall transfer to the general fund in the state treasury the sum of $2,000,000 from the state bonding fund. The moneys must be transferred in such amounts and at such times as requested by the director of the office of management and budget during the biennium beginning July 1, 2003, and ending June 30, 2005."

Page 5, after line 6, insert:

**"SECTION 14. BONUSES OR TEMPORARY SALARY ADJUSTMENTS - PROHIBITED.** No state official, agency, department, or institution may pay any employee a bonus or temporary salary adjustment for extra working hours incurred as a result of the legislative session."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2015 - Office of Management and Budget - Senate Action**

| | EXECUTIVE BUDGET | SENATE CHANGES | SENATE VERSION |
|---|---|---|---|
| Salaries and wages | $15,549,754 | ($144,805) | $15,404,949 |
| Operating expenses | 11,364,985 | 96,760 | 11,461,745 |
| Capital assets | 733,000 | | 733,000 |
| Grants | 179,000 | | 179,000 |
| Total all funds | $27,826,739 | ($48,045) | $27,778,694 |
| Less estimated income | 7,918,764 | (27,016) | 7,891,748 |



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LaCosta Rickford 10/15/03
Operator's Signature Date

| | | | |
|---|---|---|---|
| General fund | $19,907,975 | ($21,029) | $19,886,946 |
| FTE | 162.00 | 0.00 | 162.00 |

## Dept. 110 - Office of Management and Budget - Detail of Senate Changes

| | REMOVES RECOMMENDED SALARY INCREASE [1] | INCREASES FUNDING FOR STATE DUES [2] | TOTAL SENATE CHANGES |
|---|---|---|---|
| Salaries and wages | ($144,805) | | ($144,805) |
| Operating expenses | | $96,760 | 96,760 |
| Capital assets | | | |
| Grants | | | |
| Total all funds | ($144,805) | $96,760 | ($48,045) |
| Less estimated income | (27,016) | | (27,016) |
| General fund | ($117,789) | $96,760 | ($21,029) |
| FTE | 0.00 | 0.00 | 0.00 |

1 This amendment removes the Governor's recommendation for state employee salary increases and retains the recommended state payment for health insurance premiums.

2 Increases funding for the operating line item for the state's membership in the Education Commission of the States.

A section is added prohibiting bonuses or temporary salary adjustments to state employees for extra working hours because of the legislative session.

A section is added to provide language for a transfer from the bonding fund to the general fund.



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LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0104
Title.

Prepared by the Legislative Council staff for
Senator Krauter
February 13, 2003

PROPOSED AMENDMENTS TO SENATE BILL NO. 2015

Page 2, after line 28, insert:

**"SECTION 6. LEGISLATIVE INTENT - SUPPORT OF TELECOMMUTING.** The fifty-seventh legislative assembly enacted North Dakota Century Code section 54-06-24.1 to encourage state agencies to implement telecommuting by locating state employees away from central office settings. In furtherance of this action it is the intent of the fifty-eighth legislative assembly that the central personnel division incorporate language within every advertisement the division publishes for a position within state government that the position may be filled through telecommuting and any offer of filling the position by telecommuting will be considered. It is also the intent of the fifty-eighth legislative assembly that the central personnel division include in every employment advertisement by a web site address that has complete details on telecommuting."

Renumber accordingly



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LaCosta Rickford 10/15/03
Operator's Signature Date

Amendments failed

Amendment Krauter proposed not printed

Date: 2-1
Roll Call Vote #: 1

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass - Amendments Only

Motion Made By Krauter Seconded By Kringstad

| Senators | Yes | No | Senators | Yes | No |
|---|---|---|---|---|---|
| Senator Holmberg, Chairman | | ✓ | | | |
| Senator Bowman, Vice Chair | | ✓ | | | |
| Senator Grindberg, Vice Chair | | | | | |
| Senator Andrist | | ✓ | | | |
| Senator Christmann | | ✓ | | | |
| Senator Kilzer | | ✓ | | | |
| Senator Krauter | ✓ | | | | |
| Senator Kringstad | | ✓ | | | |
| Senator Lindaas | ✓ | | | | |
| Senator Mathern | ✓ | | | | |
| Senator Robinson | ✓ | | | | |
| Senator Schobinger | ✓ | | | | |
| Senator Tallackson | ✓ | | | | |
| Senator Thane | | ✓ | | | |

Total (Yes) 6 No 7

Absent 1

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

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Operator's Signature Date

#1 38038.0103 Amendment Voice vote - passed
#2 -38038.0104 passed Krauter - Bowman

#3 Amendment - not printed yet
Krauter - Kringstad (roll call vote)
failed

Date: 2-18-03
Roll Call Vote #: 1

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.** 2015

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 38038.0105

Action Taken Do Pass As Amend

Motion Made By Tallackson Seconded By Bowman

| Senators | Yes | No | Senators | Yes | No |
|---|---|---|---|---|---|
| Senator Holmberg, Chairman | ✓ | | | | |
| Senator Bowman, Vice Chair | ✓ | | | | |
| Senator Grindberg, Vice Chair | | | | | |
| Senator Andrist | ✓ | | | | |
| Senator Christmann | ✓ | | | | |
| Senator Kilzer | ✓ | | | | |
| Senator Krauter | ✓ | | | | |
| Senator Kringstad | ✓ | | | | |
| Senator Lindaas | ✓ | | | | |
| Senator Mathern | ✓ | | | | |
| Senator Robinson | ✓ | | | | |
| Senator Schobinger | ✓ | | | | |
| Senator Tallackson | ✓ | | | | |
| Senator Thane | ✓ | | | | |

Total (Yes) 13 No 0

Absent 1

Floor Assignment Holmberg

If the vote is on an amendment, briefly indicate intent:

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LaCosta Rickford 10/15/03
Operator's Signature Date

**REPORT OF STANDING COMMITTEE (410)**
**February 19, 2003 8:39 a.m.**

**Module No: SR-32-3225**
**Carrier: Holmberg**
**Insert LC: 38038.0107 Title: .0200**

**REPORT OF STANDING COMMITTEE**

**SB 2015: Appropriations Committee (Sen. Holmberg, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2015 was placed on the Sixth order on the calendar.

Page 1, line 6, after "fund" insert "; to prohibit the payment of bonuses or temporary salary adjustments for extra working hours because of the legislative session; to provide a statement of legislative intent"

Page 1, line 14, replace "15,549,754" with "15,404,949"

Page 1, line 15, replace "11,364,985" with "11,461,745"

Page 1, line 18, replace "27,826,739" with "27,778,694"

Page 1, line 19, replace "7,918,764" with "7,891,748"

Page 1, line 20, replace "19,907,975" with "19,886,946"

Page 2, remove lines 7 through 19

Page 2, line 24, replace "353,200" with "449,960"

Page 3, after line 8, insert:

"**SECTION 8. BONDING FUND TRANSFER TO STATE GENERAL FUND.** The insurance commissioner shall transfer to the general fund in the state treasury the sum of $2,000,000 from the state bonding fund. The moneys must be transferred in such amounts and at such times as requested by the director of the office of management and budget during the biennium beginning July 1, 2003, and ending June 30, 2005."

Page 5, after line 6, insert:

"**SECTION 14. BONUSES OR TEMPORARY SALARY ADJUSTMENTS - PROHIBITED.** No state official, agency, department, or institution may pay any employee bonuses or temporary salary adjustments for extra working hours incurred as a result of the legislative session.

**SECTION 15. LEGISLATIVE INTENT - SUPPORT OF TELECOMMUTING.** The fifty-seventh legislative assembly enacted North Dakota Century Code section 54-06-24.1 to encourage state agencies to implement telecommuting by locating state employees away from central office settings. In furtherance of this action, it is the intent of the fifty-eighth legislative assembly that the central personnel division incorporate language within every advertisement the division publishes for a position within state government that the position may be filled through telecommuting and any offer of filling the position by telecommuting will be considered. It is also the intent of the fifty-eighth legislative assembly that the central personnel division include in every employment advertisement a web site address that has complete details on telecommuting."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**



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LaCosta Rickford 10/15/03
Operator's Signature Date

**REPORT OF STANDING COMMITTEE (410)**
**February 19, 2003 8:39 a.m.**

**Module No: SR-32-3225**
**Carrier: Holmberg**
**Insert LC: 38038.0107 Title: .0200**

## Senate Bill No. 2015 - Office of Management and Budget - Senate Action

| | EXECUTIVE BUDGET | SENATE CHANGES | SENATE VERSION |
|---|---|---|---|
| Salaries and wages | $15,549,754 | ($144,805) | $15,404,949 |
| Operating expenses | 11,364,985 | 96,760 | 11,461,745 |
| Capital assets | 733,000 | | 733,000 |
| Grants | 179,000 | | 179,000 |
| Total all funds | $27,826,739 | ($48,045) | $27,778,694 |
| Less estimated income | 7,918,764 | (27,016) | 7,891,748 |
| General fund | $19,907,975 | ($21,029) | $19,886,946 |
| FTE | 162.00 | 0.00 | 162.00 |

## Dept. 110 - Office of Management and Budget - Detail of Senate Changes

| | REMOVES RECOMMENDED SALARY INCREASE [1] | INCREASES FUNDING FOR STATE DUES [2] | TOTAL SENATE CHANGES |
|---|---|---|---|
| Salaries and wages | ($144,805) | | ($144,805) |
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| Capital assets | | | |
| Grants | | | |
| Total all funds | ($144,805) | $96,760 | ($48,045) |
| Less estimated income | (27,016) | | (27,016) |
| General fund | ($117,789) | $96,760 | ($21,029) |
| FTE | 0.00 | 0.00 | 0.00 |

1 This amendment removes the Governor's recommendation for state employee salary increases and retains the recommended state payment for health insurance premiums.

2 Increases funding for the operating line item for the state's membership in the Education Commission of the States.

A section is added prohibiting bonuses or temporary salary adjustments to state employees for extra working hours because of the legislative session.

A section is added to provide language for a transfer from the bonding fund to the general fund.



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2003 HOUSE APPROPRIATIONS

SB 2015

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date March 10, 2003

| Tape Number | Side A | Side B | Meter # |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| Committee Clerk Signature | Kelly J Schmidt | | |

Minutes:

Meeting was called to order by Chairman Carlisle, Roll was taken with all member present.

**Pam Sharp, Interim Director, Office of Management & Budget,** shared written testimony in support of SB 2015. In response to a question from **Rep. Skarphol** some jobs and personnel are not appropriate for telecom. The private sector is starting to back out of this process. The threshold varies by person and position of telecommunicating.

**Sheila Peterson, Director of Fiscal Management Division, OMB** shared written testimony in support of SB 2015.

**Laurie Sterioti Hammeren, Director of Central Personnel Division, OMB,** shared written testimony in support of SB 2015. In response to a question from Rep. Skarphol. Laurie informed the committee the Human Service section of the ConnectND project was very

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frustrating at times, especially with the agencies that don't have a system. There is a need for more uniformity when the system is initiated.

**Linda Belisle, Director, OMB Central Services Division,** shared written testimony in support of SB 2015. In response to a question from Rep. Timm, and the check issue with the Tres. Department. We have had some bumps, we have remodeled a room to accommodate security, there is limited access and card key access. ITD issue with the Live check wasn't brought to my attention until the testimony of the Treasurers office. She also advised the committee that the 5 FTE's general fund positions are general funded because of the duties. This is not a change from previous budgets, just a breakdown.

**John Boyle, Director, OMB Facility Management Division** shared written testimony in support of SB 2015.

**Jo Zschomler, Director, OMB Risk Management Division,** shared written testimony in support of SB 2015. The estimated cost to fix the cooling tower is $268,000, this amount is in the budget. This will replace the old cooling tower unabling us to add more heat pumps. This is an engineering recommendation.

**Rick Hessinger, Interm Director, ND State Radio, OMB** shared written testimony in support of SB 2015. In response to a question from **Rep. Warner** and the Amber Alert System, he advised the committee the Amber Alert System is an effort worked in cooperation with other state agencies. National Criteria established through missing and exploited children. This system will be needed on a "few and far between" basis. We will error on the side of safety.

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**Laurie Sterioti Hammeron,** in response to a question from Rep. Skarphol noted the increase in IT data processing costs, is due to an update in equipment upgrades to work with upcoming wireless 911, this is paid as a service expense to ITD, therefore the budget line.

**Rick Hessinger, State Radio** This will involve a 3 phase process to migrate from analogue to digital. We are having difficulty getting replacement parts. Overall cost estimate is less than originally anticipated, His guesstimate for Phase I completion for approx. 7M, Local level phase will be approx. 20M, based on current costs. Phase III 15-20 M,

**Chris Runge, Executive Director, ND Public Employees Committee.** Submitted and amendment to reinstate the salary lines of state employees. In a response to a question from **Rep. Timm** she advised the committee the 2% - 2% is higher that the governors original budget amount for salaries. Employees are paying income out of their pockets as well as prescription drugs, this is an increase in out of pocket expenses. We will be taking a pay cut due to those increase out of pocket expenses.

**Eric Hardmeyer, President, Bank of ND** shared written testimony regarding the Bank of ND and the years income and projections for 2003.

Hearing no further testimony the hearing was closed.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date March 19, 2003

| Tape Number | Side A | Side B | Meter # |
|---|---|---|---|
| 1 | xx | | |
| | | | |
| | | | |
| Committee Clerk Signature | Kelly Schmidt | | |

Minutes: Chairman Carlisle called the meeting to order, roll was taken with all members present.

**Sheila Peterson, OMB** The land and minerals trust fund estimates have changed from 3M to 2M, amendment 38038.0207 limits the withdraw amounts to 14.3M in the 03-05 biennium.

**Rep. Kroeber** Made note, the permanent oil trust fund would require a 2/3 majority vote from both houses to be used.

**Rep. Carlisle** addressed the OMB January pay raises

**Sheila Peterson, OMB** Director Backman had surgery in Sept. And the department has operated without a director for the majority of the preparation time for the Governors office. No equity adjustments were given during that time, the governor then continued with an interim director, thus 1 FTE short. The 4 analysts along with myself and Pam Sharp received an equity adjustment.

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**Rep. Carlson** instead of a 1 time payment, you've raised the bar for wages forever, why wasn't this a bonus type payment?

**Sheila, OMB** with ConnectND we are also short 1 analyst. We will be short for 3 years due to this project. With the budget staff reduced from 5 to 4 we felt there was a need for permanence. This was funded from the roll up money from Rod's position and vacancies.

**Rep. Carlson** Where is the authority?

**Sheila, OMB** we believe we believe we spend and manage a line item as needed.

**Rep. Carlson** We've authorized a 2 and 2% increase and we come back and it's 2.6 and 3%, the base has been raised. If we allow that bar to be increased it make is more difficult for us to have a hand on the budget.

**Sheila, OMB** It's an evolving process, on a monthly and daily basis. Savings also incurs as we fill a long term employee with a new position at a lower wage.

**Rep. Warner** requested a C-ratio chart for OMB (written response to follow)

**Sheila, OMB** There is a C-ratio in all classifications, some agencies philosophies also come into play with c-ratio issues and pay increases.

**Rep. Timm** Do you feel you are the guardian of the budget? Do you turn anyone down?

**Sheila, OMB** we do it a lot, We have no authority in the judicial and legislative branch of government, this budget was built on a 95% base, 30 of 45 remained at 95%

**Rep. Timm** Who oversees your budget?

**Sheila, OMB** The legislative branch

**Rep. Carlisle** made note DPI did some similar adjustments

**Rep. Skarphol** Do you have control of the Higher Ed budget

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**Sheila, OMB** yes, we made recommendations, (written response to follow)

**Rep. Skarphol** made reference to Page 4 section 13 of the budget.

**LC** Jim Smith and Don are preparing an amendment, there is no conflict, this transfer is being made at the beginning of the 03-05 biennium.

**Pam Sharp** the transfer language has been changed, there is no conflict

**Rep. Skarphol** introduced amendment 38038.0206 which would initiate a study regarding the taxing of mineral severance, and interim committee will address the issue.

**Rep. Glassheim** on behalf of Rep. Ekstrom introduced amendment .0204 this would limit the use of "color" documents, one small saving measure.

**Rep. Warner** Do you anticipate 2 runs would have to be made for document, 1 black/white for internal use and 1 color for public use?

**Rep. Glassheim** This is not a mandate, just encourages creativity in presentation.

**Rep. Koppelman** I admire the attempt, but I am concerned with the detail. I like the incentive idea, however we are handing picking, are we cost saving or cost shifting?

End of Discussion

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date April 3, 2003

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Committee Clerk Signature Kelly L Schmidt

Minutes: **Committee Work**

**Rep. Skarphol** reviewed with the committee Amendment 38038.0220 This amendment reestablished an upper limit on the Oil and Gas Production and Extraction Tax Fund, currently there is no money being transferred to that fund. This is amount is based on the current projection of the money we will collect.

**Rep. Galssheim** Does it put 4M in the general fund?

**Pam Sharp, OMB** This is based on new projections, what is currently in OMB's bill nothing will go into that fund in 03-05.

**Rep. Kroeber** In the Governors budget there is no money going into the permanent oil trust fund regardless of how much comes in, it will all go to the general fund. What this amendment will do, and we put in more than the 66M, that remaining will go into the fund.

**Pam Sharp, OMB** That is correct, on Page 4, lines 29 & 30 of SB 2015,

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**Rep. Carlisle** This is a clean up based on current projections.

**Rep. Glassheim** You've got 4M anticipated in the 03-05 budget transferred to the general fund because of the increased projections.

**Pam Sharp, OMB** That is correct.

**Rep. Glassheim** But then, over that the amendment would put it in the trust fund, without the amendment it would all go to the general fund.

**Pam Sharp, OMB** that is correct

**Rep. Kroeber** This is for the 03-05, this sunsets at the end of the biennium. Then we would be back to the original amount.

**Don, Leg. Council**, This is amending Century Code, so if you want to change it again in 05-07 this would have to done again then.

**Rep. Timm** The purpose of this amendment is to take out the language that doesn't transfer anything. Is the Governor office or OMB giving up something, is this a compromise, but we want to raise the cap.

**Pam Sharp, OMB** No, this is the first time I have seen this amendment, I don't even thing the Governor is aware of this amendment.

**Rep. Glassheim** What is the balance of this fund?

**Pam Sharp, OMB** 13.1M in the Permanent Oil Tax Trust Fund, we are projecting to transfer that money as well as 8 -9M more for the current biennium to the general fund next biennium. I think you passed an amendment already limiting the transfer to 14.3M.

**Rep. Glassheim** So, there will be 8M or so left in the fund, What is it used for again?

**Pam Sharp** There is no specified us for this fund.

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**Rep. Timm** Karlene, What is the only true trust fund we have in the state?

**Karlene Fine,** School Lands.

**Rep. Koppelman** What is this fund set up for?

**Rep. Skarphol** It's there because of the fluctuation in the oil prices, it was set up to create some stability to the amount of revenue available over long term. When oil prices are high money is generated, if prices plunge then hopefully you have some dollars available to support state government.

**Rep. Skarphol moved a DO PASS on amendment 38038.0220, second by Rep. Koppelman.**

**Rep. Kroeber** Is this projection in the budget?

**Pam Sharp** that is correct.

**Rep. Glassheim** I would like this if we were running the fund down, but since we are pulling back and leaving 9M in there, It's not as if we are going to start the next session without anything there, maybe it should go to the general fund.

**Rep. Warner** I think I heard Human Services took that money this morning to pay off the deficiency from last years Medicaid budget.

**ROLL CALL VOTE WAS TAKEN on Amendment .0220**

**8 YES 0 NO 1 ABSENT MOTION CARRIES.**

**Rep. Skarphol** explained the amendment to the committee.

**Rep. Skarphol moved a DO PASS on Amendment .0223, second by Rep. Timm**

**Rep. Skarphol** There was discussion last session regarding deficiency appropriations and the tracking of which, this addresses that.

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**Rep. Warner** Would what we did with the Emergency Management Budget this morning fall under this? Emergency Management borrows from the Bank of ND with the expectation of getting a deficiency appropriation late in the session to cover their disaster loss in the previous biennium. This morning we moved to pay the interest but not the balance.

**Sheila Peterson, OMB** That was structured to be paid in 03-05 and so it wasn't structured as a deficiency. It's a matter of that loan being paid on June 30th vs. July 1st.

**Rep. Carlisle** Do they conflict?

**Sheila Peterson, OMB** To my knowledge, we have always done what the amendment is asking for.

**Rep. Skarphol** I think that you have, but the question is whether or not you have to, and this says you have to .

**Rep. Glassheim** What is a required deficiency appropriation, there is no such thing until we vote to make a deficiency appropriation. That was the Human Services things. You can have a deficiency, but it isn't a deficiency appropriation until you vote it. The Governor could close three departments down rather than have a deficiency. I don't know what your trying to get.

**Sheila Peterson, OMB** The appropriation bill passed last biennium in Human Services last biennium had intent language saying if you general fund is not sufficient yo can request a deficiceny appropriation. I think all along there was an assumption when that deficiency came in your attention would come from the general fund, it wasn't. We selected the funding source the IGT fund. The intent language said they may request a deficiency, it wasn't pre scripted to say the Governor must fund it in his budget and he must fund it from the general fund. So they fact

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that he chose to fund it from IGT is completely within his preview and I am wondering if that is

what this addresses.

**VOTE HELD** until questions can be answered by Jim Smith, Legislative Council.

**Rep. Skarphol moved a DO PASS on Amendment 38038.0218 second by Rep. Thoreson**

**Rep. Skarphol** reviewed the amendment with the committee.

**Rep. Glassheim** asked if this should be in the legislative councils budget and commented the should find it in their budget like everyone else has had to find funding.

**ROLL CALL VOTE ON AMENDMENT 38038.0218 8 yes 1 no 0 absent**

**MOTION CARRIES**

**Rep. Skarphol moved a DO PASS on Amendment 38038.0210, second by Rep. Glassheim**

**Rep. Carlisle** noted we have many entities in Washington, we don't need the added expense of a consultant.

**Rep. Koppelman** I have spoken with the Governors office regarding the consultant. This position fills a different need, not available elsewhere. I would ask we resist this amendment.

**Rep. Timm** I understand a lot of bigger states have offices in D.C. I think we should have some kind of consultant.

**Rep. Carlson** We have a congressional delegation, this is the Governors arm in Washington, I will resist this amendment.

**Rep. Warner** I support this amendment and would like to see the $120,000 dedicated to the back to the Governors budget.

**Rep. Glassheim** asked what the $120,000 has done for us

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**Rep. Koppelman** Noted the Gov. Office had shared examples of issues important to the state of North Dakota, relative to the Executive Branch, there "plugged in".

**Roll Call Vote on Amendment 38038.0210 5 yes, 4 no, 0 absent**

**MOTION CARRIES**

**Rep. Warner moved to replace the $120,000 back into the Governor's budget contingent on the passage of .0210 second by Rep. Kroeber.**

**Roll Call Vote 3 yes, 6 no, 0 absent.....MOTION FAILS**

**Rep. Carlson Moved a Do Pass on Amendment 38038.0217, second by Rep. Koppelman**

**Rep. Carlson** explained the amendment

**Rep. Koppelman** commented to the use of the word "Faction" within style and code. Sometimes Legislative Council takes on political correctness in all it's own

**Rep. Carlson** let's overstrike it and bring it up in full committee.

**Rep. Timm** asked what size the current commission is.

**Rep. Carlson** it was 6, not 12, I would hope someday we have a system for all.

**ROLL CALL VOTE ON AMENDMENT .0217 8 YES, 0 NAY, 1 ABSENT**

**MOTION CARRIES**

**Rep. Koppelman moved to further amend the amendment to overstrike the work faction, Second by Rep. Thoreson.**

**Rep. Warner** commented he would resist this amendment, Century Code carries the word Faction in many areas.

**Rep. Koppelman** Faction occurs 4 times, Suppose we have a Green Party member, would this d Dilute the majority party?

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**MOTION CARRIES ON VOICE VOTE.**

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

House Appropriations Committee

☐ Conference Committee

Hearing Date 04-07-03

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Committee Clerk Signature Chris J Kuhn

Minutes:

**Chairman Svedjan** Opened SB 2015 for discussion. A quorum was present.

**Rep. Skarphol I move amendment .0207 to SB 2015. 2nd by Rep. Carlisle** This amendment drops the transfer from 3 million dollars to 2 million dollars.

**Motion Carries.**

**Rep. Carlisle I move amendment .0210 to SB 2010. 2nd by Rep. Thoreson.** This removes funding for the money for the Washington DC Consultant.

**Rep. Timm** I resist. Bigger states have staffed offices, we can't afford that, so we do the best we can with a consultant. Its only $60,000 per year.

**Rep. Koppleman** I agree. This isn't unique. This costs less than an FTE here.

**Rep. Kerzman** How do they bill us?

**Rep. Carlisle** I don't know.

**Chairman Svedjan** What do we get from the $120,000?

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**Rep. Koppleman** Things move rapidly in Washington, and this consultant keeps us up to speed on a lot of issues.

**Rep. Aarsvold** Is this service bid for?

**Pam Sharp, OMB** We have no requirements for service contracts. They aren't bid out.

**Chairman Svedjan** Again, what do we get for the $120,000?

**Sharp** The Governor's Office holds it very valuable. Its a private consultant.

**Rep. Wald** I hope we resist this.

**Rep. Kroeber** We should have more explanation on this.

**Rep. Timm** We discussed this in subcommittee and the case was made for the position.

**Rep. Kroeber** I didn't think they made their case.

**Motion Carries 11-10-2.**

**Rep. Skarphol** Only 1 of the 6 sets of media wires work in the chambers. This was bid a little under $30,000. **I move amendment .0218 to SB 2015. 2nd by Rep. Carlisle.**

**Rep. Delzer** This was done not too long ago.

**Rep. Skarphol** This has nothing to do with our microphone system. These wires are used for the media feed.

**Motion Carries.**

**Rep. Carlson I move amendment .0217 to SB 2015. 2nd by Rep. Wald.**

**Rep. Aarsvold** Was this a stand-alone bill last session?

**Rep. Carlson** Yes, and we overlooked its expiration date.

**Rep. Metcalf** Would this include the lack of transmission lines in the state?

**Rep. Carlson** Yes.

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**Rep. Carlisle** Should we change "faction" to "political party?"

**Motion Carries.**

**Rep. Carlson I move amendment .0223 to SB 2015. 2nd by Rep. Skarphol.**

**Chairman Svedjan** This amendment requires the General Fund budget status to reflect any deficiency appropriations. Had this been done last time the allotment would have been near 2% rather than 1.2%.

**Rep. Glassheim** There's a request for one, and we then vote on it. How does this work?

**Rep. Delzer** OMB's always had numbers on them.

**Rep. Glassheim** It has no formal being until we vote on it, so how can you report something that isn't formal?

**Rep. Skarphol** Maybe we should change "required" to "projected?"

**Chairman Svedjan** Yes.

**Rep. Delzer** I agree with this in principal, but what if the projection isn't until December and that triggers an allotment?

**Sharp** We do forecasts regularly in June, March, and November. That is released in December.

**Rep. Delzer** Should turnback also be part of the forecast?

**Joe Morrisette, OMB** The code refers to legislative appropriation from the fund. It is chapter 54-44.1-12.

**Rep. Delzer** Wouldn't that be taken care of when you call it part of the revenue stream.

**Rep. Skarphol** This doesn't require an allotment. It just requires it be reflected in a forecast. It wouldn't trigger an allotment. **I move to change "required" to "projected". 2nd by Rep. Carlisle. Motion Carries.**

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**Sharp** We'd just show this early on in June's forecast.

**Chairman Svedjan** Closed SB 2015 for discussion. Recess.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

House Appropriations Committee

☐ Conference Committee

Hearing Date 04-08-03

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| Committee Clerk Signature | | | |

Minutes:

**Chairman Svedjan** Reopened SB 2015 for discussion. A quorum was present. Continued discussion on amendment .0234.

**Rep. Delzer I move amendment .0234 again. 2nd. Motion Carries.**

**Rep. Skarphol** These are the health insurance changes and the IT amendments. **I move amendment .0221 to SB 2015. 2nd by Rep. Carlisle.**

**Rep. Warner** This will cause a train wreck in state government. These cuts are too severe.

**Motion Carries**

**Rep. Kempenich I move amendment .0231 to SB 2015. 2nd by Rep. Bellew** This amendment requires that money from the Student Loan Trust Fund excess will be a separate bill.

**Rep. Wald** Mechanically, how would this work?

**Chairman Svedjan** If there is intent to utilize Student Loan Trust Fund dollars, it be presented in a separate bill.

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**Rep. Warner** This is a good amendment.

**Motion Carries**

**Rep. Thoreson I move amendment .0230 to SB 2015. 2nd by Rep. Carlson** We shouldn't compete with the private sector's services of paying bills.

**Chairman Svedjan** OMB pays whatever the deduction is?

**Rep Thoreson** Yes.

**Sheila Peterson, OBM** We do allow deductions, but the business receives one lump sum for all the employees.

**Rep. Timm** What does it cost the state to provide these services?

**Peterson** Its built in to our system.

**Rep. Aarsvold** The Employee Benefits Committee should look at this.

**Rep. Wald** Section 15, after "law," that would take care of the YMCA, the TR Foundation, United Way, and Rotary Club, etc.

**Rep. Gulleson** This also would not allow North Dakota Public Employees Association dues to be taken out.

**Rep. Kroeber** This should be heard in the Employee Benefits Committee. Its not appropriate to discuss it until then.

**Chairman Svedjan** If there was a significant cost about this, I'd be more concerned with it.

**Rep. Wald I move to put in section 15, "except contributions to a nonprofit organization or charity, 501c-3 types" after "law,". 2nd by Rep. Monson.**

**Rep. Thoreson** Not excluding fees or dues.

**Rep. Monson** A lot of this is well-set by federal law.

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**Rep. Aarsvold** -to Rep. Monson- Does your school withhold dues?

**Rep. Monson** Yes, and IRA contributions.

**Rep. Kroeber** Why won't this go through the Employee Benefits Committee and be put in at a certain time?

**Rep. Wald** The Employee Benefits Committee deals with health insurance, etc. benefits. That's not a legitimate argument. Every private institution provides and solicits these services.

**Rep. Gulleson** We have a committee that handles these things. This will affect morale. I'll oppose this.

**Motion Carries to further amend.**

**Rep. Glassheim** This disturbs me. Its a mean-spirited attack on employees. I understand people don't like the NDPEA, but what's fair is fair. There is no need for this.

**Rep. Thoreson** This wasn't meant to be a mean-spirited attack on ND state employees. I highly value them. This is to let the private sector assume the rolls that the state is doing.

**Rep. Glassheim** I don't care what his intent was, but that's this effect; to be a mean-spirited attack on ND state employees.

**Rep. Metcalf** We can't provide pay-raises or health insurance, but why take their conveniences? I have bank deductions and have never had that service solicited.

**Rep. Warner** -to Sheila Peterson- Do state employees get a discount for YMCA memberships?

**Peterson** Yes, because of the volume of guaranteed payments they receive in a lump sum.

**Motion Fails.**

**Rep. Carlisle I move amendment .0208 to SB 2015. 2nd by Rep. Martinson.** This is the Governor's proposal.

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**Rep. Carlson** What is your funding proposal for this? 4 million dollars?

**Rep. Carlisle** It'll be determined at the end of the session. Its to be determined.

**Rep. Carlson** Will we have to raise taxes?

**Rep. Carlisle** No, let's see what the ending fund balance is.

**Rep. Timm** Leadership wants to determine this later on, this is premature.

**Rep. Carlisle** Correct, but our hair wants to put this up on the radar screen.

**Rep. Kroeber** We should support this, 4.2 million dollars of General Funds and 4.3 million dollars of special funds. This is very responsible.

**Rep. Kempenich** Other states are cutting state employees salaries. We should look at other budgets before this.

**Rep. Gulleson** Its all about priorities. This amendment invests in human capital.

**Rep. Glassheim** The Governor's budget between 01-03 and 03-05 decreased 831 FTE's. 143 full time FTE positions less this budget than last.

**Rep. Wald** That 3% raises applies for health insurance plans. That's tax free. To say they don't get equitable benefits is not a statement of fact.

**Rep. Warnke** Those FTE's were vacant positions.

**Rep. Skarphol** We merely replaced the removed FTE's in the Auditor's Budget.

**Rep. Martinson** I request a minority report.

**Motion Fails 10-13-0.**

**Rep. Aarsvold I move amendment .0244 to SB 2015. 2nd by Rep. Warner.** Its important for this committee to be on record on this issue for conference committees.

**Rep. Kempenich** What about the salary compacting on this?

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**Rep. Aarsvold** That's a concern. This contributes to the low-end employee salary schedule.

**Rep. Warnke** This incorporates class warfare between state employees.

**Rep. Carlson** What's the funding mechanism for this?

**Rep. Aarsvold** I plead the Carlisle mechanism.

**Rep. Warner** I don't agree with Rep. Warnke because of the difference of the cost of living and discretionary income.

**Motion Fails.**

**Jay Buringrud, Assistant Director for Legislative Counsel** Spoke on the rules of requesting a minority report.

**Rep. Delzer move amendment .0202 to SB 2015. 2nd by Rep. Timm.** This deals with continuing appropriations.

**Rep. Wald** This won't impact a percentage of sales tax formula that drives an appropriation?

**Rep. Delzer** No, they are simply reports.

**Rep. Metcalf** The report must include justification? I thought it was just a report.

**Rep. Delzer** Yes, but that's not a problem.

**Motion Carries**

**Recess**

**Chairman Svedjan** Called the committee back to order.

**Rep. Delzer I move amendment .0241. 2nd by Rep. Wald.** This amendment is zero-based budgeting. It was vetoed by the Governor last session.

**Rep. Gulleson** What makes you thing the Governor won't veto this again?

**Rep. Delzer** Nothing, but like all things, it keeps coming back session after session.

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**Rep. Warner** This is a gag order on the Executive Branch.

**Rep. Delzer** No, the legislature gives spending and budget authority.

**Rep. Koppleman** I concur with Rep. Delzer. This is full disclosure of government spending.

The Executive Branch's spending authority has only been around since the 60's. Before that the legislature decided all that.

**Motion Carries.**

**Rep. Carlson I move amendment .**

**0245 to SB 2015. 2nd by Rep. Warnke.** This reduces state government's size. 176 FTE's through open spots and retirements.

**Rep. Kroeber** I thought we already scrutinized FTE levels. Does this reclassify employees?

**Rep. Carlson** No, it doesn't reclassify. This is a good start to resizing state government. The long-term result of this is higher wages for remaining employees.

**Rep. Aarsvold** Why exclude the Governor's Office?

**Rep. Brusegaard** He's not excluded. He's in another section of the bill.

**Rep. Gulleson** The lure of a potential pay raise shouldn't be hung over employees to achieve reductions.

**Rep. Metcalf** The Human Service Centers specially left those 60 month vacancies due to the request of a 95% budget.

**Chairman Svedjan** This is an attempt to reshape the size of our workforce. No one is laid off with this. Responsibilities will be shifted. This gives flexibility and rewards. This isn't punitive. In health care we budget by the number of hours worked. I know some positions are not easy to recruit for.

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LaCosta Rickford 10/15/03
Operator's Signature Date

**Rep. Kerzman** In the private sector, they do this differently by offering early retirement packages. This is pointing fingers.

**Chairman Svedjan** This doesn't point fingers. If a lost FTE is needed, they can rehire after analysis.

**Rep. Kerzman** They should look at early retirement incentive packages.

**Chairman Svedjan** I agree.

**Don Wolf, LC** The Governor is excluded in this twice.

**Rep. Warnke** The numbers are still the same.

**Rep. Gulleson** We are interested in the same goal. Reducing the size of state government.

**Rep. Aarsvold** We are opening Pandora's box to reduce FTE's with contracting to outside sources. That's a false economy.

**Rep. Carlson** We'd need to fund those contractual services. We don't want to target current employees. That's not the intent. If they prove the need for those positions, we'll put his back in.

**Rep. Warnke** We're accused of micro-managing if we look at specific FTE's and we shirk our responsibilities if we trust the directors. This is the give and take solution. We pick the numbers and you pick the places.

**Wolf** The language will have to be cleared up to include the Governor's Office.

**Rep. Monson** This lets the agency directors do what they've been hired to do. Sometimes with us it is a hide and seek game.

**Rep. Koppleman** This is an incentive to have government and agencies work together.

**Rep. Kerzman** Is Legislative Council included in this regarding the salary adjustments gain?

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**Rep. Carlson** Yes.

**Rep. Kroeber** We're making it wound like there were no FTE reductions. There were close to 800. 90 of them were at the State Hospital. We chose not to do this.

**Chairman Svedjan** To me, its looking forward. I see it as two separate issues.

**Rep. Kroeber** They've been doing that.

**Rep. Carlson** A lot the to 787 FTE's were switched around. Its not a true number.

**Chairman Svedjan** That's true. Transfers show artificial reductions in here.

**Rep. Delzer** Higher Education FTE's are taken out of the system and not eliminated.

**Rep. Glassheim** No, they've just been pooled together.

**Rep. Delzer** I looked at that the wrong way, sorry.

**Rep. Glassheim** Why automatically reduce the number of employees? We've given the Attorney General new jobs, but not more people to do them. I don't understand cutting jobs without looking at the work loads. The goals don't relate to the function of the jobs.

**Rep. Skarphol** 800 people aren't reflected in this. 787 is in the Higher Education budget.

**Rep. Warnke** Asking agencies to look at efficiencies isn't unreasonable. The government doesn't have money, it has to tax the constituents. Its our job to spend the constituent's money most efficiently.

**Rep. Kempenich** South Dakota is doing a good job of this by privatizing.

**Rep. Kroeber** 90 cuts at the State Hospital! 15 are transferred to correction. There have been cuts!

**Motion Carries**

**Rep. Koppleman** We need to include LC in this language cleanup.

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**Rep. Carlson** If there are further savings from consolidation these aren't reflected in here.

**Rep. Carlson I move amendment .0237 to SB 2015. 2nd by Rep. Skarphol.** You can't use the $25 to pay the premium. This doesn't affect coverage. This area needs to be looked at. There will be future participation. If we fund health care and not salary, it will take a lot of money to catch us up on equity in the future.

**Rep. Monson** This includes us, right?

**Rep. Carlson** Yes, but not Higher Education. Higher Education is not in this due to the way we fund it.

**Rep. Gulleson** I disagree with this, but why exempt the University Systems with this? It creates a 2-class public employee system.

**Rep. Carlson** This funding mechanism is due to leadership. I agree with you.

**Chairman Svedjan** In Higher Education, no money was included for the increased health insurance coverage. They have to find that money elsewhere.

**Rep. Gulleson** Those employees will be held whole.

**Chairman Svedjan** Yes, but the money comes from somewhere. They have flexibility that could have been used for pay raises.

**Rep. Gulleson** Or tuition increases.

**Rep. Carlson** We'd save money if we treated employees like the private sector.

**Rep. Warnke** My only concern is how quickly we're moving. **I move to remove everything except section 18. 2nd by Rep. Martinson.**

**Chairman Svedjan** This issue won't go away. It makes no sense to me that we offer the same plan to everyone. We should resist the sub-motion.

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**Rep. Aarsvold** We should support the sub-motion. We should respect and agree with public employees.

**Rep. Kroeber** Individual plans are unfair to small agencies.

**Substitute motion carries 12-10-1.**

**Rep. Delzer** Since we are doing a study on this, we should look at many options.

**Rep. Skarphol I move amendment number .0239. 2nd by Rep. Martinson. Motion Carries**

**Rep. Skarphol I move .0250 to SB 2015. 2nd by Rep. Carlson.** This is the ITD amendment to OMB. We are striving for uniformity of services and decreasing duplication. We'll use an outside consultant. There is no allotment in this.

**Rep. Gulleson** How does the organizational structure of ITD work?

**Rep. Skarphol** The CIO of ITD reports to the Governor. He's a cabinet member.

**Rep. Warner** Aren't there costs in switching the 3,000 computers in Human Services and Legislative Counsel from Lotus to Works?

**Rep. Skarphol** Yes.

**Rep. Warner** The CIO may opt to exempt. Is LC exempt?

**Rep. Skarphol** Its not our intent to exempt anyone at this time.

**Rep. Aarsvold** Does this reflect IT trends?

**Rep Skarphol** In smaller states. Consolidation is the way to go.

**Rep. Wald** Is this the South Dakota blueprint with modifications?

**Rep. Skarphol** Yes.

**Rep. Wald** Would you object to making them report to the interim budget section?

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**Rep. Skarphol** No, none.

**Rep. Timm** How do you envision an employee working for ITD, and located in another agency?

**Rep. Skarphol** That employee is providing a service. They may be physically located in an agency, but they will work for ITD.

**Rep. Warner** There is no allotment, is the allotment we put in all these bills repealed?

**Rep. Skarphol** No.

**Rep. Skarphol I move to make language changes. 2nd by Rep. Carlson.** We want all employees currently working in duplicative areas to reapply for the ITD jobs, giving them preference.

**Rep. Koppleman** You include the Judicial and Legislative Branches in this?

**Rep. Skarphol** Yes.

**Rep. Koppleman** I think we need to tweak language to include them, this is a friendly amendment.

**Rep. Skarphol** Accepted.

**Rep. Kerzman** What type of system is being built and what kind of firewals will be put in?

**Rep. Skarphol** I've been constantly reassured that security will not be a problem.

**Rep. Kerzman** Efficiency comes by competition. You're creating a state system.

**Rep. Skarphol** Efficiencies are made by eliminating the duplications.

**Rep. Kroeber** Are we including the counties in this?

**Rep. Skarphol** We haven't discussed that, but they'll get service support.

**Rep. Glassheim** So ITD will fire 40 FTE's?

**Rep. Skarphol** If their skills don't relate to our system being set up.

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**Rep. Gulleson** ITD employees are classified?

**Rep. Skarphol** Yes, except the CIO.

**Rep. Kroeber** Is your timeline right? 4 months?

**Rep. Skarphol** Yes, prior to October 1, then a 30 day break. Never mind, with a July 1st starting date we'd have a problem with our timeline.

**Motion Carries**

**Rep. Skarphol I move amendment .0242 to SB 2015. 2nd by Rep. Kempenich.** This amendment consolidates within Higher Education.

**Rep. Glassheim** Has anyone with Higher Education seen these?

**Rep. Skarphol** Yes, they are interested in this.

**Rep. Warnke** May we add that they have to report to the budget section?

**Rep. Skarphol** Yes.

**Rep. Wald** Is there any uniformity with them now?

**Rep. Skarphol** It is not as uniform as we'd like it to be.

**Rep. Kempenich** People can remotely assess problems.

**Motion Carries.**

**Rep. Skarphol I move amendment .0224. 2nd by Rep. Brusegaard.** This is a critical needs pool of 1 million dollars.

**Motion Carries.**

**Rep. Skarphol I move a Do Pass As Amended. 2nd by Rep. Koppleman Motion Carries**

**12-9-2. Rep. Skarphol will carry this bill on the floor.**

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Exhibit 21

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015
(First Engrossment with House Amendments-Majority Report)

Page 13, line 19, after "be" insert "reduced and"

Page 13, line 20, replace "reduced" with "exempted"

Page 13, line 21, immediately after "officer" insert "pursuant to section 17 of this Act"

Page 14, after line 22 insert:

"**After consultation with the information technology department,** each affected agency shall **identify** ~~be responsible for identifying~~ the specific positions ~~identified~~ for reduction and transfer. **The agency shall conduct** ~~including~~ any reduction-in-force analysis that may be required. Each agency shall limit its consideration to information technology related positions and shall identify for reduction and transfer those positions most closely associated with services assumed centrally by the information technology department."

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LaCosta Richard 10/15/03
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Exhibit 2

**Amendment to SB 2015**

As part of the functional consolidation effort, the supreme court and the office of attorney general will continue to collaborate with the information technology department to implement the criminal justice information sharing program.

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LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0237
Title.

Prepared by the Legislative Council staff for
Representative Carlson
April 7, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 4, replace the second "section" with "sections 54-52.1-06 and"

Page 1, line 5, after "to" insert "state employee contributions for participation in the uniform group insurance program and to"

Page 1, line 7, replace "a statement" with "statements"

Page 1, line 8, after "intent" insert "; to provide for a legislative council study"

Page 4, after line 2, insert:

"**SECTION 13. AMENDMENT.** Section 54-52.1-06 of the North Dakota Century Code is amended and reenacted as follows:

**54-52.1-06. State contribution - State employee contribution.** Each department, board, or agency shall pay to the board each month from its funds appropriated for payroll and salary amounts a state contribution in the amount as determined by the primary carrier of the group contract less employee contributions as required by this section for the full single rate monthly premium for each of its eligible employees enrolled in the uniform group insurance program and the full rate monthly premium, in an amount equal to that contributed under the alternate family contract less employee contributions as required by this section, including major medical coverage, for hospital and medical benefits coverage for spouses and dependent children of its eligible employees enrolled in the uniform group insurance program pursuant to section 54-52.1-07. An eligible employee employed by a state department, board, or agency who, on July 1, 2003, is participating in the uniform group insurance program and for whom that eligible employee's employer is paying a premium must be assessed and required to pay monthly twenty-five dollars for uniform group insurance program coverage under this section. An eligible employee employed by a state department, board, or agency who, on July 1, 2004, is participating in the uniform group insurance program and for whom that eligible employee's employer is paying a premium must be assessed and required to pay monthly fifty dollars for uniform group insurance coverage under this section. The assessment must be deducted and retained out of the eligible employee's salary. The board shall then pay the necessary and proper premium amount for the uniform group insurance program to the proper carrier or carriers on a monthly basis. Any refund, rebate, dividend, experience rating allowance, discount, or other reduction of premium amount must be credited at least annually to a separate fund of the uniform group insurance program to be used by the board to reimburse the administrative expense and benefit fund of the public employees retirement program for the costs of administration of the uniform group insurance program. In the event an enrolled eligible employee is not entitled to receive salary, wages, or other compensation for a particular calendar month, that employee may make direct payment of the required premium to the board to continue the employee's coverage, and the employing department, board, or agency shall provide for the giving of a timely notice to the employee of that person's right to make such payment at the time the right arises."

Page 5, after line 14, insert:



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"SECTION 17. LEGISLATIVE INTENT - STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES. Notwithstanding any other provision of law, it is the intent of the fifty-eighth legislative assembly that 2003-05 compensation adjustments for permanent state employees, elected officials, and members of the legislative assembly who are participating in the uniform group insurance program and for whom their employer is paying a premium for uniform group insurance program coverage are to be increases of twenty-five dollars per month, beginning with the month of July 2003, to be paid in August 2003, and twenty-five dollars per month, beginning with the month of July 2004, to be paid in August 2004. A state employee, elected official, or member of the legislative assembly who was a participating member of the uniform group insurance program on July 1, 2003, but whose employer was not paying a premium and who is subsequently required to begin paying premiums before July 1, 2004, is entitled to receive an increase of twenty-five dollars per month and a state employee, elected official, or member of the legislative assembly who was a participating member on July 1, 2004, but whose employer was not paying a premium and who is subsequently required to begin paying premiums before July 1, 2005, is entitled to receive an increase of fifty dollars per month. It is the intent of the fifty-eighth legislative assembly that the compensation increases provided by this section are to come from savings realized from not paying the full monthly uniform group insurance premium. To be eligible for the compensation adjustments provided in this section, the state employee, elected official, and member of the legislative assembly must elect to participate in and expense the employee health insurance contribution through the pretax benefits program.

**SECTION 18. LEGISLATIVE COUNCIL STUDY - PUBLIC EMPLOYEE HEALTH INSURANCE BENEFITS.** The legislative council shall consider studying public employee health insurance benefits during the 2003-05 interim. If conducted, the study must include options for providing health insurance for state employees, review of the availability of other health insurance plans, single versus family coverage, employee contributions, and unitization of premium rates for budgeting purposes. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly."

Page 5, line 15, replace "13" with "14"

Renumber accordingly



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LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0207
Title.

Prepared by the Legislative Council staff for
Representative Berg
March 18, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 2, line 19, after "transfer" insert "$2,000,000"

Page 2, line 20, remove "special funds", replace "land" with "lands", and remove "in the amount of"

Page 2, line 21, remove "$3,000,000"

Page 2, line 23, after "transfer" insert "$14,300,000"

Page 2, line 24, replace "any balance remaining in" with "from" and remove "as of July 1, 2003"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Dept. 110 - Office of Management and Budget**

This amendment reduces the 2003-05 biennium transfer from the lands and minerals trust fund to the general fund from $3 million to $2 million and limits the transfer from the permanent oil tax trust fund to the general fund to $14.3 million.



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LaCosta Rickford 10/15/03
Operator's Signature Date

Date:03-19-03
Roll Call Vote Number #1

**2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO. SB 2015**

House Appropriations: Government Operations Division Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 38038.0207

Action Taken Do Pass on Amendment

Motion Made By Rep. Skarphol Seconded By Rep. Warner

| Representatives | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Chairman Carlisle | x | | | | |
| Vice Chairman Carlson | x | | | | |
| Rep. Koppelman | x | | | | |
| Rep. Skarphol | x | | | | |
| Rep. Thoreson | x | | | | |
| Rep. Timm | x | | | | |
| Rep. Glassheim | | x | | | |
| Rep. Kroeber | x | | | | |
| Rep. Warner | x | | | | |
| | x | | | | |
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Total (Yes) 8 No 1

Absent 1

Floor Assignment

If the vote is on an amendment, briefly indicate intent:
See attached amendment

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LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0220
Title.

Prepared by the Legislative Council staff for
Representative Svedjan
March 31, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 5, remove "suspending"

Page 1, line 7, after the semicolon insert "and"

Page 1, line 8, remove "; and to provide an expiration date"

Page 4, line 8, overstrike "sixty-two" and insert immediately thereafter "sixty-six" and after "million" insert "six hundred forty-one thousand"

Page 4, line 10, overstrike "At the end of the 1995-97 biennium all revenue deposited in the"

Page 4, overstrike lines 11 through 13

Page 4, line 14, overstrike "permanent oil tax trust fund."

Page 4, line 19, overstrike "sixty-two" and insert immediately thereafter "sixty-six" and after "million" insert "six hundred forty-one thousand"

Page 4, remove lines 29 and 30

Page 5, remove lines 15 through 17

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Dept. 110 - Office of Management and Budget - House Changes**

North Dakota Century Code Section 57-51.1-07.2 is amended to provide that at the end of any biennium, oil and gas production and extraction tax collections during any biennium in excess of $66,641,000, rather than $62 million, be transferred from the general fund to the permanent oil tax trust fund. This amendment would be effective starting with the 2003-05 biennium.



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LaCosta Rickford 10/15/03
Operator's Signature Date

Date 04-03-03
Roll Call Vote Number #1

**2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO. SB 2015**

House Appropriations: Government Operations Division Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 38038.0220

Action Taken Do Pass on Amendment

Motion Made By Rep. Skarphol Seconded By Rep. Koppelman

| Representatives | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Chairman Carlisle | x | | | | |
| Vice Chairman Carlson | | | | | |
| Rep. Koppelman | x | | | | |
| Rep. Skarphol | x | | | | |
| Rep. Thoreson | x | | | | |
| Rep. Timm | x | | | | |
| Rep. Glassheim | x | | | | |
| Rep. Kroeber | x | | | | |
| Rep. Warner | x | | | | |
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Total (Yes) 8 No 0

Absent 1

Floor Assignment

If the vote is on an amendment, briefly indicate intent:
See attached amendment

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LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0218
Title.

Prepared by the Legislative Council staff for
Representative Skarphol
March 26, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 2, after the semicolon insert "to provide an appropriation;"

Page 5, after line 14, insert:

"**SECTION 16. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $30,000, or so much of the sum as may be necessary, to the legislative council for the biennium beginning July 1, 2003, and ending June 30, 2005, for the purpose of upgrading sound systems in the house and senate chambers."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment adds a section to the bill providing a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers.



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LaCosta Rickford 10/15/03
Operator's Signature Date

Date:04-03-03
Roll Call Vote Number #2

**2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO. SB 2015**

House Appropriations: Government Operations Division Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 38038.0218

Action Taken Do Pass on Amendment

Motion Made By Rep. Skarphol Seconded By Rep. Thoreson

| Representatives | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Chairman Carlisle | x | | | | |
| Vice Chairman Carlson | x | | | | |
| Rep. Koppelman | x | | | | |
| Rep. Skarphol | x | | | | |
| Rep. Thoreson | x | | | | |
| Rep. Timm | x | | | | |
| Rep. Glassheim | | x | | | |
| Rep. Kroeber | x | | | | |
| Rep. Warner | x | | | | |
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Total (Yes) 8 No 1

Absent

Floor Assignment

If the vote is on an amendment, briefly indicate intent:
See attached amendment

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LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0210
Title.
Fiscal No. 1

Prepared by the Legislative Council staff for
Representative Carlisle
March 24, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 17, replace "11,461,745" with "11,341,745"

Page 1, line 20, replace "27,778,694" with "27,658,694"

Page 1, line 22, replace "19,886,946" with "19,766,946"

Page 2, remove line 17

Renumber accordingly

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2015 - Office of Management and Budget - House Action

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|---|---|---|---|---|
| Salaries and wages | $15,549,754 | $15,404,949 | | $15,404,949 |
| Operating expenses | 11,364,985 | 11,461,745 | ($120,000) | 11,341,745 |
| Capital assets | 733,000 | 733,000 | | 733,000 |
| Grants | 179,000 | 179,000 | | 179,000 |
| Total all funds | $27,826,739 | $27,778,694 | ($120,000) | $27,658,694 |
| Less estimated income | 7,918,764 | 7,891,748 | | 7,891,748 |
| General fund | $19,907,975 | $19,886,946 | ($120,000) | $19,766,946 |
| FTE | 182.00 | 182.00 | 0.00 | 182.00 |

### Dept. 110 - Office of Management and Budget - Detail of House Changes

| | REMOVES FUNDING FOR WASHINGTON, D.C. CONSULTANT [1] | TOTAL HOUSE CHANGES |
|---|---|---|
| Salaries and wages | | |
| Operating expenses | ($120,000) | ($120,000) |
| Capital assets | | |
| Grants | | |
| Total all funds | ($120,000) | ($120,000) |
| Less estimated income | | |
| General fund | ($120,000) | ($120,000) |
| FTE | 0.00 | 0.00 |

[1] This amendment removes $120,000 from the general fund for funding a consultant in Washington, D.C.



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LaCosta Rickford 10/15/03
Operator's Signature Date

Date:04-03-03
Roll Call Vote Number #3

**2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO. SB 2015**

House Appropriations: Government Operations Division Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 38038.0210

Action Taken Do Pass on Amendment

Motion Made By Rep. Skarphol Seconded By Rep. Glassheim

| Representatives | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Chairman Carlisle | x | | | | |
| Vice Chairman Carlson | | x | | | |
| Rep. Koppelman | | x | | | |
| Rep. Skarphol | | x | | | |
| Rep. Thoreson | x | | | | |
| Rep. Timm | | x | | | |
| Rep. Glassheim | x | | | | |
| Rep. Kroeber | x | | | | |
| Rep. Warner | x | | | | |
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Total (Yes) 5 No 4

Absent

Floor Assignment

If the vote is on an amendment, briefly indicate intent:
See attached amendment

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LaCosta Rickford 10/15/03
Operator's Signature Date

Date:04-03-03
Roll Call Vote Number #4

**2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO. SB 2015**

House Appropriations: Government Operations Division Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken To restore $120,000 to the Governor Budget SB 2001

Motion Made By Rep. Warner Seconded By Rep. Kroeber

| Representatives | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Chairman Carlisle | x | | | | |
| Vice Chairman Carlson | | x | | | |
| Rep. Koppelman | | x | | | |
| Rep. Skarphol | | x | | | |
| Rep. Thoreson | | x | | | |
| Rep. Timm | | x | | | |
| Rep. Glassheim | | x | | | |
| Rep. Kroeber | x | | | | |
| Rep. Warner | x | | | | |
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FAILS

Total (Yes) 3 No 6

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
See attached amendment
To restore the $120,000 from the consultants salary line item contingent on the passage of Amendement .0210

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LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0217
Title.

Prepared by the Legislative Council staff for
Representative Carlson
March 26, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 4, replace the second "section" with "sections 54-35-18, 54-35-18.1, 54-35-18.2, and"

Page 1, line 5, after "to" insert "extending and revising the composition of the electric industry competition committee and to"

Page 4, after line 2, insert:

"**SECTION 13. AMENDMENT.** Section 54-35-18 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18. (Effective through August 1, ~~2003~~ 2007) Electric industry competition - Need for study.** The legislative council shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state. The legislative assembly finds that the economy of this state depends on the availability of reliable, low cost, electric energy. There is a national trend toward competition in the generation, transmission, and distribution of electric energy and the legislative assembly acknowledges that this competition has both potential benefits and adverse impacts on this state's electric suppliers as well as on their shareholders and customers and the citizens of this state. The legislative assembly determines that it is in the best interests of the citizens of this state to study the effects of competition on the generation, transmission, and distribution of electric energy.

**SECTION 14. AMENDMENT.** Section 54-35-18.1 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18.1. (Effective through August 1, ~~2003~~ 2007) Electric industry competition committee - Composition.**

1. The legislative council shall appoint a committee to study electric industry competition.

2. The committee shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state and on the state's electric suppliers.

3. As used in sections 54-35-18 through 54-35-18.2, "electric suppliers" means public utilities regulated under title 49, rural electric cooperatives organized under chapter 10-13, municipal electric utilities organized under chapters 40-33 and 40-33.2, and power marketers.

4. The committee consists of:

   a. ~~Three or four~~ Six members of the house of representatives, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority faction and two of whom must be from the minority faction.



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LaCosta Rickford 10/15/03
Operator's Signature Date

b. ~~Three or four~~ Six members of the senate, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority faction and two of whom must be from the minority faction.

5. The chairman of the legislative council shall name one of the members as chairman.

**SECTION 15. AMENDMENT.** Section 54-35-18.2 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18.2. (Effective through August 1, ~~2003~~ 2007) Electric industry competition committee - Study areas.** The electric industry competition committee shall study this state's electric industry competition and electric suppliers and shall report to the legislative council in the same manner as do other interim legislative council committees, concerning the following issues:

1. Financial issues, including:

a. The interests of residential customers, including:

(1) Fairness of rates, terms, and conditions of service for services chosen.

(2) Affordability of rates, bills, and services.

(3) Stability and predictability of rates and bills.

(4) Reliability and quality of power supply.

(5) Assurance that rates, terms, and conditions are nondiscriminatory.

(6) Ability of customers to understand potential energy choices.

(7) Importance of a fair dispute resolution process.

(8) Potential for rates to reflect the customer's desired level of energy reliability and availability.

b. The interests of small business customers, large business customers, shareholders, and other stakeholders, including:

(1) Fairness of rates, terms, and conditions of service for the services chosen by customers.

(2) Affordability of rates, bills, and services for customers.

(3) Stability and predictability of customers' rates and bills.

(4) Assurance that rates, terms, and conditions are nondiscriminatory for all customers.

(5) Ability of customers to understand potential energy choices and the implications of these choices.

(6) Importance of a fair dispute resolution process for customers.

(7) Potential for rates to reflect the customer's desired level of energy reliability and availability.



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Operator's Signature Date

c. Financial integrity of and cost of capital to electric power suppliers.

d. Taxes paid by electric suppliers, including franchise taxes, excise taxes, income taxes, ad valorem taxes, in lieu taxes, and real and personal property taxes.

e. Tax implications to local governments.

f. Quantification and recovery of stranded investments by electric power suppliers, including those resulting from:

(1) Customers who have a legal obligation to bear certain costs, who find a way to avoid those obligations, and who leave without paying costs incurred on the customer's behalf; and

(2) The costs of investments that exceed their value in the competitive market.

g. Pricing of transmission and distribution services.

h. Pricing and rate subsidies for all classes of customers.

i. Unbundling of costs of services.

2. Legal issues, including:

a. State, tribal, and federal jurisdiction.

b. State statutory and regulatory constraints and oversight of the electric industry.

c. Those related to the federal energy regulatory commission.

d. Commerce clause constraints.

e. Review of existing state laws, rules, and constitutional provisions that affect the generation, transmission, and distribution of electric energy, including the need and appropriateness of regulatory reforms for services that will continue to be provided by a regulated utility.

f. Interstate reciprocity and the regional nature of the industry.

g. Continuing obligations of an electric supplier to serve customers.

h. Use and protection of proprietary information in a competitive market.

3. Social issues, including:

a. Planning and operation of electric suppliers, including integrated resource planning.

b. Efficiency and sufficiency of an aggregate supply of energy.

c. Environmental impacts.

d. Impact on the development and use of renewable resources.

e. Appropriate and proper method of recovery of the cost of social, low income, and noneconomic renewable energy programs in order to



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LaCosta Rickford 10/15/03
Operator's Signature Date

ensure that costs are fairly and equitably shared among all customers of electric energy.

4. Issues related to system planning, operation, and reliability, including:

   a. Electric system reliability.

   b. Provisions by which customers would be permitted to have a choice of generation providers.

   c. Applicability of regulatory reliability criteria to nonutility market participants.

   d. Form and requirements of contracts for the sale and purchase of electric energy.

   e. Requirements for metering energy usage at the customer's location.

   f. Designation and regulation of ancillary services.

5. Identification and review of potential market structures, including:

   a. Possible market structures for a deregulated generation market and transmission market and whether these structures should be mandated or allowed to form voluntarily.

   b. Formation of market segments in response to customer requirements.

   c. Impact on the investment stability of the electric utility industry.

   d. Impact on multipurpose entities.

   e. Potential to improve economic efficiency.

   f. Size of the market and the extent to which its size impacts the level of benefits for customers or groups of customers.

   g. Ability of participants with control over the electricity generation and transmission system to exercise market power over pricing or the need for controls to prevent the exercise of market power.

   h. Controls or bans on corporate relationships between regulated utilities and emerging competitive sectors.

   i. Barriers to achieving nondiscriminatory competition among electric suppliers, including review of federal and state tax issues, availability of federal subsidies to certain energy suppliers, application of federal laws that impose regulatory requirements on the electric utility industry, and jurisdiction of the federal energy regulatory commission over competitors.

   j. Viability of all customers to participate in and benefit from a competitive electricity market, including:

      (1) Risks and responsibilities that customers or classes of customers incur by participating in a competitive market.

      (2) Costs of gathering, processing, and managing information on the price and quality of electricity.



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LaCosta Rickford 10/15/03
Operator's Signature Date

(3) Benefits to customers or classes of customers from participation in a competitive electricity market.

6. Whether and to what extent power produced by the Garrison dam should be taxed by the state.

7. The source and cost of power supplied to the state's Indian reservations.

8. Other issues related to the generation, transmission, and distribution of electric energy."

Page 5, line 15, replace "13" with "16"

Renumber accordingly



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LaCosta Rickford 10/15/03
Operator's Signature Date

Date:04-03-03
Roll Call Vote Number #5

**2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO. SB 2015**

House Appropriations: Government Operations Division Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 38038.0217

Action Taken Further Amend .0217, overstrike "FACTION"

Motion Made By Rep. Koppelman Seconded By Rep. Thoreson

| Representatives | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Chairman Carlisle | | | | | |
| Vice Chairman Carlson | | | | | |
| Rep. Koppelman | | | | | |
| Rep. Skarphol | | | | | |
| Rep. Thoreson | | | | | |
| Rep. Timm | | | | | |
| Rep. Glassheim | | | | | |
| Rep. Kroeber | | | | | |
| Rep. Warner | | | | | |
| | | | | | |
| **VOICE VOTE.. MOTION CARRIES** | | | | | |
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PASS

Total (Yes) 9 No 0

Absent 1

Floor Assignment

If the vote is on an amendment, briefly indicate intent:
See attached amendment
Overstrike the word "faction" from Section 14 paragraph (a) and (b) replace with political party.

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LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-8
Roll Call Vote #: 2

## 2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
## BILL/RESOLUTION NO. 2015

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number .0208

Action Taken Minority Rept on this amend .0208

Motion Made By ~~Martinson~~ Martinson Seconded By _____

| Representatives | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Rep. Svedjan (Chairman) | | ✓ | Rep. Glassheim | ✓ | |
| Rep. Timm (Vice-Chairman) | | ✓ | Rep. Kroeber | ✓ | |
| Rep. Martinson | ✓ | | Rep. Warner | ✓ | |
| Rep. Brusegaard | | ✓ | Rep. Delzer | | ✓ |
| Rep. Monson | | ✓ | Rep. Warnke | | ✓ |
| Rep. Rennerfeldt | | ✓ | Rep. Bellew | ✓ | |
| Rep. Wald | | ✓ | Rep. Kempenich | | ✓ |
| Rep. Aarsvold | ✓ | | Rep. Kerzman | ✓ | |
| Rep. Gulleson | ✓ | | Rep. Metcalf | ✓ | |
| Rep. Carlisle | ✓ | | | | |
| Rep. Carlson | | ✓ | | | |
| Rep. Koppleman | | ✓ | | | |
| Rep. Skarphol | | ✓ | | | |
| Rep. Thoreson | | ✓ | | | |

Total (Yes) 10 No 13

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

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LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-8
Roll Call Vote #: 10

# 2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
## BILL/RESOLUTION NO. 2015

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DPAA

Motion Made By Skarphol Seconded By Koppleman

| Representatives | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Rep. Svedjan (Chairman) 1 | ✓ | | Rep. Glassheim (5) | | ✓ |
| Rep. Timm (Vice-Chairman) 2 | ✓ | | Rep. Kroeber (6) | | ✓ |
| Rep. Martinson (1) | | ✓ | Rep. Warner (7) | | ✓ |
| Rep. Brusegaard 3 | ✓ | | Rep. Delzer 10 | ✓ | |
| Rep. Monson 4 | ✓ | | Rep. Warnke 11 | ✓ | |
| Rep. Rennerfeldt 5 | ✓ | | Rep. Bellew | | |
| Rep. Wald 6 | ✓ | | Rep. Kempenich 12 | ✓ | |
| Rep. Aarsvold (2) | | ✓ | Rep. Kerzman (8) | | ✓ |
| Rep. Gulleson (3) | | ✓ | Rep. Metcalf (9) | | ✓ |
| Rep. Carlisle (4) | | ✓ | | | |
| Rep. Carlson | | | | | |
| Rep. Koppleman 7 | ✓ | | | | |
| Rep. Skarphol 8 | ✓ | | | | |
| Rep. Thoreson 9 | ✓ | | | | |

Total (Yes) 17 No 9

Absent 2

Floor Assignment Skarphol

If the vote is on an amendment, briefly indicate intent:

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**REPORT OF STANDING COMMITTEE-DIVIDED (430)**
**April 9, 2003 2:14 p.m.**

**Module No: HR-64-7211**
**Carrier: Skarphol**
**Insert LC: 38038.0256 Title: .0400**

**REPORT OF STANDING COMMITTEE (MAJORITY)**

**SB 2015, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman)** A **MAJORITY** of your committee (Reps. Svedjan, Timm, Brusegaard, Monson, Rennerfeldt, Wald, Koppelman, Skarphol, Thoreson, Delzer, Warnke, Kempenich) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS.**

Page 1, line 4, after the semicolon insert "to create and enact two new sections to chapter 54-59 of the North Dakota Century Code, relating to required information technology services and duties of the information technology department;" and replace the second "section" with "sections 54-35-18, 54-35-18.1, and 54-35-18.2, subsection 2 of section 54-44.1-06, and sections 54-44.1-12, 54-59-05, 54-59-09, and"

Page 1, line 5, replace "suspending" with "the electric industry competition committee, preparation of budget data, budget allotments, powers and duties of the information technology department, information technology standards, and"

Page 1, line 7, remove "a statement"

Page 1, line 8, remove "of", after "intent" insert "; to require an examination of mineral severance tax application to federal lands and lands of quasi-federal entities; to require reports to the legislative assembly; to provide an exception to section 54-44.1-06 of the North Dakota Century Code, relating to the preparation of certain appropriation bills; to provide for reports to the budget section; to provide for legislative council studies; to provide for the transfer of state agency information technology positions; to provide for the transfer of higher education information technology functions; to provide an appropriation", and replace "provide an expiration date" with "declare an emergency"

Page 1, line 16, replace "15,404,949" with "15,533,036"

Page 1, line 17, replace "11,461,745" with "10,573,616"

Page 1, line 19, replace "179,000" with "179,000"

Page 1, after line 19, insert:
"Technology critical needs pool 1,000,000"

Page 1, line 20, replace "27,778,694" with "28,018,652"

Page 1, line 21, replace "7,891,748" with "7,915,492"

Page 1, line 22, replace "19,886,946" with "20,103,160"

Page 2, remove line 17

Page 2, line 20, replace "special funds" with "$2,000,000", replace "land" with "lands", and remove "in the amount of"

Page 2, line 21, remove "$3,000,000"

Page 2, line 23, after "transfer" insert "$14,300,000"

Page 2, line 24, replace "any balance remaining in" with "from" and remove "as of July 1, 2003"

Page 3, remove lines 10 through 22



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LaCosta Rickford 10/15/03
Operator's Signature Date

Page 4, after line 2, insert:

"**SECTION 12. AMENDMENT.** Section 54-35-18 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18. (Effective through August 1, ~~2003~~2007) Electric industry competition - Need for study.** The legislative council shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state. The legislative assembly finds that the economy of this state depends on the availability of reliable, low cost, electric energy. There is a national trend toward competition in the generation, transmission, and distribution of electric energy and the legislative assembly acknowledges that this competition has both potential benefits and adverse impacts on this state's electric suppliers as well as on their shareholders and customers and the citizens of this state. The legislative assembly determines that it is in the best interests of the citizens of this state to study the effects of competition on the generation, transmission, and distribution of electric energy.

**SECTION 13. AMENDMENT.** Section 54-35-18.1 of the North Dakota Century Code is amended and reenacted as follows:

**~~54-35-18.1~~. (Effective through August 1, ~~2003~~2007) Electric industry competition committee - Composition.**

1. The legislative council shall appoint a committee to study electric industry competition.

2. The committee shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state and on the state's electric suppliers.

3. As used in sections 54-35-18 through 54-35-18.2, "electric suppliers" means public utilities regulated under title 49, rural electric cooperatives organized under chapter 10-13, municipal electric utilities organized under chapters 40-33 and 40-33.2, and power marketers.

4. The committee consists of:

   a. ~~Three or four~~ Six members of the house of representatives, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority political party and two of whom must be from the minority political party.

   b. ~~Three or four~~ Six members of the senate, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority political party and two of whom must be from the minority political party.

5. The chairman of the legislative council shall name one of the members as chairman.

**SECTION 14. AMENDMENT.** Section 54-35-18.2 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18.2. (Effective through August 1, ~~2003~~2007) Electric industry competition committee - Study areas.** The electric industry competition committee shall study this state's electric industry competition and electric suppliers and shall



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report to the legislative council in the same manner as do other interim legislative council committees, concerning the following issues:

1. Financial issues, including:

   a. The interests of residential customers, including:

      (1) Fairness of rates, terms, and conditions of service for services chosen.

      (2) Affordability of rates, bills, and services.

      (3) Stability and predictability of rates and bills.

      (4) Reliability and quality of power supply.

      (5) Assurance that rates, terms, and conditions are nondiscriminatory.

      (6) Ability of customers to understand potential energy choices.

      (7) Importance of a fair dispute resolution process.

      (8) Potential for rates to reflect the customer's desired level of energy reliability and availability.

   b. The interests of small business customers, large business customers, shareholders, and other stakeholders, including:

      (1) Fairness of rates, terms, and conditions of service for the services chosen by customers.

      (2) Affordability of rates, bills, and services for customers.

      (3) Stability and predictability of customers' rates and bills.

      (4) Assurance that rates, terms, and conditions are nondiscriminatory for all customers.

      (5) Ability of customers to understand potential energy choices and the implications of these choices.

      (6) Importance of a fair dispute resolution process for customers.

      (7) Potential for rates to reflect the customer's desired level of energy reliability and availability.

   c. Financial integrity of and cost of capital to electric power suppliers.

   d. Taxes paid by electric suppliers, including franchise taxes, excise taxes, income taxes, ad valorem taxes, in lieu taxes, and real and personal property taxes.

   e. Tax implications to local governments.

   f. Quantification and recovery of stranded investments by electric power suppliers, including those resulting from:



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Operator's Signature Date

(1) Customers who have a legal obligation to bear certain costs, who find a way to avoid those obligations, and who leave without paying costs incurred on the customer's behalf; and

(2) The costs of investments that exceed their value in the competitive market.

g. Pricing of transmission and distribution services.

h. Pricing and rate subsidies for all classes of customers.

i. Unbundling of costs of services.

2. Legal issues, including:

a. State, tribal, and federal jurisdiction.

b. State statutory and regulatory constraints and oversight of the electric industry.

c. Those related to the federal energy regulatory commission.

d. Commerce clause constraints.

e. Review of existing state laws, rules, and constitutional provisions that affect the generation, transmission, and distribution of electric energy, including the need and appropriateness of regulatory reforms for services that will continue to be provided by a regulated utility.

f. Interstate reciprocity and the regional nature of the industry.

g. Continuing obligations of an electric supplier to serve customers.

h. Use and protection of proprietary information in a competitive market.

3. Social issues, including:

a. Planning and operation of electric suppliers, including integrated resource planning.

b. Efficiency and sufficiency of an aggregate supply of energy.

c. Environmental impacts.

d. Impact on the development and use of renewable resources.

e. Appropriate and proper method of recovery of the cost of social, low income, and noneconomic renewable energy programs in order to ensure that costs are fairly and equitably shared among all customers of electric energy.

4. Issues related to system planning, operation, and reliability, including:

a. Electric system reliability.



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b. Provisions by which customers would be permitted to have a choice of generation providers.

c. Applicability of regulatory reliability criteria to nonutility market participants.

d. Form and requirements of contracts for the sale and purchase of electric energy.

e. Requirements for metering energy usage at the customer's location.

f. Designation and regulation of ancillary services.

5. Identification and review of potential market structures, including:

a. Possible market structures for a deregulated generation market and transmission market and whether these structures should be mandated or allowed to form voluntarily.

b. Formation of market segments in response to customer requirements.

c. Impact on the investment stability of the electric utility industry.

d. Impact on multipurpose entities.

e. Potential to improve economic efficiency.

f. Size of the market and the extent to which its size impacts the level of benefits for customers or groups of customers.

g. Ability of participants with control over the electricity generation and transmission system to exercise market power over pricing or the need for controls to prevent the exercise of market power.

h. Controls or bans on corporate relationships between regulated utilities and emerging competitive sectors.

i. Barriers to achieving nondiscriminatory competition among electric suppliers, including review of federal and state tax issues, availability of federal subsidies to certain energy suppliers, application of federal laws that impose regulatory requirements on the electric utility industry, and jurisdiction of the federal energy regulatory commission over competitors.

j. Viability of all customers to participate in and benefit from a competitive electricity market, including:

(1) Risks and responsibilities that customers or classes of customers incur by participating in a competitive market.

(2) Costs of gathering, processing, and managing information on the price and quality of electricity.

(3) Benefits to customers or classes of customers from participation in a competitive electricity market.



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6. Whether and to what extent power produced by the Garrison dam should be taxed by the state.

7. The source and cost of power supplied to the state's Indian reservations.

8. Other issues related to the generation, transmission, and distribution of electric energy.

**SECTION 15. AMENDMENT.** Subsection 2 of section 54-44.1-06 of the North Dakota Century Code is amended and reenacted as follows:

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statement of unappropriated surplus for the general fund must reflect any projected deficiency appropriations relating to expenditures from the general fund for the present biennium. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

**SECTION 16. AMENDMENT.** Section 54-44.1-12 of the North Dakota Century Code is amended and reenacted as follows:

**54-44.1-12. Control over rate of expenditures.** The director of the budget shall exercise continual control over the execution of the budget affecting the departments and agencies of state government, with the exception of the legislative and judicial branches. Execution means the analysis and approval of all commitments for conformity with the program provided in the budget, frequent comparison of actual revenues and budget estimates, and on the basis of these analyses and comparisons control the rate of expenditures through a system of allotments. The allotment must be made by specific fund and all departments and agencies that receive moneys from that fund must be allotted on a uniform percentage basis, except that appropriations to the department of public instruction for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund. Any allotment must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving moneys from the fund. Before an allotment is made which will reduce the amount of funds which can be disbursed pursuant to an appropriation or before an allotment disallowing a specific expenditure is made, the director shall find one or more of the following circumstances to exist:

1. The moneys and estimated revenues in a specific fund from which the appropriation is made are insufficient to meet all legislative appropriations from the fund.

2. The payment or the obligation incurred is not authorized by law.

3. The expenditure or obligation is contrary to legislative intent as recorded in any reliable legislative records, including:

   a. Statements of legislative intent expressed in enacted appropriation measures or other measures enacted by the legislative assembly; and



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b. Statements of purpose of amendment explaining amendments to enacted appropriation measures, as recorded in the journals of the legislative assembly.

4. Circumstances or availability of facts not previously known or foreseen by the legislative assembly which make possible the accomplishment of the purpose of the appropriation at a lesser amount than that appropriated.

**SECTION 17.** Two new sections to chapter 54-59 of the North Dakota Century Code are created and enacted as follows:

Required use of electronic mail, file and print server administration, data base administration, desktop personal computer support, and application server and hosting services. Each state agency and institution, excluding the institutions under the control of the board of higher education, that desires electronic mail, file and print server administration, data base administration, desktop personal computer support, disaster recovery, and application server and hosting services shall obtain those services from the department. The chief information officer may exempt from the application of this section any agency that demonstrates its current services are more appropriate for the specific needs of that agency than the services available from the department.

Department shall establish certain standards for agencies - Advisory committee - Exceptions. The department shall appoint an advisory committee consisting of representatives of state agencies for the purposes of prioritizing major computer software projects and establishing policies, standards, and guidelines for executive branch state agencies and agencies of the judicial and legislative branches with respect to the purchase of computer software and computer systems. The chief information officer shall submit recommendations of the advisory committee regarding major software projects to the information technology committee for consideration by the committee and the drafting of appropriate legislation to implement the recommendations. The chief information officer may exempt an agency from the policies, standards, and guidelines established by the committee to address situations unique to that agency. Before an executive branch state agency may purchase or contract for computer software or computer systems associated with electronic mail, file and print services hosting and support, desktop personal computers and desktop support services, mainframe and distributed computing hosting services, or services for disaster recovery of critical systems, the department shall review the proposed purchase and approve of the purchase.

**SECTION 18. AMENDMENT.** Section 54-59-05 of the North Dakota Century Code is amended and reenacted as follows:

**54-59-05. Powers and duties of department.** The department:

1. Shall provide, supervise, and regulate information technology of all executive branch state entities, excluding the institutions under the control of the board of higher education.

2. Shall provide network services in a way that ensures the network requirements of a single entity do not adversely affect the functionality of the whole network, facilitates open communications with the citizens of the state, minimizes the state's investment in human resources, accommodates an ever-increasing amount of traffic, supports rapid detection and resolution of problems, protects the network infrastructure from damage and security breaches, provides for the aggregation of data, voice, video, and multimedia into a statewide transport mechanism or



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backbone, and provides for the network support for the entity to carry out its mission.

3. May review and approve additional network services that are not provided by the department.

4. May purchase, finance the purchase, or lease equipment or software or replace, including by trade or resale, equipment or software as may be necessary to carry out this chapter. An agreement to finance the purchase of software, equipment, or implementation services may not exceed a period of three years. The department shall submit any intended financing proposal for the purchase of software, equipment, or implementation services under this subsection, which is in excess of one million dollars, to the budget section of the legislative council before executing a financing agreement. If the budget section does not approve the execution of a financing agreement, the department may not proceed with the proposed financing arrangement. The department may finance the purchase of software, equipment, or implementation services only to the extent the purchase amount does not exceed the amount appropriated to the department during that biennium for equipment.

5. Each executive branch agency or institution, ~~except~~ excluding the institutions under the control of the board of higher education with respect to academic and research uses of information technology, shall submit to the department, in accordance with guidelines established by the department, a written request for the lease, purchase, or other contractual acquisition of information technology. The department shall review requests for conformance with the requesting entity's information technology plan and compliance with statewide policies and standards. If the request is not in conformance or compliance, the department may disapprove the request or require justification for the departure from the plan or statewide policy or standard.

~~5.~~ 6. Shall provide information technology, including assistance and advisory service, to the executive, legislative, and judicial branches. If the department is unable to fulfill a request for service from the legislative or judicial branch, the information technology may be procured by the legislative or judicial branch within the limits of legislative appropriations.

~~6.~~ 7. May request information on or review information technology, applications, system development projects, and application development projects of executive branch agencies.

~~7.~~ 8. Shall study emerging technology and evaluate its impact on the state's system of information technology.

~~8.~~ 9. Shall develop guidelines for reports to be provided by each executive branch agency, institution, or department, the institutions under the control of the board of higher education, and agencies of the judicial and legislative branches on information technology in those entities.

~~9.~~ 10. Shall review the information technology management of executive branch agencies or institutions~~, including institutions under the control of the board of higher education as provided in section 54-59-13~~.

~~10.~~ 11. Shall perform all other duties necessary to carry out this chapter.



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**SECTION 19. AMENDMENT.** Section 54-59-09 of the North Dakota Century Code is amended and reenacted as follows:

**54-59-09. Information technology standards.** Based on information from state agencies and institutions, the department shall develop statewide information technology policies, standards, and guidelines. The policies, standards, and guidelines must recognize the uniqueness of certain agencies and state which agencies are included or exempted from the policies, standards, and guidelines. The policies, standards, and guidelines must be approved by the state information technology advisory committee. Unless an exemption is granted by the ~~department~~ chief information officer, each executive branch state agency and institution, excluding the institutions under the control of the board of higher education with respect to academic and research uses of information technology, shall comply with the policies and standards developed by the department. Unless an exemption is granted by the~~department~~ chief information officer, each entity receiving wide area network services provided by the department shall comply with the policies and standards developed by the department with respect to access to or use of wide area network services.

**SECTION 20. TRANSFER OF STATE AGENCY INFORMATION TECHNOLOGY EMPLOYEE POSITIONS - CONSOLIDATION OF INFORMATION TECHNOLOGY FUNCTIONS.** On November 1, 2003, the following number of authorized full-time equivalent employee positions relating to information technology services, including electronic mail, file and print server administration, data base administration, desktop personal computer support, disaster recovery, and application server and hosting services must be transferred from the named agencies to the information technology department, unless reduced by the chief information officer:

| AGENCY | FULL-TIME EQUIVALENT EMPLOYEE POSITIONS |
|---|---|
| Secretary of state | 1 |
| Office of management and budget | 2 |
| State auditor's office | 1 |
| Attorney general | 3 |
| Tax department | 4 |
| Legislative branch | 3 |
| Judicial branch | 3 |
| Retirement and investment office | 1 |
| Public employees retirement system | 2 |
| Department of public instruction | 2 |
| Land department | 1 |
| School for the deaf | 1 |
| Vision services - school for the blind | 1 |
| State board for vocational and technical education | 1 |
| State department of health | 3 |
| Veterans' home | 1 |
| Department of human services | 31 |
| Job service North Dakota | 11 |
| Industrial commission | 3 |
| Public service commission | 1 |
| Bank of North Dakota | 7 |
| Housing finance agency | 2 |
| Mill and elevator | 1 |
| Workers compensation bureau | 5 |
| Highway patrol | 3 |
| Department of corrections and rehabilitation | 3 |



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| | |
|---|---|
| Department of commerce | 1 |
| Game and fish department | 2 |
| Parks and recreation department | 1 |
| State water commission | 2 |
| Department of transportation | 7 |

The agencies shall retain funding relating to the transferred employee positions and related costs, which is contained in the agencies' respective appropriations bill. Each of the agencies shall establish an information technology services line item consisting of funding related to the salaries and wages for the transferred employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs for electronic mail, file and print server administration, data base administration, desktop personal computer support, disaster recovery, and application server and hosting services. Agencies shall develop documentation supporting the related funding transferred to the information technology services line item. Any line item transfer must be reported to the office of management and budget. Each of the agencies shall use the funding contained in the information technology services line item to purchase information technology services from the information technology department. Each of the agencies shall make arrangements with the information technology department for the transfer of equipment and material related to the transferred employee positions and services from the respective agency to the department. The information technology department may receive any funding relating to the purchase of information technology services under this section, which is hereby appropriated. Each agency is entitled to receive from the information technology department the equivalent in services that would have been performed by employees in the transferred positions at a cost not exceeding the amounts transferred to the agency's information technology services line item.

The information technology department shall determine the number of full-time equivalent positions necessary to provide the related information technology functions to state agencies. The department may employ the number of necessary employees and require all persons interested in filling the employee positions to apply with the department. In filling the employee positions, the department shall give preference to current state employees working in information technology. The department may make arrangements with the agency from which an employee was transferred to transfer any leave accrued by that employee.

**SECTION 21. INFORMATION TECHNOLOGY FUNCTION CONSOLIDATION - ACCUMULATED SAVINGS - TRANSFER TO THE GENERAL FUND.** The information technology department shall achieve efficiencies during the biennium beginning July 1, 2003, and ending June 30, 2005, relating to the required consolidation of information technology functions, including electronic mail, file and print server administration, data base administration, desktop personal computer support, disaster recovery, and application server and hosting services. The information technology department through efficiencies resulting from this consolidation shall achieve accumulated net savings totaling $4,000,000 for the 2003-05 biennium. The director of the office of management and budget shall transfer the savings accumulated as a result of these efficiencies in the amount of $4,000,000 to the general fund by June 30, 2005.

**SECTION 22. INFORMATION TECHNOLOGY SERVICE - REPORTS TO THE INFORMATION TECHNOLOGY COMMITTEE AND THE BUDGET SECTION.** The information technology department shall document information relating to the delivery of the consolidated services to agencies, including service dependability, agency complaints, and information technology department responsiveness, and shall report that information and the status of the accumulated savings to the information technology committee and the budget section as requested. Any agency receiving



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consolidated services may provide information to the information technology committee with respect to service availability, service dependability, complaints of the agency or of persons receiving services from the agency or the department, department responsiveness, and any additional costs incurred by the agency as a result of the consolidated services.

**SECTION 23. INFORMATION TECHNOLOGY LEGISLATIVE COUNCIL STUDY - APPROPRIATION - REPORTS TO THE BUDGET SECTION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $350,000, or so much of the sum as may be necessary, to the legislative council for the biennium beginning July 1, 2003, and ending June 30, 2005, for the purpose of contracting with consultants to conduct an information technology consolidation and an information technology management study and to provide assistance with the preparation of the request for proposals and consultant oversight. The studies must be completed by October 1, 2003, and periodic progress reports on the status of studies must be provided to the information technology committee. A final report must be presented to the budget section upon completion of the studies.

The information technology consolidation study must address the consolidation of information technology functions, including a review and identification of:

1. The cost of providing electronic mail administration, file and print server administration, seat management and desktop personal computer support, mainframe and distributed computing hosting services, consolidated storage management and disaster recovery, and software development.

2. The roles and responsibilities of agency personnel providing information technology services and the positions to be consolidated.

3. The positions and competencies needed by the information technology department to provide the information technology services on a centralized basis, including the organizational changes required within the department to provide the centralized services.

4. The human resource management issues, including change management, training, and employee compensation, to be addressed for a successful consolidation.

5. The adequacy and quality of the services as currently provided and proper performance measures.

6. The comparison of current costs to industry data and data from other states.

7. The costs and benefits of providing the services on a centralized basis and the cost of an agency providing the services on an individual basis.

8. Information technology services appropriate to be performed by individual agencies.

9. A plan to consolidate the services identified, including the reorganization tasks, personnel transfers, and the changes required for information technology budgeting and cost allocation processes.

The information technology management study must include a review of:



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1. The technology management processes of other states and private industry with respect to prioritizing state agency information technology budget requests, establishing information technology standards and policies, and overseeing information technology expenditures.

2. The role of other states in providing information technology services to nonstate government entities.

3. The level of information technology outsourcing in other state governments and the private sector and the applicability to the state of North Dakota.

4. The trends that will impact technology deployment and spending in the next five to ten years.

5. The level of coordination in the management of enterprise initiatives, such as the state wide area network, the enterprise resource planning system initiative, the geographic information systems initiative, and the criminal justice information sharing initiative, compared to other states, including a recommendation regarding the appropriate governance structure to provide the maximum benefits to the state.

**SECTION 24. TRANSFER OF APPROPRIATION AUTHORITY BETWEEN LINE ITEMS.** Notwithstanding section 54-16-04, the director of the office of management and budget and the state treasurer shall make transfers of funds between line items for state agencies, departments, and institutions as may be requested to accommodate information technology funding reductions made by the fifty-eighth legislative assembly. The office of management and budget shall report to the budget section regularly on transfers made pursuant to this section.

**SECTION 25. CONSOLIDATION OF HIGHER EDUCATION INFORMATION TECHNOLOGY FUNCTIONS.** The North Dakota university system shall consolidate full-time equivalent employee positions relating to information technology services, including electronic mail, file and print server administration, data base administration, desktop personal computer support, disaster recovery, and application server and hosting services.

The North Dakota university system shall determine the number of full-time equivalent positions necessary to provide the related information technology functions to higher education institutions. The university system may employ the number of necessary employees and require all persons interested in filling the employee positions to apply with the system.

**SECTION 26. HIGHER EDUCATION INFORMATION TECHNOLOGY FUNCTION CONSOLIDATION - ACCUMULATED SAVINGS - APPROPRIATION.** The North Dakota university system shall achieve during the biennium beginning July 1, 2003, and ending June 30, 2005, efficiencies relating to required consolidation of information technology services, including electronic mail, file and print server administration, data base administration, desktop personal computer support, disaster recovery, and application server and hosting services. The North Dakota university system, through efficiencies resulting from this consolidation, shall achieve accumulated savings totaling $2,000,000 for the 2003-05 biennium. The director of the office of management and budget shall transfer the savings accumulated as a result of these efficiencies in the amount of $2,000,000 to the general fund by June 30, 2005.

**SECTION 27. HIGHER EDUCATION INFORMATION TECHNOLOGY SERVICE - REPORTS TO THE INFORMATION TECHNOLOGY COMMITTEE AND THE BUDGET SECTION.** The North Dakota university system shall document



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Information relating to the delivery of the consolidated services to higher education institutions, including service dependability, higher education institution complaints, and university system responsiveness, and shall report that information to the information technology committee. The North Dakota university system shall also document information regarding the related savings from the consolidation and report on the status of the accumulated net savings to the information technology committee and the budget section as requested.

**SECTION 28. TECHNOLOGY CRITICAL NEEDS POOL - BUDGET SECTION APPROVAL.** The information technology critical needs pool appropriation included in section 1 of this Act is for addressing state agencies, departments, and institutions critical information technology needs. State agencies, departments, and institutions requesting critical needs funding shall submit a written request detailing the purpose and need for the funding to the chief information officer of the information technology department. Requests approved by the information technology department must be forwarded to the office of management and budget which shall transfer funding from the critical needs pool to agencies, departments, and institutions upon approval of the request by the budget section."

Page 4, line 8, overstrike "sixty-two" and insert immediately thereafter "sixty-six" and after "million" insert "six hundred forty-one thousand"

Page 4, line 10, overstrike "At the end of the 1995-97 biennium all revenue deposited in the"

Page 4, overstrike lines 11 through 13

Page 4, line 14, overstrike "permanent oil tax trust fund."

Page 4, line 19, overstrike "sixty-two" and insert immediately thereafter "sixty-six" and after "million" insert "six hundred forty-one thousand"

Page 4, remove lines 29 and 30

Page 5, replace lines 15 through 17 with:

"**SECTION 32. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $30,000, or so much of the sum as may be necessary, to the legislative council for the biennium beginning July 1, 2003, and ending June 30, 2005, for the purpose of upgrading sound systems in the house and senate chambers.

**SECTION 33. EXAMINATION OF MINERAL SEVERANCE TAX APPLICATION TO FEDERAL LANDS - REPORT TO LEGISLATIVE COUNCIL.** During the 2003-04 interim, the tax commissioner shall cause an examination to be made of all mineral production from lands under the ownership or control of federal or quasi-federal entities, including farm credit services or its predecessor federal land bank, to assure that taxes imposed by chapters 57-51, 57-51.1, and 57-61 are being imposed, collected, and reported as required by law. The tax commissioner shall also ascertain whether mineral severance taxes are being imposed on these properties to the fullest extent allowed under section 5 of article X of the Constitution of North Dakota and recommend any legislation necessary to accomplish that objective. Before September 1, 2004, the tax commissioner shall report the findings and recommendations under this section, together with any legislation necessary to implement the recommendations, to a committee designated by the legislative council.

**SECTION 34. 2005-07 EXECUTIVE BUDGET - STUDENT LOAN TRUST FUND.** Any proposal to transfer or spend moneys from the student loan trust fund



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included as part of the 2005-07 biennium executive budget must be included in a separate bill introduced for consideration by the fifty-ninth legislative assembly.

**SECTION 35. STATE AGENCY CONTINUING APPROPRIATIONS - REPORTS TO FIFTY-NINTH LEGISLATIVE ASSEMBLY.** The head of each executive branch agency, institution, or department shall report during the budget presentation to the appropriations committees of the fifty-ninth legislative assembly on statutory provisions authorizing the agency, institution, or department to spend funds pursuant to a continuing appropriation. The report must include justification for continuing the authority, and expenditures made pursuant to the continuing appropriation and related revenues and fund balances for the 1999-2001 biennium, the 2001-03 biennium, the 2003-05 biennium to date, and projections for the 2005-07 biennium.

**SECTION 36. CERTAIN APPROPRIATION BILLS - EXECUTIVE BUDGET RECOMMENDATION.** Notwithstanding North Dakota Century Code section 54-44.1-06, the legislative council shall submit for introduction to the fifty-ninth legislative assembly the 2005-07 appropriation bills for the department of public instruction, department of corrections and rehabilitation, state treasurer, and secretary of state based on the same funding amounts, line items, and employee levels authorized by the fifty-eighth legislative assembly for the 2003-05 biennium. Any budget changes recommended by the office of the budget for these departments for the 2005-07 biennium must be presented to the appropriations committees of the fifty-ninth legislative assembly as a recommendation for amendment to the bill as introduced.

**SECTION 37. STATE EMPLOYEE REDUCTIONS - BUDGET SECTION REPORT.** The number of full-time equivalent state employees must be reduced by employee retirements, employee turnover, and vacant employee positions during the biennium beginning July 1, 2003, and ending June 30, 2005, as follows:

| | |
|---|---|
| Executive branch agencies and the office of the governor, excluding other offices of state elected officials and higher education | 155 |
| State elected officials, excluding the governor | 13 |
| Judicial branch | 8 |
| Legislative branch | .6 |

One-half of this total reduction must be accomplished by December 31, 2003. The additional reductions must be accomplished by December 31, 2004. Agencies shall report employee positions eliminated to the office of management and budget. The office of management and budget shall provide periodic reports on the employee positions eliminated by agency to the budget section of the legislative council.

**SECTION 38. CONTINGENT APPROPRIATION - STATE EMPLOYEE COMPENSATION - JANUARY 1, 2004.** The sums hereinafter listed, or so much thereof as may be necessary, are appropriated from the general fund and from special funds or moneys derived from federal funds or other income in the state treasury, not otherwise appropriated, as indicated to the agencies and institutions of state government for the purpose of providing compensation adjustments to employees of the various agencies and institutions in accordance with section 40 of this Act for the period beginning January 1, 2004, and ending June 30, 2005. These moneys may be spent only if the office of management and budget certifies to the governor, legislative council, and supreme court that agencies have eliminated at least eighty-eight full-time equivalent positions by December 31, 2003, as provided in section 37 of this Act.



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**REPORT OF STANDING COMMITTEE-DIVIDED (430)**
**April 9, 2003 2:14 p.m.**

**Module No: HR-64-7211**
**Carrier: Skarphol**
**Insert LC: 38038.0256 Title: .0400**

| AGENCY OR INSTITUTION | GENERAL FUND | SPECIAL FUNDS | TOTAL |
|---|---|---|---|
| Governor | $13,572 | | $13,572 |
| Secretary of state | 13,224 | | 13,224 |
| Office of management and budget | 70,834 | $16,253 | 87,087 |
| Information technology department | 11,280 | 181,549 | 192,829 |
| State auditor | 25,958 | 11,890 | 37,848 |
| State treasurer | 3,899 | | 3,899 |
| Attorney general | 103,892 | 12,083 | 115,975 |
| Tax commissioner | 81,319 | | 81,319 |
| Administrative hearings office | | 6,313 | 6,313 |
| Legislative council | 27,319 | | 27,319 |
| Judicial branch | 185,145 | 1,492 | 186,637 |
| Retirement and investment office | | 11,578 | 11,578 |
| Public employees retirement system | | 16,439 | 16,439 |
| Department of public instruction | 21,665 | 39,170 | 60,835 |
| University system office | 21,712 | | 21,712 |
| Board of university and school lands | | 12,119 | 12,119 |
| Forest service | 10,904 | | 10,904 |
| State library | 12,073 | 470 | 12,543 |
| School for the deaf | 29,682 | | 29,682 |
| Vision services - school for the blind | 14,245 | 1,763 | 16,008 |
| Board for career and technical education | 18,854 | 424 | 19,278 |
| State department of health | 66,663 | 129,890 | 196,553 |
| Veterans home | 30,591 | 13,013 | 43,604 |
| Indian affairs commission | 2,098 | | 2,098 |
| Department of veterans' affairs | 2,507 | 204 | 2,711 |
| Children's services coordinating committee | | 357 | 357 |
| Department of human services | 778,884 | 347,569 | 1,126,453 |
| Protection and advocacy project | 6,600 | 8,499 | 15,099 |
| Job service North Dakota | 571 | 213,139 | 213,710 |
| Insurance commissioner | | 31,107 | 31,107 |
| Industrial commission | 37,476 | 3,811 | 41,287 |
| Labor commissioner | 4,700 | 1,511 | 6,211 |
| Public service commission | 20,627 | 11,169 | 31,796 |
| Aeronautics commission | | 4,256 | 4,256 |
| Department of financial institutions | | 18,789 | 18,789 |
| Securities commissioner | 6,252 | | 6,252 |
| Bank of North Dakota | | 106,049 | 106,049 |
| Housing finance agency | | 25,294 | 25,294 |
| Workers compensation bureau | | 151,377 | 151,377 |
| Highway patrol | 86,856 | 37,777 | 124,633 |
| Division of emergency management | 4,702 | 7,206 | 11,908 |
| Department of corrections and rehabilitation | 345,529 | 30,933 | 376,462 |
| Adjutant general | 25,680 | 57,382 | 83,062 |
| Department of commerce | 34,170 | 11,300 | 45,470 |
| Agriculture commissioner | 19,545 | 16,281 | 35,826 |
| Seed department | | 16,145 | 16,145 |
| Upper great plains transportation institute | 2,523 | 29,432 | 31,955 |
| Branch research centers | 44,713 | 9,356 | 54,069 |
| NDSU extension service | 112,216 | 70,775 | 182,991 |
| Northern crops institute | 3,830 | 3,051 | 6,881 |
| Main research station | 203,651 | 91,849 | 295,500 |



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| | | | |
|---|---|---|---|
| Agronomy seed farm | | 2,088 | 2,088 |
| Historical society | 31,843 | | 31,843 |
| Council on the arts | 2,753 | | 2,753 |
| Game and fish department | | 99,070 | 99,070 |
| Parks and recreation department | 24,542 | 1,054 | 25,596 |
| Water commission | 58,829 | 1,107 | 59,936 |
| Department of transportation | | 617,865 | 617,865 |
| Total | $2,623,928 | $2,480,248 | $5,104,176 |

**SECTION 39. CONTINGENT APPROPRIATION - STATE EMPLOYEE COMPENSATION - JANUARY 1, 2005.** The sums hereinafter listed, or so much thereof as may be necessary, are appropriated from the general fund and from special funds or moneys derived from federal funds or other income in the state treasury, not otherwise appropriated, as indicated to the agencies and institutions of state government for the purpose of providing compensation adjustments to employees of the various agencies and institutions in accordance with section 40 of this Act for the period beginning January 1, 2005, and ending June 30, 2005. These moneys may be spent only if the office of management and budget certifies to the governor, legislative council, and supreme court that agencies have eliminated at least one hundred seventy-six and six-tenths full-time equivalent positions by December 31, 2004, as provided in section 37 of this Act.

| AGENCY OR INSTITUTION | GENERAL FUND | SPECIAL FUNDS | TOTAL |
|---|---|---|---|
| Governor | $9,021 | | $9,021 |
| Secretary of state | 8,757 | | 8,757 |
| Office of management and budget | 46,955 | $10,763 | 57,718 |
| Information technology department | 7,471 | 120,273 | 127,744 |
| State auditor | 17,191 | 7,873 | 25,064 |
| State treasurer | 2,581 | | 2,581 |
| Attorney general | 68,802 | 8,001 | 76,803 |
| Tax commissioner | 53,866 | | 53,866 |
| Administrative hearings office | | 4,181 | 4,181 |
| Legislative council | 18,199 | | 18,199 |
| Judicial branch | 125,088 | 994 | 126,082 |
| Retirement and investment office | | 7,712 | 7,712 |
| Public employees retirement system | | 10,924 | 10,924 |
| Department of public instruction | 14,348 | 25,940 | 40,288 |
| University system office | 14,582 | | 14,582 |
| Board of university and school lands | | 8,025 | 8,025 |
| Forest service | 7,221 | | 7,221 |
| State library | 7,996 | 311 | 8,307 |
| School for the deaf | 18,591 | | 18,591 |
| Vision services - school for the blind | 9,434 | 1,168 | 10,602 |
| Board for career and technical education | 12,485 | 281 | 12,766 |
| State department of health | 44,223 | 86,044 | 130,267 |
| Veterans home | 20,264 | 8,617 | 28,881 |
| Indian affairs commission | 1,389 | | 1,389 |
| Department of veterans' affairs | 1,660 | 135 | 1,795 |
| Children's services coordinating committee | | 237 | 237 |
| Department of human services | 516,164 | 230,273 | 746,437 |
| Protection and advocacy project | 4,371 | 5,628 | 9,999 |
| Job service North Dakota | 378 | 141,153 | 141,531 |
| Insurance commissioner | | 20,601 | 20,601 |



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| | | | |
|---|---|---|---|
| Industrial commission | 24,855 | 2,524 | 27,379 |
| Labor commissioner | 3,112 | 1,001 | 4,113 |
| Public service commission | 13,660 | 7,396 | 21,056 |
| Aeronautics commission | | 2,819 | 2,819 |
| Department of financial institutions | | 12,538 | 12,538 |
| Securities commissioner | 4,140 | | 4,140 |
| Bank of North Dakota | | 70,314 | 70,314 |
| Housing finance agency | | 17,231 | 17,231 |
| Workers compensation bureau | | 100,358 | 100,358 |
| Highway patrol | 57,521 | 25,018 | 82,539 |
| Division of emergency management | 3,114 | 4,772 | 7,886 |
| Department of corrections and rehabilitation | 228,828 | 20,485 | 249,313 |
| Adjutant general | 17,093 | 38,001 | 55,094 |
| Department of commerce | 22,707 | 7,483 | 30,190 |
| Agriculture commissioner | 12,943 | 10,783 | 23,726 |
| Seed department | | 12,023 | 12,023 |
| Upper great plains transportation institute | 1,718 | 19,554 | 21,272 |
| Branch research centers | 24,957 | 6,196 | 31,153 |
| NDSU extension service | 74,225 | 46,897 | 121,122 |
| Northern crops institute | 2,570 | 2,021 | 4,591 |
| Main research station | 110,489 | 60,566 | 171,055 |
| Agronomy seed farm | | 1,383 | 1,383 |
| Historical society | 21,088 | | 21,088 |
| Council on the arts | 1,824 | | 1,824 |
| Game and fish department | | 65,609 | 65,609 |
| Parks and recreation department | 16,254 | 699 | 16,953 |
| Water commission | 38,959 | 734 | 39,693 |
| Department of transportation | | 409,288 | 409,288 |
| Total | $1,711,094 | $1,644,827 | $3,355,921 |

**SECTION 40. LEGISLATIVE INTENT - CONTINGENT STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.** It is the intent of the fifty-eighth legislative assembly that 2003-05 compensation adjustments for permanent state employees are to be increases of one percent, beginning with the month of January 2004, to be paid in February 2004, contingent on the elimination of at least eighty-eight full-time equivalent positions by December 31, 2003, as provided in sections 37 and 38 of this Act and two percent, beginning with the month of January 2005, to be paid in February 2005, contingent on the elimination of at least one hundred seventy-six and six-tenths full-time equivalent positions by December 31, 2004, as provided in sections 37 and 39 of this Act.

Employees whose documented performance levels do not meet standards are not eligible for the general increases.

Probationary employees are not entitled to the general increases. However, probationary employees may be given all or a portion of the increases upon completion of probation, at the discretion of the appointing authority.

During the biennium, no salary increase other than the one percent in January 2004 and the two percent in January 2005 may be given to an employee whose salary exceeds or would exceed the salary range maximum.

**SECTION 41. LEGISLATIVE COUNCIL STUDY - PUBLIC EMPLOYEE HEALTH INSURANCE BENEFITS.** The legislative council shall consider studying,



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during the 2003-05 interm, public employee health insurance benefits. If conducted, the study must include options for providing health insurance for state employees, review of the availability of other health insurance plans, single versus family coverage, employee contributions, and unitization of premium rates for budgeting purposes. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly.

**SECTION 42. SPECIFIED EXEMPT COMMODITIES AND SERVICES - REPORT TO THE BUDGET SECTION.** The director of the office of management and budget shall report to the budget section in December of even-numbered years on specified commodities and services exempted by written directive of the director from the procurement requirements of chapter 54-44.4.

**SECTION 43. EMERGENCY.** Section 23 of this Act is declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2015 - Summary of House Action**

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|---|---|---|---|---|
| Office of Management and Budget | | | | |
| Total all funds | $27,826,739 | $27,778,694 | $95,153 | $27,873,847 |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 |
| General fund | $19,907,975 | $19,886,946 | $98,425 | $19,985,371 |
| Legislative Council - System upgrade and study | | | | |
| Total all funds | $0 | $0 | $380,000 | $380,000 |
| Less estimated income | | | | |
| General fund | $0 | $0 | $380,000 | $380,000 |
| All agencies - Contingent salary increases | | | | |
| Total all funds | $0 | $0 | $8,460,097 | $8,460,097 |
| Less estimated income | | | 4,125,075 | 4,125,075 |
| General fund | $0 | $0 | $4,335,022 | $4,335,022 |
| Bill Total | | | | |
| Total all funds | $27,826,739 | $27,778,694 | $8,935,250 | $36,713,944 |
| Less estimated income | 7,918,764 | 7,891,748 | 4,121,803 | 12,013,551 |
| General fund | $19,907,975 | $19,886,946 | $4,813,447 | $24,700,393 |

**Senate Bill No. 2015 - Office of Management and Budget - House Action**

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|---|---|---|---|---|
| Salaries and wages | $15,549,754 | $15,404,949 | ($16,718) | $15,388,231 |
| Operating expenses | 11,364,985 | 11,461,745 | (888,129) | 10,573,616 |
| Capital assets | 733,000 | 733,000 | | 733,000 |
| Grants | 179,000 | 179,000 | | 179,000 |
| Technology critical needs pool | | | 1,000,000 | 1,000,000 |
| Total all funds | $27,826,739 | $27,778,694 | $95,153 | $27,873,847 |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 |
| General fund | $19,907,975 | $19,886,946 | $98,425 | $19,985,371 |
| FTE | 162.00 | 162.00 | 0.00 | 162.00 |



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## Dept. 110 - Office of Management and Budget - Detail of House Changes

| | REMOVES FUNDING FOR WASHINGTON LOBBYIST [1] | REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE [2] | REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS [3] | PROVIDES FUNDING FOR TECHNOLOGY CRITICAL NEEDS POOL [4] | TOTAL HOUSE CHANGES |
|---|---|---|---|---|---|
| Salaries and wages | | ($16,718) | | | ($16,718) |
| Operating expenses | ($120,000) | | ($768,129) | | (888,129) |
| Capital assets | | | | | |
| Grants | | | | | |
| Technology critical needs pool | | | | $1,000,000 | 1,000,000 |
| Total all funds | ($120,000) | ($16,718) | ($768,129) | $1,000,000 | $95,153 |
| Less estimated income | | (3,272) | | | (3,272) |
| General fund | ($120,000) | ($13,446) | ($768,129) | $1,000,000 | $98,425 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

1 This amendment removes $120,000 from the general fund for funding a lobbyist in Washington, D.C.

2 This amendment reduces funding for state employee health insurance premiums from $493 to $488.70 per month.

3 This amendment reduces funding for information technology by $768,129 from the general fund, which represents a reduction in information technology funding from the general fund of approximately 20 percent.

4 This amendment provides funding of $1 million from the general fund for a technology critical needs pool to address areas of critical technology needs. State agencies, departments, and institutions interested in obtaining critical needs funding must submit a written request detailing the purpose and need to the Information Technology Department, and the Office of Management and Budget may transfer funding from the pool to agencies, departments, and institutions upon approval of requests by the Budget Section.

The House amendment reduces the 2003-05 biennium transfer from the lands and minerals trust fund to the general fund from $3 million to $2 million and limits the transfer from the permanent oil tax trust fund to the general fund to $14.3 million.

The House provided a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers.

The House changed the membership and continued the Electric Industry Competition Committee through August 1, 2007.

The House amended North Dakota Century Code (NDCC) Section 54-44.1-06 to provide for the budget data presented by the director of the budget to include in the general fund budget status any deficiency appropriation relating to general fund expenditures for the current biennium.

The House removed the section in the bill providing for a contingent transfer of up to $25 million of earnings and accumulated and undivided profits of the Bank of North Dakota to the general fund if general fund revenue collections will not meet revenues as forecasted in the March 2003 legislative forecast for the 2003-05 biennium.

The House amended NDCC Section 57-51.1-07.2 to provide that at the end of any biennium oil and gas production and extraction tax collections during any biennium in excess of $66,641,000, rather than $62 million, be transferred from the general fund to the permanent oil tax trust fund. This amendment would be effective starting with the 2003-05 biennium.

The House amended NDCC Section 54-44.1-12 to provide that any allotment ordered by the Governor must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving moneys from the fund.



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The House added a section providing for the Tax Commissioner to examine all mineral production from lands under the ownership or control of federal or quasi-federal entities to assure mineral severance taxes are being imposed, collected, and reported as required by law. The Tax Commissioner is to report the findings and recommendations from the examination to a committee designated by the Legislative Council.

The House added a section requiring the Governor to submit any proposal to spend or transfer moneys from the student loan trust fund included as part of the 2005-07 biennium budget in a separate bill.

The House added a section requiring executive branch agencies to report to the Appropriations Committees during the 2005 legislative session regarding expenditures made pursuant to continuing appropriations and justification for needing the continuing appropriation authority.

The House provided that the 2005-07 budgets for four agencies--the Department of Public Instruction, Department of Corrections and Rehabilitation, State Treasurer, and Secretary of State--be prepared based on the 2003-05 biennium budget as approved by the Legislative Assembly.

The House added sections providing for a reduction of 176.6 FTE positions during the 2003-05 biennium and providing for contingent state employee salary increases of 1 percent in January 2004 and 2 percent in January 2005.

The House added a section for a Legislative Council study of public employee health insurance benefits.

The House added a section for a report to the Budget Section on specified exempt commodities and services relating to procurement requirements in NDCC Chapter 54-44.4.

The House added sections providing for the establishment of an information technology advisory committee, to provide for an information technology consolidation study, to provide for consolidation of information technology positions and functions, and to recognize general fund revenue related to accumulated information technology savings of $4 million from the Information Technology Department and $2 million from the North Dakota University System to be transferred to the general fund.

**Senate Bill No. 2015 - Legislative Council - House Action**

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|---|---|---|---|---|
| Salaries and wages | | | | |
| Operating expenses | | | $380,000 | $380,000 |
| Total all funds | $0 | $0 | $380,000 | $380,000 |
| Less estimated income | | | | |
| General fund | $0 | $0 | $380,000 | $380,000 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 |

**Dept. 160 - Legislative Council - Detail of House Changes**

| | PROVIDES FUNDING FOR UPGRADING SOUND SYSTEM 1 | PROVIDES FUNDING FOR INFORMATION TECHNOLOGY STUDY | TOTAL HOUSE CHANGES |
|---|---|---|---|
| (2) DESK, (2) COMM | | | |



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| | | | |
|---|---|---|---|
| Salaries and wages | | | |
| Operating expenses | $30,000 | $350,000 | $380,000 |
| Total all funds | $30,000 | $350,000 | $380,000 |
| Less estimated income | | | |
| General fund | $30,000 | $350,000 | $380,000 |
| FTE | 0.00 | 0.00 | 0.00 |

1 This amendment adds a section to the bill providing a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers.

**Senate Bill No. 2015 - All agencies - House Action**

Sections are added providing for a reduction of 176.6 FTE positions during the 2003-05 biennium and providing for contingent state employee salary increases of 1 percent in January 2004 and 2 percent in January 2005. Funding of $8,460,097, of which $4,335,022 is from the general fund is added for all agencies.

The reports of the majority and the minority were placed on the Seventh order of business on the calendar for the succeeding legislative day.



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**REPORT OF STANDING COMMITTEE-DIVIDED (430)**
**April 9, 2003 2:23 p.m.**

**Module No: HR-64-7212**
**Carrier: Martinson**
**Insert LC: 38038.0257 Title: .0300**

**REPORT OF STANDING COMMITTEE (MINORITY)**

**SB 2015, as engrossed: Appropriations Committee (Rep. Skarphol, Chairman)** A **MINORITY** of your committee (Reps. Martinson, Aarsvold, Gulleson, Carlisle, Glassheim, Kroeber, Warner, Kerzman, Metcalf) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS.**

Page 1, line 4, after the semicolon insert "to create and enact two new sections to chapter 54-59 of the North Dakota Century Code, relating to required information technology services and duties of the information technology department;" and replace the second "section" with "sections 54-35-18, 54-35-18.1, and 54-35-18.2, subsection 2 of section 54-44.1-06, and sections 54-44.1-12, 54-59-05, 54-59-09, and"

Page 1, line 5, replace "suspending" with "the electric industry competition committee, preparation of budget data, budget allotments, powers and duties of the information technology department, information technology standards, and"

Page 1, line 7, remove "a statement"

Page 1, line 8, remove "of", after "intent" insert "; to require an examination of mineral severance tax application to federal lands and lands of quasi-federal entities; to require reports to the legislative assembly; to provide an exception to section 54-44.1-06 of the North Dakota Century Code, relating to the preparation of certain appropriation bills; to provide for reports to the budget section; to provide for legislative council studies; to provide for the transfer of state agency information technology positions; to provide for the transfer of higher education information technology functions; to provide an appropriation", and replace "provide an expiration date" with "declare an emergency"

Page 1, line 16, replace "15,404,949" with "15,533,036"

Page 1, line 17, replace "11,461,745" with "10,573,616"

Page 1, line 19, replace "179,000" with "179,000"

Page 1, after line 19, insert:
"Technology critical needs pool 1,000,000"

Page 1, line 20, replace "27,778,694" with "28,018,652"

Page 1, line 21, replace "7,891,748" with "7,915,492"

Page 1, line 22, replace "19,886,946" with "20,103,160"

Page 2, remove line 17

Page 2, line 20, replace "special funds" with "$2,000,000", replace "land" with "lands", and remove "in the amount of"

Page 2, line 21, remove "$3,000,000"

Page 2, line 23, after "transfer" insert "$14,300,000"

Page 2, line 24, replace "any balance remaining in" with "from" and remove "as of July 1, 2003"

Page 3, remove lines 10 through 22

Page 4, after line 2, insert:



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"**SECTION 12. AMENDMENT.** Section 54-35-18 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18. (Effective through August 1, ~~2003~~2007) Electric industry competition - Need for study.** The legislative council shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state. The legislative assembly finds that the economy of this state depends on the availability of reliable, low cost, electric energy. There is a national trend toward competition in the generation, transmission, and distribution of electric energy and the legislative assembly acknowledges that this competition has both potential benefits and adverse impacts on this state's electric suppliers as well as on their shareholders and customers and the citizens of this state. The legislative assembly determines that it is in the best interests of the citizens of this state to study the effects of competition on the generation, transmission, and distribution of electric energy.

**SECTION 13. AMENDMENT.** Section 54-35-18.1 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18.1. (Effective through August 1, ~~2003~~2007) Electric industry competition committee - Composition.**

1. The legislative council shall appoint a committee to study electric industry competition.

2. The committee shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state and on the state's electric suppliers.

3. As used in sections 54-35-18 through 54-35-18.2, "electric suppliers" means public utilities regulated under title 49, rural electric cooperatives organized under chapter 10-13, municipal electric utilities organized under chapters 40-33 and 40-33.2, and power marketers.

4. The committee consists of:

   a. ~~Three or four~~ Six members of the house of representatives, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority political party and two of whom must be from the minority political party.

   b. ~~Three or four~~ Six members of the senate, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority political party and two of whom must be from the minority political party.

5. The chairman of the legislative council shall name one of the members as chairman.

**SECTION 14. AMENDMENT.** Section 54-35-18.2 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18.2. (Effective through August 1, ~~2003~~2007) Electric industry competition committee - Study areas.** The electric industry competition committee shall study this state's electric industry competition and electric suppliers and shall report to the legislative council in the same manner as do other interim legislative council committees, concerning the following issues:



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1. Financial issues, including:

   a. The interests of residential customers, including:

      (1) Fairness of rates, terms, and conditions of service for services chosen.

      (2) Affordability of rates, bills, and services.

      (3) Stability and predictability of rates and bills.

      (4) Reliability and quality of power supply.

      (5) Assurance that rates, terms, and conditions are nondiscriminatory.

      (6) Ability of customers to understand potential energy choices.

      (7) Importance of a fair dispute resolution process.

      (8) Potential for rates to reflect the customer's desired level of energy reliability and availability.

   b. The interests of small business customers, large business customers, shareholders, and other stakeholders, including:

      (1) Fairness of rates, terms, and conditions of service for the services chosen by customers.

      (2) Affordability of rates, bills, and services for customers.

      (3) Stability and predictability of customers' rates and bills.

      (4) Assurance that rates, terms, and conditions are nondiscriminatory for all customers.

      (5) Ability of customers to understand potential energy choices and the implications of these choices.

      (6) Importance of a fair dispute resolution process for customers.

      (7) Potential for rates to reflect the customer's desired level of energy reliability and availability.

   c. Financial integrity of and cost of capital to electric power suppliers.

   d. Taxes paid by electric suppliers, including franchise taxes, excise taxes, income taxes, ad valorem taxes, in lieu taxes, and real and personal property taxes.

   e. Tax implications to local governments.

   f. Quantification and recovery of stranded investments by electric power suppliers, including those resulting from:



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(1) Customers who have a legal obligation to bear certain costs, who find a way to avoid those obligations, and who leave without paying costs incurred on the customer's behalf; and

(2) The costs of investments that exceed their value in the competitive market.

g. Pricing of transmission and distribution services.

h. Pricing and rate subsidies for all classes of customers.

i. Unbundling of costs of services.

2. Legal issues, including:

a. State, tribal, and federal jurisdiction.

b. State statutory and regulatory constraints and oversight of the electric industry.

c. Those related to the federal energy regulatory commission.

d. Commerce clause constraints.

e. Review of existing state laws, rules, and constitutional provisions that affect the generation, transmission, and distribution of electric energy, including the need and appropriateness of regulatory reforms for services that will continue to be provided by a regulated utility.

f. Interstate reciprocity and the regional nature of the industry.

g. Continuing obligations of an electric supplier to serve customers.

h. Use and protection of proprietary information in a competitive market.

3. Social issues, including:

a. Planning and operation of electric suppliers, including integrated resource planning.

b. Efficiency and sufficiency of an aggregate supply of energy.

c. Environmental impacts.

d. Impact on the development and use of renewable resources.

e. Appropriate and proper method of recovery of the cost of social, low income, and noneconomic renewable energy programs in order to ensure that costs are fairly and equitably shared among all customers of electric energy.

4. Issues related to system planning, operation, and reliability, including:

a. Electric system reliability.

b. Provisions by which customers would be permitted to have a choice of generation providers.



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c. Applicability of regulatory reliability criteria to nonutility market participants.

d. Form and requirements of contracts for the sale and purchase of electric energy.

e. Requirements for metering energy usage at the customer's location.

f. Designation and regulation of ancillary services.

5. Identification and review of potential market structures, including:

a. Possible market structures for a deregulated generation market and transmission market and whether these structures should be mandated or allowed to form voluntarily.

b. Formation of market segments in response to customer requirements.

c. Impact on the investment stability of the electric utility industry.

d. Impact on multipurpose entities.

e. Potential to improve economic efficiency.

f. Size of the market and the extent to which its size impacts the level of benefits for customers or groups of customers.

g. Ability of participants with control over the electricity generation and transmission system to exercise market power over pricing or the need for controls to prevent the exercise of market power.

h. Controls or bans on corporate relationships between regulated utilities and emerging competitive sectors.

i. Barriers to achieving nondiscriminatory competition among electric suppliers, including review of federal and state tax issues, availability of federal subsidies to certain energy suppliers, application of federal laws that impose regulatory requirements on the electric utility industry, and jurisdiction of the federal energy regulatory commission over competitors.

j. Viability of all customers to participate in and benefit from a competitive electricity market, including:

(1) Risks and responsibilities that customers or classes of customers incur by participating in a competitive market.

(2) Costs of gathering, processing, and managing information on the price and quality of electricity.

(3) Benefits to customers or classes of customers from participation in a competitive electricity market.

6. Whether and to what extent power produced by the Garrison dam should be taxed by the state.



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7. The source and cost of power supplied to the state's Indian reservations.

8. Other issues related to the generation, transmission, and distribution of electric energy.

**SECTION 15. AMENDMENT.** Subsection 2 of section 54-44.1-06 of the North Dakota Century Code is amended and reenacted as follows:

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statement of unappropriated surplus for the general fund must reflect any projected deficiency appropriations relating to expenditures from the general fund for the present biennium. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

**SECTION 16. AMENDMENT.** Section 54-44.1-12 of the North Dakota Century Code is amended and reenacted as follows:

**54-44.1-12. Control over rate of expenditures.** The director of the budget shall exercise continual control over the execution of the budget affecting the departments and agencies of state government, with the exception of the legislative and judicial branches. Execution means the analysis and approval of all commitments for conformity with the program provided in the budget, frequent comparison of actual revenues and budget estimates, and on the basis of these analyses and comparisons control the rate of expenditures through a system of allotments. The allotment must be made by specific fund and all departments and agencies that receive moneys from that fund must be allotted on a uniform percentage basis, except that appropriations to the department of public instruction for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund. Any allotment must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving moneys from the fund. Before an allotment is made which will reduce the amount of funds which can be disbursed pursuant to an appropriation or before an allotment disallowing a specific expenditure is made, the director shall find one or more of the following circumstances to exist:

1. The moneys and estimated revenues in a specific fund from which the appropriation is made are insufficient to meet all legislative appropriations from the fund.

2. The payment or the obligation incurred is not authorized by law.

3. The expenditure or obligation is contrary to legislative intent as recorded in any reliable legislative records, including:

   a. Statements of legislative intent expressed in enacted appropriation measures or other measures enacted by the legislative assembly; and



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b. Statements of purpose of amendment explaining amendments to enacted appropriation measures, as recorded in the journals of the legislative assembly.

4. Circumstances or availability of facts not previously known or foreseen by the legislative assembly which make possible the accomplishment of the purpose of the appropriation at a lesser amount than that appropriated.

**SECTION 17.** Two new sections to chapter 54-59 of the North Dakota Century Code are created and enacted as follows:

Required use of electronic mail, file and print server administration, data base administration, desktop personal computer support, and application server and hosting services. Each state agency and institution, excluding the institutions under the control of the board of higher education, that desires electronic mail, file and print server administration, data base administration, desktop personal computer support, disaster recovery, and application server and hosting services shall obtain those services from the department. The chief information officer may exempt from the application of this section any agency that demonstrates its current services are more appropriate for the specific needs of that agency than the services available from the department.

Department shall establish certain standards for agencies - Advisory committee - Exceptions. The department shall appoint an advisory committee consisting of representatives of state agencies for the purposes of prioritizing major computer software projects and establishing policies, standards, and guidelines for executive branch state agencies and agencies of the judicial and legislative branches with respect to the purchase of computer software and computer systems. The chief information officer shall submit recommendations of the advisory committee regarding major software projects to the information technology committee for consideration by the committee and the drafting of appropriate legislation to implement the recommendations. The chief information officer may exempt an agency from the policies, standards, and guidelines established by the committee to address situations unique to that agency. Before an executive branch state agency may purchase or contract for computer software or computer systems associated with electronic mail, file and print services hosting and support, desktop personal computers and desktop support services, mainframe and distributed computing hosting services, or services for disaster recovery of critical systems, the department shall review the proposed purchase and approve of the purchase.

**SECTION 18. AMENDMENT.** Section 54-59-05 of the North Dakota Century Code is amended and reenacted as follows:

**54-59-05. Powers and duties of department.** The department:

1. Shall provide, supervise, and regulate information technology of all executive branch state entities, excluding the institutions under the control of the board of higher education.

2. Shall provide network services in a way that ensures the network requirements of a single entity do not adversely affect the functionality of the whole network, facilitates open communications with the citizens of the state, minimizes the state's investment in human resources, accommodates an ever-increasing amount of traffic, supports rapid detection and resolution of problems, protects the network infrastructure from damage and security breaches, provides for the aggregation of data, voice, video, and multimedia into a statewide transport mechanism or



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backbone, and provides for the network support for the entity to carry out its mission.

3. May review and approve additional network services that are not provided by the department.

4. May purchase, finance the purchase, or lease equipment or software or replace, including by trade or resale, equipment or software as may be necessary to carry out this chapter. An agreement to finance the purchase of software, equipment, or implementation services may not exceed a period of three years. The department shall submit any intended financing proposal for the purchase of software, equipment, or implementation services under this subsection, which is in excess of one million dollars, to the budget section of the legislative council before executing a financing agreement. If the budget section does not approve the execution of a financing agreement, the department may not proceed with the proposed financing arrangement. The department may finance the purchase of software, equipment, or implementation services only to the extent the purchase amount does not exceed the amount appropriated to the department during that biennium for equipment.

5. Each executive branch agency or institution, ~~except~~ excluding the institutions under the control of the board of higher education with respect to academic and research uses of information technology, shall submit to the department, in accordance with guidelines established by the department, a written request for the lease, purchase, or other contractual acquisition of information technology. The department shall review requests for conformance with the requesting entity's information technology plan and compliance with statewide policies and standards. If the request is not in conformance or compliance, the department may disapprove the request or require justification for the departure from the plan or statewide policy or standard.

~~5.~~ 6. Shall provide information technology, including assistance and advisory service, to the executive, legislative, and judicial branches. If the department is unable to fulfill a request for service from the legislative or judicial branch, the information technology may be procured by the legislative or judicial branch within the limits of legislative appropriations.

~~6.~~ 7. May request information on or review information technology, applications, system development projects, and application development projects of executive branch agencies.

~~7.~~ 8. Shall study emerging technology and evaluate its impact on the state's system of information technology.

~~8.~~ 9. Shall develop guidelines for reports to be provided by each executive branch agency, institution, or department, the institutions under the control of the board of higher education, and agencies of the judicial and legislative branches on information technology in those entities.

~~9.~~ 10. Shall review the information technology management of executive branch agencies or institutions~~, including institutions under the control of the board of higher education as provided in section 54-59-18~~.

~~10.~~ 11. Shall perform all other duties necessary to carry out this chapter.



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**SECTION 19. AMENDMENT.** Section 54-59-09 of the North Dakota Century Code is amended and reenacted as follows:

**54-59-09. Information technology standards.** Based on information from state agencies and institutions, the department shall develop statewide information technology policies, standards, and guidelines. The policies, standards, and guidelines must recognize the uniqueness of certain agencies and state which agencies are included or exempted from the policies, standards, and guidelines. The policies, standards, and guidelines must be approved by the state information technology advisory committee. Unless an exemption is granted by the ~~department~~ chief information officer, each executive branch state agency and institution, excluding the institutions under the control of the board of higher education with respect to academic and research uses of information technology, shall comply with the policies and standards developed by the department. Unless an exemption is granted by the~~department~~ chief information officer, each entity receiving wide area network services provided by the department shall comply with the policies and standards developed by the department with respect to access to or use of wide area network services.

**SECTION 20. TRANSFER OF STATE AGENCY INFORMATION TECHNOLOGY EMPLOYEE POSITIONS - CONSOLIDATION OF INFORMATION TECHNOLOGY FUNCTIONS.** On November 1, 2003, the following number of authorized full-time equivalent employee positions relating to information technology services, including electronic mail, file and print server administration, data base administration, desktop personal computer support, disaster recovery, and application server and hosting services must be transferred from the named agencies to the information technology department, unless reduced by the chief information officer:

| AGENCY | FULL-TIME EQUIVALENT EMPLOYEE POSITIONS |
|---|---|
| Secretary of state | 1 |
| Office of management and budget | 2 |
| State auditor's office | 1 |
| Attorney general | 3 |
| Tax department | 4 |
| Legislative branch | 3 |
| Judicial branch | 3 |
| Retirement and investment office | 1 |
| Public employees retirement system | 2 |
| Department of public instruction | 2 |
| Land department | 1 |
| School for the deaf | 1 |
| Vision services - school for the blind | 1 |
| State board for vocational and technical education | 1 |
| State department of health | 3 |
| Veterans' home | 1 |
| Department of human services | 31 |
| Job service North Dakota | 11 |
| Industrial commission | 3 |
| Public service commission | 1 |
| Bank of North Dakota | 7 |
| Housing finance agency | 2 |
| Mill and elevator | 1 |
| Workers compensation bureau | 5 |
| Highway patrol | 3 |
| Department of corrections and rehabilitation | 3 |



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| | |
|---|---|
| Department of commerce | 1 |
| Game and fish department | 2 |
| Parks and recreation department | 1 |
| State water commission | 2 |
| Department of transportation | 7 |

The agencies shall retain funding relating to the transferred employee positions and related costs, which is contained in the agencies' respective appropriations bill. Each of the agencies shall establish an information technology services line item consisting of funding related to the salaries and wages for the transferred employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs for electronic mail, file and print server administration, data base administration, desktop personal computer support, disaster recovery, and application server and hosting services. Agencies shall develop documentation supporting the related funding transferred to the information technology services line item. Any line item transfer must be reported to the office of management and budget. Each of the agencies shall use the funding contained in the information technology services line item to purchase information technology services from the information technology department. Each of the agencies shall make arrangements with the information technology department for the transfer of equipment and material related to the transferred employee positions and services from the respective agency to the department. The information technology department may receive any funding relating to the purchase of information technology services under this section, which is hereby appropriated. Each agency is entitled to receive from the information technology department the equivalent in services that would have been performed by employees in the transferred positions at a cost not exceeding the amounts transferred to the agency's information technology services line item.

The information technology department shall determine the number of full-time equivalent positions necessary to provide the related information technology functions to state agencies. The department may employ the number of necessary employees and require all persons interested in filling the employee positions to apply with the department. In filling the employee positions, the department shall give preference to current state employees working in information technology. The department may make arrangements with the agency from which an employee was transferred to transfer any leave accrued by that employee.

**SECTION 21. INFORMATION TECHNOLOGY FUNCTION CONSOLIDATION - ACCUMULATED SAVINGS - TRANSFER TO THE GENERAL FUND.** The information technology department shall achieve efficiencies during the biennium beginning July 1, 2003, and ending June 30, 2005, relating to the required consolidation of information technology functions, including electronic mail, file and print server administration, data base administration, desktop personal computer support, disaster recovery, and application server and hosting services. The information technology department through efficiencies resulting from this consolidation shall achieve accumulated net savings totaling $4,000,000 for the 2003-05 biennium. The director of the office of management and budget shall transfer the savings accumulated as a result of these efficiencies in the amount of $4,000,000 to the general fund by June 30, 2005.

**SECTION 22. INFORMATION TECHNOLOGY SERVICE - REPORTS TO THE INFORMATION TECHNOLOGY COMMITTEE AND THE BUDGET SECTION.** The information technology department shall document information relating to the delivery of the consolidated services to agencies, including service dependability, agency complaints, and information technology department responsiveness, and shall report that information and the status of the accumulated savings to the information technology committee and the budget section as requested. Any agency receiving



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consolidated services may provide information to the information technology committee with respect to service availability, service dependability, complaints of the agency or of persons receiving services from the agency or the department, department responsiveness, and any additional costs incurred by the agency as a result of the consolidated services.

**SECTION 23. INFORMATION TECHNOLOGY LEGISLATIVE COUNCIL STUDY - APPROPRIATION - REPORTS TO THE BUDGET SECTION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $350,000, or so much of the sum as may be necessary, to the legislative council for the biennium beginning July 1, 2003, and ending June 30, 2005, for the purpose of contracting with consultants to conduct an information technology consolidation and an information technology management study and to provide assistance with the preparation of the request for proposals and consultant oversight. The studies must be completed by October 1, 2003, and periodic progress reports on the status of studies must be provided to the information technology committee. A final report must be presented to the budget section upon completion of the studies.

The information technology consolidation study must address the consolidation of information technology functions, including a review and identification of:

1. The cost of providing electronic mail administration, file and print server administration, seat management and desktop personal computer support, mainframe and distributed computing hosting services, consolidated storage management and disaster recovery, and software development.

2. The roles and responsibilities of agency personnel providing information technology services and the positions to be consolidated.

3. The positions and competencies needed by the information technology department to provide the information technology services on a centralized basis, including the organizational changes required within the department to provide the centralized services.

4. The human resource management issues, including change management, training, and employee compensation, to be addressed for a successful consolidation.

5. The adequacy and quality of the services as currently provided and proper performance measures.

6. The comparison of current costs to industry data and data from other states.

7. The costs and benefits of providing the services on a centralized basis and the cost of an agency providing the services on an individual basis.

8. Information technology services appropriate to be performed by individual agencies.

9. A plan to consolidate the services identified, including the reorganization tasks, personnel transfers, and the changes required for information technology budgeting and cost allocation processes.

The information technology management study must include a review of:



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1. The technology management processes of other states and private industry with respect to prioritizing state agency information technology budget requests, establishing information technology standards and policies, and overseeing information technology expenditures.

2. The role of other states in providing information technology services to nonstate government entities.

3. The level of information technology outsourcing in other state governments and the private sector and the applicability to the state of North Dakota.

4. The trends that will impact technology deployment and spending in the next five to ten years.

5. The level of coordination in the management of enterprise initiatives, such as the state wide area network, the enterprise resource planning system initiative, the geographic information systems initiative, and the criminal justice information sharing initiative, compared to other states, including a recommendation regarding the appropriate governance structure to provide the maximum benefits to the state.

**SECTION 24. TRANSFER OF APPROPRIATION AUTHORITY BETWEEN LINE ITEMS.** Notwithstanding section 54-16-04, the director of the office of management and budget and the state treasurer shall make transfers of funds between line items for state agencies, departments, and institutions as may be requested to accommodate information technology funding reductions made by the fifty-eighth legislative assembly. The office of management and budget shall report to the budget section regularly on transfers made pursuant to this section.

**SECTION 25. CONSOLIDATION OF HIGHER EDUCATION INFORMATION TECHNOLOGY FUNCTIONS.** The North Dakota university system shall consolidate full-time equivalent employee positions relating to information technology services, including electronic mail, file and print server administration, data base administration, desktop personal computer support, disaster recovery, and application server and hosting services.

The North Dakota university system shall determine the number of full-time equivalent positions necessary to provide the related information technology functions to higher education institutions. The university system may employ the number of necessary employees and require all persons interested in filling the employee positions to apply with the system.

**SECTION 26. HIGHER EDUCATION INFORMATION TECHNOLOGY FUNCTION CONSOLIDATION - ACCUMULATED SAVINGS - APPROPRIATION.** The North Dakota university system shall achieve during the biennium beginning July 1, 2003, and ending June 30, 2005, efficiencies relating to required consolidation of information technology services, including electronic mail, file and print server administration, data base administration, desktop personal computer support, disaster recovery, and application server and hosting services. The North Dakota university system, through efficiencies resulting from this consolidation, shall achieve accumulated savings totaling $2,000,000 for the 2003-05 biennium. The director of the office of management and budget shall transfer the savings accumulated as a result of these efficiencies in the amount of $2,000,000 to the general fund by June 30, 2005.

**SECTION 27. HIGHER EDUCATION INFORMATION TECHNOLOGY SERVICE - REPORTS TO THE INFORMATION TECHNOLOGY COMMITTEE AND THE BUDGET SECTION.** The North Dakota university system shall document



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Information relating to the delivery of the consolidated services to higher education institutions, including service dependability, higher education institution complaints, and university system responsiveness, and shall report that information to the information technology committee. The North Dakota university system shall also document information regarding the related savings from the consolidation and report on the status of the accumulated net savings to the information technology committee and the budget section as requested.

**SECTION 28. TECHNOLOGY CRITICAL NEEDS POOL - BUDGET SECTION APPROVAL.** The information technology critical needs pool appropriation included in section 1 of this Act is for addressing state agencies, departments, and institutions critical information technology needs. State agencies, departments, and institutions requesting critical needs funding shall submit a written request detailing the purpose and need for the funding to the chief information officer of the information technology department. Requests approved by the information technology department must be forwarded to the office of management and budget which shall transfer funding from the critical needs pool to agencies, departments, and institutions upon approval of the request by the budget section."

Page 4, line 8, overstrike "sixty-two" and insert immediately thereafter "sixty-six" and after "million" insert "six hundred forty-one thousand"

Page 4, line 10, overstrike "At the end of the 1995-97 biennium all revenue deposited in the"

Page 4, overstrike lines 11 through 13

Page 4, line 14, overstrike "permanent oil tax trust fund."

Page 4, line 19, overstrike "sixty-two" and insert immediately thereafter "sixty-six" and after "million" insert "six hundred forty-one thousand"

Page 4, remove lines 29 and 30

Page 5, replace lines 15 through 17 with:

"**SECTION 32. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $30,000, or so much of the sum as may be necessary, to the legislative council for the biennium beginning July 1, 2003, and ending June 30, 2005, for the purpose of upgrading sound systems in the house and senate chambers.

**SECTION 33. EXAMINATION OF MINERAL SEVERANCE TAX APPLICATION TO FEDERAL LANDS - REPORT TO LEGISLATIVE COUNCIL.** During the 2003-04 interim, the tax commissioner shall cause an examination to be made of all mineral production from lands under the ownership or control of federal or quasi-federal entities, including farm credit services or its predecessor federal land bank, to assure that taxes imposed by chapters 57-51, 57-51.1, and 57-61 are being imposed, collected, and reported as required by law. The tax commissioner shall also ascertain whether mineral severance taxes are being imposed on these properties to the fullest extent allowed under section 5 of article X of the Constitution of North Dakota and recommend any legislation necessary to accomplish that objective. Before September 1, 2004, the tax commissioner shall report the findings and recommendations under this section, together with any legislation necessary to implement the recommendations, to a committee designated by the legislative council.

**SECTION 34. 2005-07 EXECUTIVE BUDGET - STUDENT LOAN TRUST FUND.** Any proposal to transfer or spend moneys from the student loan trust fund



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included as part of the 2005-07 biennium executive budget must be included in a separate bill introduced for consideration by the fifty-ninth legislative assembly.

**SECTION 35. STATE AGENCY CONTINUING APPROPRIATIONS - REPORTS TO FIFTY-NINTH LEGISLATIVE ASSEMBLY.** The head of each executive branch agency, institution, or department shall report during the budget presentation to the appropriations committees of the fifty-ninth legislative assembly on statutory provisions authorizing the agency, institution, or department to spend funds pursuant to a continuing appropriation. The report must include justification for continuing the authority, and expenditures made pursuant to the continuing appropriation and related revenues and fund balances for the 1999-2001 biennium, the 2001-03 biennium, the 2003-05 biennium to date, and projections for the 2005-07 biennium.

**SECTION 36. CERTAIN APPROPRIATION BILLS - EXECUTIVE BUDGET RECOMMENDATION.** Notwithstanding North Dakota Century Code section 54-44.1-06, the legislative council shall submit for introduction to the fifty-ninth legislative assembly the 2005-07 appropriation bills for the department of public instruction, department of corrections and rehabilitation, state treasurer, and secretary of state based on the same funding amounts, line items, and employee levels authorized by the fifty-eighth legislative assembly for the 2003-05 biennium. Any budget changes recommended by the office of the budget for these departments for the 2005-07 biennium must be presented to the appropriations committees of the fifty-ninth legislative assembly as a recommendation for amendment to the bill as introduced.

**SECTION 37. STATE EMPLOYEE REDUCTIONS - BUDGET SECTION REPORT.** The number of full-time equivalent state employees must be reduced by employee retirements, employee turnover, and vacant employee positions during the biennium beginning July 1, 2003, and ending June 30, 2005, as follows:

| | |
|---|---|
| Executive branch agencies and the office of the governor, excluding other offices of state elected officials and higher education | 155 |
| State elected officials, excluding the governor | 13 |
| Judicial branch | 8 |
| Legislative branch | .6 |

One-half of this total reduction must be accomplished by December 31, 2003. The additional reductions must be accomplished by December 31, 2004. Agencies shall report employee positions eliminated to the office of management and budget. The office of management and budget shall provide periodic reports on the employee positions eliminated by agency to the budget section of the legislative council.

**SECTION 38. APPROPRIATION - STATE EMPLOYEE COMPENSATION - JANUARY 1, 2004.** The sums hereinafter listed, or so much thereof as may be necessary, are appropriated from the general fund and from special funds or moneys derived from federal funds or other income in the state treasury, not otherwise appropriated, as indicated to the agencies and institutions of state government for the purpose of providing compensation adjustments to employees of the various agencies and institutions in accordance with section 40 of this Act for the period beginning January 1, 2004, and ending June 30, 2005.

| AGENCY OR INSTITUTION | GENERAL FUND | SPECIAL FUNDS | TOTAL |
|---|---|---|---|



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| | | | |
|---|---|---|---|
| Governor | $13,572 | | $13,572 |
| Secretary of state | 13,224 | | 13,224 |
| Office of management and budget | 70,834 | $16,253 | 87,087 |
| Information technology department | 11,280 | 181,549 | 192,829 |
| State auditor | 25,958 | 11,890 | 37,848 |
| State treasurer | 3,899 | | 3,899 |
| Attorney general | 103,892 | 12,083 | 115,975 |
| Tax commissioner | 81,319 | | 81,319 |
| Administrative hearings office | | 6,313 | 6,313 |
| Legislative council | 27,319 | | 27,319 |
| Judicial branch | 185,145 | 1,492 | 186,637 |
| Retirement and investment office | | 11,578 | 11,578 |
| Public employees retirement system | | 16,439 | 16,439 |
| Department of public instruction | 21,665 | 39,170 | 60,835 |
| University system office | 21,712 | | 21,712 |
| Board of university and school lands | | 12,119 | 12,119 |
| Forest service | 10,904 | | 10,904 |
| State library | 12,073 | 470 | 12,543 |
| School for the deaf | 29,682 | | 29,682 |
| Vision services - school for the blind | 14,245 | 1,763 | 16,008 |
| Board for career and technical education | 18,854 | 424 | 19,278 |
| State department of health | 66,663 | 129,890 | 196,553 |
| Veterans home | 30,591 | 13,013 | 43,604 |
| Indian affairs commission | 2,098 | | 2,098 |
| Department of veterans' affairs | 2,507 | 204 | 2,711 |
| Children's services coordinating committee | | 357 | 357 |
| Department of human services | 778,884 | 347,569 | 1,126,453 |
| Protection and advocacy project | 6,600 | 8,499 | 15,099 |
| Job service North Dakota | 571 | 213,139 | 213,710 |
| Insurance commissioner | | 31,107 | 31,107 |
| Industrial commission | 37,476 | 3,811 | 41,287 |
| Labor commissioner | 4,700 | 1,511 | 6,211 |
| Public service commission | 20,627 | 11,169 | 31,796 |
| Aeronautics commission | | 4,256 | 4,256 |
| Department of financial institutions | | 18,789 | 18,789 |
| Securities commissioner | 6,252 | | 6,252 |
| Bank of North Dakota | | 106,049 | 106,049 |
| Housing finance agency | | 25,294 | 25,294 |
| Workers compensation bureau | | 151,377 | 151,377 |
| Highway patrol | 86,856 | 37,777 | 124,633 |
| Division of emergency management | 4,702 | 7,206 | 11,908 |
| Department of corrections and rehabilitation | 345,529 | 30,933 | 376,462 |
| Adjutant general | 25,680 | 57,382 | 83,062 |
| Department of commerce | 34,170 | 11,300 | 45,470 |
| Agriculture commissioner | 19,545 | 16,281 | 35,826 |
| Seed department | | 16,145 | 16,145 |
| Upper great plains transportation institute | 2,523 | 29,432 | 31,955 |
| Branch research centers | 44,713 | 9,356 | 54,069 |
| NDSU extension service | 112,216 | 70,775 | 182,991 |
| Northern crops institute | 3,830 | 3,051 | 6,881 |
| Main research station | 203,651 | 91,849 | 295,500 |
| Agronomy seed farm | | 2,088 | 2,088 |
| Historical society | 31,843 | | 31,843 |



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| | | | |
|---|---|---|---|
| Council on the arts | 2,753 | | 2,753 |
| Game and fish department | | 99,070 | 99,070 |
| Parks and recreation department | 24,542 | 1,054 | 25,596 |
| Water commission | 58,829 | 1,107 | 59,936 |
| Department of transportation | | 617,865 | 617,865 |
| Total | $2,623,928 | $2,480,248 | $5,104,176 |

**SECTION 39. APPROPRIATION - STATE EMPLOYEE COMPENSATION - JANUARY 1, 2005.** The sums hereinafter listed, or so much thereof as may be necessary, are appropriated from the general fund and from special funds or moneys derived from federal funds or other income in the state treasury, not otherwise appropriated, as indicated to the agencies and institutions of state government for the purpose of providing compensation adjustments to employees of the various agencies and institutions in accordance with section 40 of this Act for the period beginning January 1, 2005, and ending June 30, 2005.

| AGENCY OR INSTITUTION | GENERAL FUND | SPECIAL FUNDS | TOTAL |
|---|---|---|---|
| Governor | $9,021 | | $9,021 |
| Secretary of state | 8,757 | | 8,757 |
| Office of management and budget | 46,955 | $10,763 | 57,718 |
| Information technology department | 7,471 | 120,273 | 127,744 |
| State auditor | 17,191 | 7,873 | 25,064 |
| State treasurer | 2,581 | | 2,581 |
| Attorney general | 68,802 | 8,001 | 76,803 |
| Tax commissioner | 53,866 | | 53,866 |
| Administrative hearings office | | 4,181 | 4,181 |
| Legislative council | 18,199 | | 18,199 |
| Judicial branch | 125,088 | 994 | 126,082 |
| Retirement and investment office | | 7,712 | 7,712 |
| Public employees retirement system | | 10,924 | 10,924 |
| Department of public instruction | 14,348 | 25,940 | 40,288 |
| University system office | 14,582 | | 14,582 |
| Board of university and school lands | | 8,025 | 8,025 |
| Forest service | 7,221 | | 7,221 |
| State library | 7,996 | 311 | 8,307 |
| School for the deaf | 18,591 | | 18,591 |
| Vision services - school for the blind | 9,434 | 1,168 | 10,602 |
| Board for career and technical education | 12,485 | 281 | 12,766 |
| State department of health | 44,223 | 86,044 | 130,267 |
| Veterans home | 20,264 | 8,617 | 28,881 |
| Indian affairs commission | 1,389 | | 1,389 |
| Department of veterans' affairs | 1,660 | 135 | 1,795 |
| Children's services coordinating committee | | 237 | 237 |
| Department of human services | 516,164 | 230,273 | 746,437 |
| Protection and advocacy project | 4,371 | 5,628 | 9,999 |
| Job service North Dakota | 378 | 141,153 | 141,531 |
| Insurance commissioner | | 20,601 | 20,601 |
| Industrial commission | 24,855 | 2,524 | 27,379 |
| Labor commissioner | 3,112 | 1,001 | 4,113 |
| Public service commission | 13,660 | 7,396 | 21,056 |
| Aeronautics commission | | 2,819 | 2,819 |
| Department of financial institutions | | 12,538 | 12,538 |
| Securities commissioner | 4,140 | | 4,140 |



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| | | | |
|---|---|---|---|
| Bank of North Dakota | | 70,314 | 70,314 |
| Housing finance agency | | 17,231 | 17,231 |
| Workers compensation bureau | | 100,358 | 100,358 |
| Highway patrol | 57,521 | 25,018 | 82,539 |
| Division of emergency management | 3,114 | 4,772 | 7,886 |
| Department of corrections and rehabilitation | 228,828 | 20,485 | 249,313 |
| Adjutant general | 17,093 | 38,001 | 55,094 |
| Department of commerce | 22,707 | 7,483 | 30,190 |
| Agriculture commissioner | 12,943 | 10,783 | 23,726 |
| Seed department | | 12,023 | 12,023 |
| Upper great plains transportation institute | 1,718 | 19,554 | 21,272 |
| Branch research centers | 24,957 | 6,196 | 31,153 |
| NDSU extension service | 74,225 | 46,897 | 121,122 |
| Northern crops institute | 2,570 | 2,021 | 4,591 |
| Main research station | 110,489 | 60,566 | 171,055 |
| Agronomy seed farm | | 1,383 | 1,383 |
| Historical society | 21,088 | | 21,088 |
| Council on the arts | 1,824 | | 1,824 |
| Game and fish department | | 65,609 | 65,609 |
| Parks and recreation department | 16,254 | 699 | 16,953 |
| Water commission | 38,959 | 734 | 39,693 |
| Department of transportation | | 409,288 | 409,288 |
| Total | $1,711,094 | $1,644,827 | $3,355,921 |

**SECTION 40. LEGISLATIVE INTENT - STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.** It is the intent of the fifty-eighth legislative assembly that 2003-05 compensation adjustments for permanent state employees are to be increases of one percent, beginning with the month of January 2004, to be paid in February 2004, and two percent, beginning with the month of January 2005, to be paid in February 2005.

Employees whose documented performance levels do not meet standards are not eligible for the general increases.

Probationary employees are not entitled to the general increases. However, probationary employees may be given all or a portion of the increases upon completion of probation, at the discretion of the appointing authority.

During the biennium, no salary increase other than the one percent in January 2004 and the two percent in January 2005 may be given to an employee whose salary exceeds or would exceed the salary range maximum.

**SECTION 41. LEGISLATIVE COUNCIL STUDY - PUBLIC EMPLOYEE HEALTH INSURANCE BENEFITS.** The legislative council shall consider studying, during the 2003-05 interim, public employee health insurance benefits. If conducted, the study must include options for providing health insurance for state employees, review of the availability of other health insurance plans, single versus family coverage, employee contributions, and unitization of premium rates for budgeting purposes. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly.

**SECTION 42. SPECIFIED EXEMPT COMMODITIES AND SERVICES - REPORT TO THE BUDGET SECTION.** The director of the office of management and



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budget shall report to the budget section in December of even-numbered years on specified commodities and services exempted by written directive of the director from the procurement requirements of chapter 54-44.4.

**SECTION 43. EMERGENCY.** Section 23 of this Act is declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

## Senate Bill No. 2015 - Summary of House Action

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|---|---|---|---|---|
| Office of Management and Budget | | | | |
| Total all funds | $27,826,739 | $27,778,694 | $95,153 | $27,873,847 |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 |
| General fund | $19,907,975 | $19,886,946 | $98,425 | $19,985,371 |
| Legislative Council - System upgrade and study | | | | |
| Total all funds | $0 | $0 | $380,000 | $380,000 |
| Less estimated income | | | | |
| General fund | $0 | $0 | $380,000 | $380,000 |
| All agencies - Contingent salary increases | | | | |
| Total all funds | $0 | $0 | $8,460,097 | $8,460,097 |
| Less estimated income | | | 4,125,075 | 4,125,075 |
| General fund | $0 | $0 | $4,335,022 | $4,335,022 |
| Bill Total | | | | |
| Total all funds | $27,826,739 | $27,778,694 | $8,935,250 | $36,713,944 |
| Less estimated income | 7,918,764 | 7,891,748 | 4,121,803 | 12,013,551 |
| General fund | $19,907,975 | $19,886,946 | $4,813,447 | $24,700,393 |

## Senate Bill No. 2015 - Office of Management and Budget - House Action

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|---|---|---|---|---|
| Salaries and wages | $15,549,754 | $15,404,949 | ($16,718) | $15,388,231 |
| Operating expenses | 11,364,985 | 11,461,745 | (888,129) | 10,573,616 |
| Capital assets | 733,000 | 733,000 | | 733,000 |
| Grants | 179,000 | 179,000 | | 179,000 |
| Technology critical needs pool | | | 1,000,000 | 1,000,000 |
| Total all funds | $27,826,739 | $27,778,694 | $95,153 | $27,873,847 |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 |
| General fund | $19,907,975 | $19,886,946 | $98,425 | $19,985,371 |
| FTE | 162.00 | 162.00 | 0.00 | 162.00 |

## Dept. 110 - Office of Management and Budget - Detail of House Changes

| | REMOVES FUNDING FOR WASHINGTON LOBBYIST [1] | REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE [2] | REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS [3] | PROVIDES FUNDING FOR TECHNOLOGY CRITICAL NEEDS POOL [4] | TOTAL HOUSE CHANGES |
|---|---|---|---|---|---|
| Salaries and wages | | ($16,718) | | | ($16,718) |
| Operating expenses | ($120,000) | | ($768,129) | | (888,129) |
| Capital assets | | | | | |
| Grants | | | | | |
| Technology critical needs | | | | $1,000,000 | 1,000,000 |



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| | | | | | |
|---|---|---|---|---|---|
| pool | | | | | |
| Total all funds | ($120,000) | ($16,718) | ($768,129) | $1,000,000 | $95,153 |
| Less estimated income | | (3,272) | | | (3,272) |
| General fund | ($120,000) | ($13,446) | ($768,129) | $1,000,000 | $98,425 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

1 This amendment removes $120,000 from the general fund for funding a lobbyist in Washington, D.C.

2 This amendment reduces funding for state employee health insurance premiums from $493 to $488.70 per month.

3 This amendment reduces funding for information technology by $768,129 from the general fund, which represents a reduction in information technology funding from the general fund of approximately 20 percent.

4 This amendment provides funding of $1 million from the general fund for a technology critical needs pool to address areas of critical technology needs. State agencies, departments, and institutions interested in obtaining critical needs funding must submit a written request detailing the purpose and need to the Information Technology Department, and the Office of Management and Budget may transfer funding from the pool to agencies, departments, and institutions upon approval of requests by the Budget Section.

The House amendment reduces the 2003-05 biennium transfer from the lands and minerals trust fund to the general fund from $3 million to $2 million and limits the transfer from the permanent oil tax trust fund to the general fund to $14.3 million.

The House provided a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers.

The House changed the membership and continued the Electric Industry Competition Committee through August 1, 2007.

The House amended North Dakota Century Code (NDCC) Section 54-44.1-06 to provide for the budget data presented by the director of the budget to include in the general fund budget status any deficiency appropriation relating to general fund expenditures for the current biennium.

The House removed the section in the bill providing for a contingent transfer of up to $25 million of earnings and accumulated and undivided profits of the Bank of North Dakota to the general fund if general fund revenue collections will not meet revenues as forecasted in the March 2003 legislative forecast for the 2003-05 biennium.

The House amended NDCC Section 57-51.1-07.2 to provide that at the end of any biennium oil and gas production and extraction tax collections during any biennium in excess of $66,641,000, rather than $62 million, be transferred from the general fund to the permanent oil tax trust fund. This amendment would be effective starting with the 2003-05 biennium.

The House amended NDCC Section 54-44.1-12 to provide that any allotment ordered by the Governor must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving moneys from the fund.

The House added a section providing for the Tax Commissioner to examine all mineral production from lands under the ownership or control of federal or quasi-federal entities to assure mineral severance taxes are being imposed, collected, and reported as required by law. The Tax Commissioner is to report the findings and recommendations from the examination to a committee designated by the Legislative Council.

The House added a section requiring the Governor to submit any proposal to spend or transfer moneys from the student loan trust fund included as part of the 2005-07 biennium budget in a separate bill.



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The House added a section requiring executive branch agencies to report to the Appropriations Committees during the 2005 legislative session regarding expenditures made pursuant to continuing appropriations and justification for needing the continuing appropriation authority.

The House provided that the 2005-07 budgets for four agencies--the Department of Public Instruction, Department of Corrections and Rehabilitation, State Treasurer, and Secretary of State--be prepared based on the 2003-05 biennium budget as approved by the Legislative Assembly.

The House added sections providing for a reduction of 176.6 FTE positions during the 2003-05 biennium and providing for contingent state employee salary increases of 1 percent in January 2004 and 2 percent in January 2005.

The House added a section for a Legislative Council study of public employee health insurance benefits.

The House added a section for a report to the Budget Section on specified exempt commodities and services relating to procurement requirements in NDCC Chapter 54-44.4.

The House added sections providing for the establishment of an information technology advisory committee, to provide for an information technology consolidation study, to provide for consolidation of information technology positions and functions, and to recognize general fund revenue related to accumulated information technology savings of $4 million from the Information Technology Department and $2 million from the North Dakota University System to be transferred to the general fund.

**Senate Bill No. 2015 - Legislative Council - House Action**

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|---|---|---|---|---|
| Salaries and wages | | | | |
| Operating expenses | | | $300,000 | $380,000 |
| Total all funds | $0 | $0 | $380,000 | $380,000 |
| Less estimated income | | | | |
| General fund | $0 | $0 | $380,000 | $380,000 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 |

**Dept. 160 - Legislative Council - Detail of House Changes**

| | PROVIDES FUNDING FOR UPGRADING SOUND SYSTEM [1] | PROVIDES FUNDING FOR INFORMATION TECHNOLOGY STUDY | TOTAL HOUSE CHANGES |
|---|---|---|---|
| Salaries and wages | | | |
| Operating expenses | $30,000 | $350,000 | $380,000 |
| Total all funds | $30,000 | $350,000 | $380,000 |
| Less estimated income | | | |
| General fund | $30,000 | $350,000 | $380,000 |
| FTE | 0.00 | 0.00 | 0.00 |

1 This amendment adds a section to the bill providing a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers.

**Senate Bill No. 2015 - All agencies - House Action**



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**REPORT OF STANDING COMMITTEE-DIVIDED (430)**
**April 9, 2003 2:23 p.m.**

**Module No: HR-64-7212**
**Carrier: Martinson**
**Insert LC: 38038.0257 Title: .0300**

Sections are added providing for a reduction of 176.6 FTE positions during the 2003-05 biennium and providing for state employee salary increases of 1 percent in January 2004 and 2 percent in January 2005. Funding of $8,460,097, of which $4,335,022 is from the general fund is added for all agencies.

The reports of the majority and the minority were placed on the Seventh order of business on the calendar for the succeeding legislative day.



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2003 SENATE APPROPRIATIONS

CONFERENCE COMMITTEE

SB 2015

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

Senate Appropriations Committee

☒ Conference Committee

Hearing Date April 11, 2003

| Tape Number | Side A | Side B | Meter # |
|---|---|---|---|
| 1 | X | | 1-4150 |
| | | | |
| | | | |
| Committee Clerk Signature | Sandra DAvison | | |

Minutes:

Senator Holmberg opened the Conference Committee on SB2015. All committee members are present. Committee consists of Senator Holmberg, Senator Stenehjem, Senator O'Connell, Representative Berg, Representative Svedjan, Representative Boucher.

Senator Holmberg (mtr #10) - Will have the House members go over the changes they made to get an idea of what was done and why. Reminder to audience that this is a conference committee, will not be taking testimony.

Representative Svedjan (mtr #50) - Explained the .0400 bill that came from the House. Will explain changes made by the Senate and the House section by section.

Senator Holmberg (mtr #138) - Have in the packet a copy of first engrossment of the majority report. Will look at the majority report.

Representative Svedjan (mtr #165) - Continued with explanation of .0400 version. Reviewed each section individually and the changes contained in each.

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Operator's Signature Jacinta Rickford 10/15/03 Date

Representative Berg (mtr #208) - So many funds that have continued appropriations, do not show up in Appropriations hearings. Approximately 200 funds that have continued appropriations, objective is to have agencies disclose their continued appropriations.

Representative Boucher (mtr #252) - We would ask these agencies that have continued appropriations to do something similar to what we see with the commodity groups?

Representative Berg (mtr #284) - Would be very similar to what the commodity groups do, but not as big a hearing, would just have the documentation.

Representative Svedjan (mtr #310) - Continued with explanation of bill with section four through section ten.

Representative Boucher (mtr #298) - Question regarding section 9.

Representative Berg (mtr #421) - Clarified where the dollar amounts came from in section 9.

Representative Boucher (mtr #435) - Clarified that it is part of the profits, still questions the content.

General Discussion

Representative Berg, Representative Boucher and Lori from OMB commented on the funding question and clarified where the funds will come from. Request that OMB provide more information.

Senator O'Connell (mtr #542) - Question regarding section 6, of the funding, how much is left in the trust fund.

Representative Berg (mtr #563) - Amount is based on forecasted revenue for 03-05, rather than remove that cap and eliminate the trust fund, it allows that money that is projected to come in to flow through. Based on revenue forecast that fund would not have additional money.

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Senator Svedjan (mtr #605) - Continued explanation with section 10 through section 15.

Representative Boucher (mtr #760) - Question regarding a revenue forecast that indicates a shortfall, and looking at a deficiency in appropriation, that an allotment would have to be made in that agencies budget and they would have to find resources from other areas?

Representative Svedjan (mtr #811) - Responded to question with clarification of the deficiency forecast listed in section 15, and the allotment addressed in section 16.

Senator Holmberg (mtr #852) - Restated, if the budget gets in trouble and the Governor has to do an allotment to keep the budget balanced, that any deficiency appropriation that is coming up would be covered by that allotment.

Representative Berg (mtr #892) - Gave an example of how this would work in the budget with a 16 million deficiency in Human Services. Example only. Primary reason is to get a clearer picture of where we are at in the current biennium.

Representative Svedjan (mtr #976) - Continued with explanation of the bill at section 17, which included a major amendment. Pertains to the functional consolidation of Information Technology. Will get into in more detail, so will just move through to clarify all sections.

Senator Holmberg (mtr #1370) - Question regarding section 21 and section 26. Trouble with the State Mill and Elevator in the past, where funds are transferred and they don't have enough and have to borrow the difference in order to State to meet bottom line. Does this address the savings and the dollar amount?

Representative Svedjan (mtr #1430) - Fair to say we are counting on there being four million and two million respectively as a result of the consolidation. No intent that they should borrow if

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they don't meet it. Amounts are based on an analysis of the extent of savings realized as a result of consolidating people. Savings tied to a reduction in FTE's

Representative Berg (mtr #1510) - 4 million and 2 million reflected in daily budge status reports as revenue. Are setting up a pool for these dollars to go into.

Representative Boucher (mtr #1539) - Would we refer to this as soft money?

Representative Berg (mtr #1558) - Would not consider it soft money, difference in interpretation.

Representative Svedjan (mtr #1630) - Continued with explanation of bill on section 27 through section 38.

Senator Holmberg (mtr #2506) - Is there a percentage increase for salaries that this is based on, referring to section 37?

Representative Svedjan (mtr #2533) - Yes, will be reviewed in section 39 and section 40.

Senator Holmberg (mtr #2550) - Question, using an example of FTE's in Secretary of State's Office. Does the agency have the legislative power to eliminate the position?

Representative Berg (mtr #2605) - Had discussions with Legislative Council about that. From that standpoint, this an appropriate way to deal with it.

Representative Svedjan (mtr #2660) - Feel it is important in this plan, for the agencies to have a voice in the reduction of their agencies.

Representative Boucher (mtr #2701) - Following up on Senator Holmberg's question, if the agency can't find those reductions. We have set out here that the staff in that agency would not get a raise.

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Representative Svedjan (mtr #2734) - That is not what this says. The 155 positions in the agencies are not identified. It looks at all agencies. Used example of Tax Dept, which has reduced FTE's but still generates quality work.

Representative Boucher (mtr #2829) - Question regarding the projected number of positions that will be eliminated. Pool of savings will be based on number of positions actually eliminated?

Representative Berg (mtr #2885) - May need more clear language. Clarified the intent of the bill. Want to give agencies maximum flexibility. Gave background information on how the number of eliminated positions was arrived at.

Representative Boucher (mtr #3049) - Question regarding pages 22 through 27. Projected funds available. How were the figures arrived at?

Senator Holmberg (mtr #3136) - Other language indicates that, that is the amount of money generated if that money is there. Is not tied at all to the reduction in personnel.

Representative Berg (mtr #3207) - Clarified where the dollars would go and the salary increases contained in the bill.

Representative Boucher (mtr #3260) - Additional questions on the intent and contingencies.

Senator Holmberg (mtr #3285) - Is written to meet a goal and the goal is set out in the other section. Remind the committee that things like this have been done in the past. Triggers have been used.

Senator O'Connell (mtr #3320) - What happens to the money if projection is missed by 10 people, is that money turned back to the next biennium?

Representative Berg (mtr #3374) - Agreed. Is considered turn back.

Some discussion about the goal and the dates.

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Representative Svedjan (mtr #3468) - Continued with explanation of the bill, on page 27, section 40.

Representatives Boucher and Berg clarified the percentage of increase and the biennium's effected.

Representative Svedjan - Continued with explanation of the bill, sections 40 through 42.

Senator Holmberg (mtr #4035) - Explanation of the bill complete, any questions from the committee?

Given no questions or comments adjourned the meeting.

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

Senate Appropriations Committee

☑ XXXX Conference Committee

Hearing Date April 22, 2003

| Tape Number | Side A | Side B | Meter # |
|---|---|---|---|
| #2 | X | | 0-1018 |
| | | | |
| | | | |
| Committee Clerk Signature | Jan Hendrickson | | |

Minutes:

**Senator Holmberg**, chair, called the conference committee meeting on SB 2015, OMB, to order (#1) Members present: **Senators Holmberg, Stenehjem, Representatives Berg, Svedjan and Boucher. Absent: Senator O'Connell.**

**Senator Holmberg** stated that there would not be any passing of any amendments today, but they will accept any amendments and any information that is on them.

**Representative. Svedjan** (#109) Amendment 38038.0264 was presented. This amendment was drafted by **Representative Eckre.** This corrects some errors that were in the original bill of SB 2015.

**Senator Holmberg** (#319) presented amendment 38038.0274. **Senator Stenehjem** explained the amendment. This amendment is for HB 1047. This is an emergency clause that will allow counties that do not change the speed limit from 55 mph to 65 mph not to have to change their

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signage. The new wordage will say that the county roads are 55 unless otherwise posted on those county roads.

**Senator Holmberg** (#550) Amendment: 38038.0272. This one deals with putting Prairie Public Broadcasting into the OMB budget. In the past it has been moved around from the Education to Higher Education and then into IT.

**Senator Holmberg** (#800) presented amendment 38038.0273. **Don Wolf** from the Legislative Council stated that this one has become know as the "SARS" bill. It will allow the State Dept of Health to issue a quarantine in case of an outbreak of a disease. HB 1414 has passed and has been sent to the Governor, this would provide an emergency measure for that bill (HB 1414). **Senator Stenehjem** stated that he would look into this (emergency clause) to see if was just an oversight on the bill or if there was not enough votes to pass it. He would have that information for the next meeting.

With no other amendments, the meeting was adjourned by Chair, **Senator Holmberg**. (#1018)

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

Senate Appropriations Committee

Conference Committee

Hearing Date April 23, 2003(am)

| Tape Number | Side A | Side B | Meter # |
|---|---|---|---|
| 1 | X | | 0-1800 |
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| | | | |
| Committee Clerk Signature | Sandra Dawson | | |

Minutes:

Senator Holmberg opened the conference committee on SB2015. Committee members are; Senator Holmberg, Senator Stenehjem, Senator O'Connell, Representative Svedjan, Representative Berg, Representative Boucher. All committee members are present.

Senator Holmberg (mtr #36) - Will be working from an amendment that is combination of all issues discussed. This amendment has not been approved yet, is #.0280.

Don Wolf (mtr #112) - Reviewed and clarified each section of the proposed amendment #.0280.

Representative Berg (mtr #190) - From procedure standpoint, would like a final draft with all amendments.

Senator Holmberg (mtr #230) - Question for the committee. Does the committee want to just walk through this proposal or do you want to approve or disapprove at this time.

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Representative Boucher (mtr #242) - Preferred to just walk through at this time, to get an opportunity to see the content, evaluate the content and then vote at a future meeting.

Don Wolf (mtr #267) - Continued with his review of each section of the amendment. Covered sections 15 through 40.

Senator Stenehjem (mtr #630) - In regards to .0273 which is the emergency clause for HB1414. Looked at original bill, the emergency bill was never on that bill. Approved later by both House and Senate.

Don Wolf (mtr #678) - Continued with clarification of amendment.

Representative Svedjan (mtr #790) - Question regarding earlier amendment relating to the speed limit, where is that in the document that we have in front of us?

Mr. Wolf (mtr #806) - That amendment is not yet included in this document.

Senator Holmberg (mtr #843) - Any other amendments that members would like the committee to look at?

Senator O'Connell (mtr #860) - Proposed amendment #38038.0265 and explained its content, relates to the compensation for legislators' lodging expenses after approved funds have been used.

Representative Berg (mtr #949) - Clarified the intent, for people that stay in a home then go to a hotel room. Are billed on a daily rate rather than a monthly rate.

Senator Holmberg (mtr #1002) - Needs to be brought forth every session.

Senator Stenehjem (mtr #1125) - Emergency clause needed on 1015, the Industrial Commissions budget, has to do with authorizing transfers.

Senator Holmberg (mtr #1250) - Is this a common occurrence, that we add an emergency clause?

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Senator Stenehjem (mtr #1267) - In this case the bill passed the House and the Senate. As it passed the Senate the emergency would have carried, in the House it didn't.

Senator O'Connell (mtr #1335) - Proposed amendment #.0268 and explained its intent. Concerns "No Child Left Behind".

Representative Boucher (mtr #1444) - Question, have had several amendments dealing with emergency clause's. What is the effect of the emergency clause provisions if they did not pass by a greater than 2/3 vote. So would all emergency clause's fail?

Senator Stenehjem (mtr #1520) - If the budget bill doesn't pass by 2/3, the emergency bill does not pass.

Representative Svedjan (mtr #1588) - Had copies distributed and reviewed exhibit 1 and 2. Is from the Information Technology department. Feels it is necessary as it relates to the workforce reduction. Ensures that the agency has sufficient input into the determination of positions. Second exhibit concerns the Judiciary.

Senator Holmberg (mtr #1779) - Adjourned the meeting.

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

Senate Appropriations Committee

☐ Conference Committee

Hearing Date 04/23/03 (pm)

| Tape Number | Side A | Side B | Meter # |
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| Tape 1 | x | | 0 - 1500 ± 1/5 0 |
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| Committee Clerk Signature | Sandra Durrson | | |

Minutes:

Senator Holmberg begins conference committee on SB 2015. Senators Holmberg, Stenejhem, and O'Connell and Representatives Berg, Ken and Boucher are all present. Senator Holmberg begins by handing out a new amendment 38038.0287.

Don Wolf explains the fiscal note Section 41 on page 13 provides an emergency clause for HB 1047 and relating to the speed limit on paved two laned county and township highways.

Senator Stenejhem explains that the bill passed for the speed limit and it didn't have enough votes in the house with the emergency clause on it. On the county roads the way the law is today without the emergency clause says it is not 65 mph then you need to post it at 55mph. This emergency clause turns that around so they don't have to post all the stuff.

Wolf: Section 42 relates to the legislative membership and the No Child Gets Left Behind. committee. Section 43 provides additional lodging expenses for the legislature that are more then $650 during the month of April '03. Section 44 relates to providing an emergency clause for

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subdivision 3 or Section 1 and Sections 12 and 13 of HB 1015 relating to the partnership and assisting community expansion fund the agriculture partnership in assisting community expansion fund and beginner farm loan fund. Section 45 provides an emergency clause for SB 2176 relating to participation of retired political subdivision employees and the group insurance program. Section 46 provides for the tax commissioner to deduct one time tax amnesty program. Section 20 page 7 and 8 relates to part time employees to pay a portion of the insurance.

Senator Holmberg: Did you make a change regarding the language regarding PERS in Section 21 of the new version. The question is there had been a concern of the PERS system being involved in this required us and their concern was the they should be treated equally and so I think they both should be added.

Wolf: Page 9 there was a change in the first paragraph, The DOT was added and it relates to agencies choosing if they are to be transferred to ITD and the last paragraph on bottom of Page 9 relates to supreme court and attorney general will collaborate with ITD.

Continued discussion over contents of the new amendment.

Senator O'Connell: proposes amendment 38038.0267 and explains.

Senator Holmberg: Is this an issue that the body voted on?

Senator O"Connell: No

Rep. Ken: This was SB 2282 and it just listed two members from each house.

Senator O'Connell: proposes 38038.0269 explains SB 2195.

Rep. Berg proposes 38038.0286 by Droval and explains its affects 10 student on tuition dollars to follow.

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10/15/03
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Rep. Ken: It involves students who have moved to another school district where they have a choice of 2 schools where they want to go to.

Senator O' Connell: Why 10 it is based on a consense

Rep. Berg: It is an unique situation the farm land is part of another district and that school district is receiving that property tax off that land so all we are really talking about is $300 tuition proportionment to follow those 10 students.

Rep. Boucher: Is this intended to follow all students who open enroll?

Rep. Berg: No only if there is a dissolution or reorganization of school district.

Rep. Berg proposes amendment 38038.0279 that deals with lodging legislators while they are here in Bismarck. I think our monthly rate is about $650 and has been that for about 10 years. One set would tie the lodging rate with the federal rate for the state. Today the federal is $55 a day. What the amendment would do is take 50% of per diem lodging rate as described by GSA times 30 days and that would be the rate established for reimbursement for out of town legislators during the session and that would equal $825 a month.

Rep. Boucher: I understand the application my question is would then the states rate be adjusted automatically if the federal changed?

Rep. Berg: Yes, the thought would be in August of an even numbered year it would be figured out and locked in.

Senator Holmberg: This is not retroactive

Rep. Berg: proposes amendment 38038.0281.. this says the rate would not increase more than $100 from one biennium to the next.

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Rep. Boucher: I would like to take some time and look over and see if I understand the intent of all the new amendments.

The committee stands in recess.

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015 Conference Committee

Senate Appropriations Committee

☒ XXXX Conference Committee

Hearing Date April 24, 2003

| Tape Number | Side A | Side B | Meter # |
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| #2 | x | | 0- 3018 |
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| Committee Clerk Signature | Sandra Dawson | | |

Minutes:

SENATOR HOLMBERG reminded the conference committee they will be going into floor session in 18 minutes, at 10:30. If there are other proposals, they need to be submitted since it is getting late.

SENATOR HOLMBERG distributed amendment .0282. SENATOR HOLMBERG said we passed SB 2249 earlier in the session and it has been signed by the governor, dealing with mediations and settlements with historical board. There is an error in the statute, it requires notice in the official state newspaper and there is no official state newspaper. The amendment will take care of this.

REPRESENTATIVE BERG said on page 16 of amendment 38038.0288, section 50 deals with the tax amnesty program, trying to get some of these back taxes collected. REPRESENTATIVE BERG read into the record, "Section 50 provides for a tax amnesty program to be administered

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by the Tax Commissioner. Because of the many different issues that arise with these types of programs, we've intentionally drafted general authorizing language and intend to grant the Commissioner broad discretionary authority to implement the tax amnesty program."

Page 14, section 35 add the word "summary" report.

SENATOR HOLMBERG said he had a request from OMB to reinstate the consultant in the Governor's office in the OMB budget. (meter 571)

REPRESENTATIVE BERG said on page 13, section 33, regarding who is entitled to the taxes on those mineral interests. He thinks this would be better dealt with from an opinion of the Attorney General and he will make an amendment to remove section 33.

REPRESENTATIVE BERG gave some background. The mineral interests are generating royalties. If they are a federal entity, we can't cut the royalties. Are some of these quasi-federal entities really federal entities or should they be paying taxes to the state? This instructs the tax commissioner to pursue it.

REPRESENTATIVE BERG said page 10, section 24, focuses on part time state employees receiving full time benefits. We have a study that will focus on health care.

REPRESENTATIVE BOUCHER asked about the definitions of full time and part time.

REPRESENTATIVE BERG said section 15 deals with a critical insurance pool.

REPRESENTATIVE BERG referred to pages 11 - 12, section 25, regarding functional consolidation. There has been concern over the transfer of FTE's so a sentence has been added.

REPRESENTATIVE BOUCHER, REPRESENTATIVE BERG and REPRESENTATIVE SVEDJAN discussed allocated costs and FTE's associated with IT.

The meeting was adjourned.

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The meeting was reconvened and all members were present.

SENATOR HOLMBERG said the conference committee will be working from amendments .0288 and First Engrossment Engrossed Senate Bill 2015 38.0200.

He also reminded the conference committee that they are two separate committees and need a majority of each committee, 2 votes from House and 2 votes from Senate.

SENATOR HOLMBERG asked if there are any comments on section 12, page 2, regarding meals. No comments were heard.

SENATOR HOLMBERG referred to section 13, state payments following student, it impacts only one set of students at this time.

REPRESENTATIVE BOUCHER asked if these students live in an area with no school district?

John Olsrud, Legislative Council, gave an explanation. (meter 1797)

REPRESENTATIVE BOUCHER asked if we are creating a problem.

REPRESENTATIVE BERG moved section 13 of the amendments.

SENATOR O'CONNELL said he agrees with REPRESENTATIVE BOUCHER, we are opening a can of worms here.

Motion to adopt section 13 passed on a roll call vote. Voting yes were SENATOR HOLMBERG, SENATOR STENEHJEM, REPRESENTATIVE SVEDJAN, and REPRESENTATIVE BERG. Voting no were SENATOR O'CONNELL and REPRESENTATIVE BOUCHER.

SENATOR HOLMBERG opened discussion on section 14. The committee will pass on it pending further information.

SENATOR HOLMBERG opened discussion on section 15.

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REPRESENTATIVE SVEDJAN has some objections regarding the need to have legislative representation on the board.

Section 15 failed on a voice vote.

SENATOR HOLMBERG opened discussion on sections 16 and 17, committee will hold on these.

SENATOR HOLMBERG opened discussion on section 18, compensation for lodging during the legislative session.

REPRESENTATIVE BOUCHER asked if the same rates apply during the interim?

John Olsrud said this section applies to the legislative session. During the interim, the legislators are reimbursed on a daily basis as state employees which is a higher rate than during the session.

Section 18 passed on a voice vote.

SENATOR HOLMBERG opened discussion on section 19.

REPRESENTATIVE BOUCHER asked if we have done this for several bienniums, do we need to continue?

SENATOR HOLMBERG said there are many dynamic areas that need continued study.

SENATOR O'CONNELL said we are wasting a lot of time and energy.

**It was moved by REPRESENTATIVE BOUCHER and seconded by SENATOR O'CONNELL to eliminate sections 19, 20 and 21.**

REPRESENTATIVE BERG said while he agrees this has been going on for some time but it is a big issue for the state and attracting companies and people.

REPRESENTATIVE BOUCHER said that is why we have the Public Service Commission.

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Motion to eliminate sections 19, 20, 21 failed on a voice vote. Voting yes were SENATOR O'CONNELL and REPRESENTATIVE BOUCHER. Voting no were SENATOR HOLMBERG, SENATOR STENEHJEM, REPRESENTATIVE BERG, REPRESENTATIVE SVEDJAN.

SENATOR HOLMBERG opened discussion on section 22.

SENATOR O'CONNELL asked for an explanation.

Jim Smith said this section requires OMB to provide reports to the legislature regarding surplus in the general fund, and projected deficiency appropriations for the biennium.

REPRESENTATIVE BOUCHER and REPRESENTATIVE BERG discussed the details of the section. (meter 3143).

**Motion to adopt section 22 passed on a roll call vote. Voting yes were SENATOR HOLMBERG, SENATOR STENEHJEM, REPRESENTATIVE BERG, REPRESENTATIVE SVEDJAN. Voting no were SENATOR O'CONNELL, REPRESENTATIVE BOUCHER.**

SENATOR HOLMBERG opened discussion on section 23.

REPRESENTATIVE BERG said it ties in with section 22.

Motion to adopt section 23 passed on a roll call vote. Voting yes were SENATOR HOLMBERG, SENATOR STENEHJEM, REPRESENTATIVE BERG, REPRESENTATIVE SVEDJAN. Voting no were SENATOR O'CONNELL, REPRESENTATIVE BOUCHER.

SENATOR HOLMBERG opened discussion on section 24.

It was moved by REPRESENTATIVE BERG and seconded by REPRESENTATIVE SVEDJAN that the committee adopt section 24.

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REPRESENTATIVE BOUCHER asked for a definition of full and part time employees. (meter 4129)

Jeff Nelson from the OMB staff was on hand to address this issue.

John Olsrud said it is not defined and you have some problems if you get too precise. It has not caused problems.

Jeff Nelson said the terms are used throughout the code and are not defined. The term full time employee means someone who is filling a regularly funded full time equivalent position. A part time employee is a person who is filling a regularly funded non full time equivalent position.

Gave definition of permanent employee for insurance purposes. (meter 4242)

Discussion of permanent and temporary employees and health insurance benefits.

Motion to adopt section 24 failed on a roll call vote. Voting yes were SENATOR O'CONNELL, REPRESENTATIVE BERG, REPRESENTATIVE SVEDJAN, REPRESENTATIVE BOUCHER. Voting no were SENATOR HOLMBERG, SENATOR STENEHJEM.

SENATOR O'CONNELL wants to wait on section 25 - 28 until later in the day.

SENATOR HOLMBERG opened the discussion on section 32, upgrading the sound system. Assuming no questions, section 32 will be in the bill.

SENATOR HOLMBERG said section 33 was taken out this morning.

SENATOR HOLMBERG said hearing no objections, section 34 is in the bill.

SENATOR HOLMBERG said hearing no objections, section 35 is in the bill.

SENATOR HOLMBERG opened the discussion of section 36, it came from the House.

REPRESENTATIVE SVEDJAN said it is a demonstration on whether or not zero based budgeting should be considered.

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SENATOR HOLMBERG said hearing no objections, section 36 is in the bill.

SENATOR HOLMBERG said sections 37, 38, 39, 40 deal with state employee reductions and pay increases.

It was moved by REPRESENTATIVE BERG and seconded by REPRESENTATIVE SVEDJAN that the committee adopt sections 37, 38, 39, 40.

REPRESENTATIVE BOUCHER said this should be tabled since it deals with many people and jobs and needs lengthy discussion.

REPRESENTATIVE BERG said this has been discussed at great length. Delaying a vote will not change any of the information.

REPRESENTATIVE BOUCHER said there are several legislators that don't agree with this. (tape 1 side b)

REPRESENTATIVE SVEDJAN said these numbers were based on retirements, existing vacancies. It is a means to reduce the size of government without hurting the agencies. It is a means of giving state employees increases in compensation.

SENATOR HOLMBERG said he was against it at first but has reconsidered because of the budget crunch and the need to increase compensation to state employees. (meter 284)

REPRESENTATIVE BOUCHER said he thinks this is flawed. How are salary raises determined?

REPRESENTATIVE SVEDJAN said people are not losing their jobs, we are talking about vacant positions.

**Motion to table failed on a voice vote.**

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SENATOR STENEHJEM said the public employees in his district have said the most important thing is health insurance benefits. This is the only opportunity to vote for a pay raise for public employees. He made sure this wasn't costing people their jobs, they were vacant positions. This is an goal that can realistically be accomplished. This plan is better than any other alternative we have at this time.

SENATOR HOLMBERG said if retirements, turnovers, vacant positions result in appropriations not being used for those positions, a yes vote would roll up those funds and use it for state employees, a no vote would roll up those funds and put it in the general fund. (meter 1152)

SENATOR STENEHJEM asked about other benefits budgeted for FTE's, health insurance, sick leave, they should be rolled up too.

REPRESENTATIVE BOUCHER confirmed total compensation would be rolled up, there is no discretionary authority to retain and use for bonuses.

REPRESENTATIVE SVEDJAN said there is no such pool. This is not an agency by agency plan. Some small agencies do not have the same potential .

SENATOR O'CONNELL said his no vote would not indicate his desire to put the funds in the general fund.

Motion to adopt sections 37, 38, 39, 40 passed on a roll call vote. Voting yes were SENATOR HOLMBERG, SENATOR STENEHJEM, REPRESENTATIVE BOUCHER, REPRESENTATIVE SVEDJAN. Voting no were SENATOR O'CONNELL, REPRESENTATIVE BOUCHER.

The meeting of the conference committee was adjourned.

The meeting was reconvened and all members were present. (meter 1728)

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SENATOR HOLMBERG said hearing no objections, section 41 is in the bill.

SENATOR HOLMBERG said hearing no objections, section 42 is in the bill.

SENATOR HOLMBERG opened the discussion on section 43.

REPRESENTATIVE SVEDJAN asked why the same formula is not followed as other interim committees.

Section 43 failed on a show of hands.

SENATOR HOLMBERG opened discussion on section 44.

REPRESENTATIVE SVEDJAN explained the amendment. (meter 1982), deals with bidding and requires a report.

SENATOR HOLMBERG asked if this was new?

Jim Smith said is has not been in code before.

SENATOR HOLMBERG said hearing no objections, section 44 is in the bill.

SENATOR HOLMBERG said hearing no objections, section 45 is in the bill.

SENATOR HOLMBERG said hearing no objections, section 46 is in the bill.

SENATOR HOLMBERG said hearing no objections, section 47 is in the bill.

SENATOR HOLMBERG said hearing no objections, section 48 is in the bill. (meter 2160)

SENATOR HOLMBERG opened discussion on section 49.

REPRESENTATIVE SVEDJAN asked what is does.

Jeff explained it is to allow retired members of political subdivisions to continue participate in the health insurance program, the emergency will help an individual employee to continue to participate.

SENATOR HOLMBERG said hearing no objections, section 49 is in the bill.

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SENATOR HOLMBERG said hearing no objections, section 50 is in the bill.

SENATOR HOLMBERG said hearing no objections, section 51 is in the bill, emergency clause for April lodging question. 43 comes out of the emergency clause.

REPRESENTATIVE BOUCHER asked for need for emergency clause.

John clarified.

SENATOR HOLMBERG asked John to go through the dollar changes on page 17. (meter 2554)

John reviewed changes.

SENATOR HOLMBERG said the committee still has to review section 14 on page 2, Medical Center Advisory Council.

REPRESENTATIVE SVEDJAN said he doesn't see this as a partisan group and has no objections to the amendment.

Section 14 is in on a show of hands.

SENATOR HOLMBERG opened discussion on sections 16 and 17. Instead of sections 16 and 17, SENATOR HOLMBERG proposed amendment 38038.0295 for law enforcement.

Seeing no objection, SENATOR HOLMBERG said this amendment will replace sections 16 and 17 in the bill.

John Olsrud clarified that section numbers will change when these changes are made.

SENATOR HOLMBERG opened discussion on sections 25, 26, 27, 28, functional consolidation. (meter 3174)

REPRESENTATIVE SVEDJAN explained the sections. (meter 3225) Section 26 is a scaled down version. They were looking at 110 positions, then down to 30, then to 24 - 25. Section 25 has new language, exemptions. Page 12, first paragraph, gives latitude and authority to transfer

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positions or funds. There is potential for significant savings. Section 28 requires reports of successes and challenges.

It was moved by REPRESENTATIVE BOUCHER and seconded by SENATOR HOLMBERG that the committee adopt sections 25, 26, 27, 28.

REPRESENTATIVE BOUCHER asked if employees will actually be transferred to IT?

REPRESENTATIVE SVEDJAN said yes.

REPRESENTATIVE SVEDJAN said they don't want to jeopardize federal dollars. Those funds stay in the agency and the agency contracts with IT.

REPRESENTATIVE BOUCHER discussed details of the IT consolidation. (meter 4035) Are we mandating savings?

SENATOR HOLMBERG said this isn't totally new.

REPRESENTATIVE SVEDJAN said there was projected savings of $2.8 million but recognizing the uncertainty, they are sticking with $1.4 million .(meter 4157)

SENATOR O'CONNELL asked about funding.

REPRESENTATIVE BERG outlined savings and efficiencies. (meter 4749).

Motion passed on a roll call vote. Voting yes were SENATOR HOLMBERG, SENATOR STENEHJEM, REPRESENTATIVE BERG , REPRESENTATIVE SVEDJAN. Voting no were SENATOR O'CONNELL, REPRESENTATIVE BOUCHER.

SENATOR HOLMBERG said there are three other minor issues but they need to adjourn now.

The conference committee reconvened. (meter 5000)

SENATOR HOLMBERG said at the beginning of the amendments, there is a need to clarify some references.

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John Smith described changes. (meter 5074)

SENATOR HOLMBERG asked John Smith to describe changes on page 13 which he did. (meter 5411)

SENATOR HOLMBERG asked for any other amendments.

SENATOR O'CONNELL proposed amendment 38038.0292, to add project safe send.

It was moved by SENATOR O'CONNELL, seconded by REPRESENTATIVE BOUCHER that the committee adopt amendment .0292.

REPRESENTATIVE BOUCHER said this has no effect on the general fund and is a successful program.

REPRESENTATIVE BERG said this issue was debated extensively in the House. The program was started as amnesty program and was sunsetted every session. It has become a completely different program than what it started out to be.

(Tape 2, side A)

(blank spot in tape meter 30 - 83)

Motion to adopt amendment .0292 failed on a roll call vote. Voting yes were SENATOR HOLMBERG, SENATOR STENEHJEM, SENATOR O'CONNELL, REPRESENTATIVE BOUCHER. Voting no were REPRESENTATIVE BERG, REPRESENTATIVE SVEDJAN.

SENATOR O'CONNELL introduced amendment .0296, agriculture in the classroom..

It was moved by REPRESENTATIVE BERG and seconded by SENATOR STENEHJEM that the committee adopt amendment .0296. Motion passed on a voice vote.

REPRESENTATIVE BOUCHER introduced amendment .0293.

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It was moved by REPRESENTATIVE BOUCHER and seconded by SENATOR O'CONNELL

that tho committee adopt amendment .0293.

REPRESENTATIVE BOUCHER said this is a fairness issue.

SENATOR O'CONNELL said Bottineau - Belcourt put money into the fund to build the track in

Fargo and this won't hurt the Fargo track.

REPRESENTATIVE BERG said his concern is this doesn't need to be in the OMB budget.

This issue was heard and defeated and its inappropriate to put it back in the budget at this time.

REPRESENTATIVE BOUCHER said there were many killed bills put back into 2154. This is

not an unusual practice.

SENATOR O'CONNELL said this is a tourism issue and economic development issue for the

smaller communities.

REPRESENTATIVE SVEDJAN asked how many race dates are we talking about and why they

were eliminated in the first place?

REPRESENTATIVE BOUCHER said they are talking about Bottineau and Belcourt, two race

dates. They were lost by the racing commission which is under our purview. They felt with the

construction of the track in Fargo, it would enhance the purse by removing the smaller tracks.

The motion to adopt amendment .0293 passed on a roll call vote. Voting yes were SENATOR

STENEHJEM, SENATOR O'CONNELL, REPRESENTATIVE SVEDJAN,

REPRESENTATIVE BOUCHER. Voting no were SENATOR HOLMBERG,

REPRESENTATIVE BERG.

SENATOR HOLMBERG referred to section 14 of the bill, page 5. This amendment was added

in Senate appropriations due to concern about using of temporary salary adjustments to pay

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bonuses during the legislative session. Since then, SENATOR HOLMBERG has learned this causes problems with many agencies. He urges the committee to remove this section. The agency in question got the message this was not looked favorably upon by the legislature.

Section 14 of the bill was removed on a voice vote. (meter 1048)

Jim said the question of 1012, the reference should be 1012 instead of 1047.

SENATOR STENEHJEM asked if he looked at 1047, he thinks its there too.

SENATOR HOLMBERG asked about the Washington lobbyist, any interest in returning it.

It was moved by REPRESENTATIVE BERG and seconded by REPRESENTATIVE SVEDJAN that the Washington lobbyist be added.

REPRESENTATIVE SVEDJAN said he has asked for information and has received it and is convinced. Reference was made to memo from Craig Patrie.

REPRESENTATIVE BOUCHER doesn't see the need for a lobbyist. (meter 1880)

SENATOR HOLMBERG wonders if the rationale wasn't the same as Governor Sinner's rationale?

Motion to add Washington lobbyist passed on a roll call vote. Voting yes were SENATOR HOLMBERG, SENATOR STENEHJEM, REPRESENTATIVE BERG, REPRESENTATIVE SVEDJAN. Voting no were SENATOR O'CONNELL, REPRESENTATIVE BOUCHER. (meter 2017)

On page 13 section 28 of the amendments, REPRESENTATIVE BERG moved to increase the oil tax to $68,600,000 from $66,641,000 and line 19 move level of oil refund to $68,600,000.

Seconded by REPRESENTATIVE SVEDJAN.

Intent is to move oil research fund trigger move to $68,600,000.

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Motion passed on a roll call vote. Voting yes were SENATOR HOLMBERG, SENATOR STENEHJEM, REPRESENTATIVE BERG, REPRESENTATIVE SVEDJAN, REPRESENTATIVE BOUCHER . Voting no was SENATOR O'CONNELL.

It was moved by REPRESENTATIVE BERG that the committee adopt an amendment to restore section 10 and further amend page 3, line 10, line 19 of the bill, change $25 million to $9 million. Seconded by REPRESENTATIVE SVEDJAN.

REPRESENTATIVE BOUCHER said he sees this as a holding of the Bank of North Dakota and he will resist this.

Motion passed on a roll call vote. Voting yes were SENATOR HOLMBERG, SENATOR STENEHJEM, REPRESENTATIVE BERG, REPRESENTATIVE SVEDJAN. Voting no were REPRESENTATIVE BOUCHER, SENATOR O'CONNELL.

REPRESENTATIVE BERG asked for an estimate of the time needed by council and when they could be placed on the calendar.

John Olsrud said it was their intention to stay until they are finished.

There was discussion on the time line.

John Olsrud discussed the process and the necessary time required to accomplish it.

The meeting of the conference committee was adjourned.

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015 Conference committee & vote

Senate Appropriations Committee

☑ Conference Committee

Hearing Date 4-25-03

| Tape Number | Side A | Side B | Meter # |
|---|---|---|---|
| 1 | X | | 152-2900 |
| | | | |
| | | | |
| Committee Clerk Signature | Sandra DeMorris | | |

Minutes: CHAIRMAN HOLMBERG opened the conference committee hearing to SB 2015. The final draft of the changes all incorporated in amendment (38038.0299). Amendment was proposed and changes explained. There were two items that were not previously discussed. On page 3, Section 16, the requirement was at 2 million dollars there would be no risk at the estimation. The amendment would generate eight hundred thousand dollars to be transferred to the general fund for the ending fund balance.

(Meter 197) **There was a motion by REPRESENTATIVE BERG and a second by REPRESENTATIVE SVEDJAN to accept this change. A voice vote of 6 yeas passed that portion (Section 16) to remain in the amendment.**

(Meter 214) CHAIRMAN HOLMBERG continued to explain the other item was on page 15, Section 44. There was a problem with HB 1019, the department of commerce budget. There was a unworkable mechanism within that particular budget. There was a lot of discussion between OMB and the Council. OMB took the problem to the Attorney General's office and visited with

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them and the remedy is Section 44. (Meter 271) PAM SHARP, OMB to explain the specifics of it. That originally it referred to a line item that did not exist and this cleans up that terminology.

(Meter 295) **REPRESENTATIVE BERG made a motion to move that portion of the amendment and REPRESENTATIVE SVEDJAN seconded. A voice vote of 6 yeas passed Section 44 to remain in the amendment.**

(Meter 320) CHAIRMAN HOLMBERG asked the committee if there were any other section or parts of the bill that they want changed.

(Meter 334) REPRESENTATIVE SVEDJAN moved to reconsider the committees action that approved Section 18 and REPRESENTATIVE BERG seconded.

(Meter 369) REPRESENTATIVE SVEDJAN commented that he was uncertain of his vote when it was cast and since it was included yesterday, he went back and took a look at how this bill came through on the floor and what had happened to it on the floor. He does not want to include this part in the amendment of the bill now.

(Meter 437) REPRESENTATIVE BOUCHER stated very strongly, normally he would be upset by this motion but quite frankly today he is not upset, he is down right offended by it, He stated he doesn't know what people's heart burn has been over these two small racing tracks. No one has told him an honest answer. He has heard some pretty untrue things said that is was an inferior track(s). The truth is if the tracks are inferior the people who track have the option not to race. Supposedly there was an incident at one of the tracks where a guy got beat up. He gave background on that issue. The guy was in a bar playing grabby-feely with a lady and he was kicked out and apparently he did not have the brains to quit. And he did get beat up and quite frankly, he could personally go to a bar in Wilton or Bismarck where there are no Indians around

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and if he pulls that kind of stunt, he would also get his brains scrambled. He feels this is an issue of location and an issue of greed. These people ran racing in North Dakota for many many years. When there wasn't much money in racing and kept the racing industry alive. And now that there is some money in the purse to make racing more attractive, they are excluded. He strongly stated, that is wrong. He stated he feels he knows what the issue is and feels it is a sad state to find out that it has come down to that. He has heard a lot of talk in this session from people around the Chambers and the building. He feels they have to do things to improve relationships. He feels that we have moved a couple of generations backward in relationships when something like this is talked about. He talked to the people from back home this morning about this issue and they were very happy that they got the racing dates back because it is important to them. As he mentioned last evening when this issue was discussed, he really struggled why two hundred and fifty thousand or three hundred thousand per biennium for these two tracks was such an issue when we gave an opportunity for one hundred and sixty million dollar better to make more money - out of state. These people live in this state, these people are 70% of the racing industry of ND. They raise the horses, the have been at it for a long time. All they want is an opportunity to race in their neighborhood. They support the big track, in fact, one of the members from his community was on the racing commission when this issue was first brought up to build that new race and voted for it. And they looked forward to it with a great deal of enthusiasm. Quite frankly, as he stated, he has been very offended throughout this session by the issue of it, itself. He should have never to deal with this issue in the session in the first place. This is something that could have been dealt with by the racing commission itself. And it is unfortunately that it had to be brought to the floor of the Assembly. Having spoken, he opposes this; and he quoted

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what the people back home told him. "If the state of ND can't assist them with their money and sent the money, at least they could have the decency and the courtesy to allow us the dates so they can conduct their events as sanctioned operations and conduct pari-mutuel bedding in their localities. " He would like to think and hope that this committee could at least acknowledge the people at that capacity. He feels they have an obligation to send the two hundred and fifty thousand to these tracks but he knows it is very important to these people. They stated they want their dates, the state can do whatever it wants with their money.

(Meter 858) REPRESENTATIVE BERG asked if the racing commission decided to provide those dates, is that something that could be done? Is there anything that prohibits that? And REPRESENTATIVE BOUCHER stated no, there is nothing to prohibit it, but they have made several appeals to the racing commission and he feels it is unfortunate that this even has to be discussed.

(Meter 929) REPRESENTATIVE O'CONNELL stated he feels the same as REP. BOUCHER. These people are expert horsemanship and breeding of their horses. They have spent years bringing their horses up to the quality. It is an economic development for these communities. It brings a lot of money and people in from Canada. It is a family organization. The people that REP. BOUCHER is talking about, he has met with them and talked to them and they are outstanding citizens of ND and he doesn't think this is one thing that should be denied to them.

(Meter 985) **CHAIRMAN HOLMBERG explained, if you vote yes, you are voting to reconsider the action of Section 18 in the bill. A voice vote passed the motion. Section 18 will be removed.**

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(Meter 1045) REP. BOUCHER made a motion to reinstate race dates and issue the license under the certificate system to any race track in the state which was operational after December 31, 2000. It was seconded by SENATOR O'CONNELL.

(Meter 1152) CHAIRMAN HOLMBERG asked the Council if this would cause some problems. He stated he understands what he is saying but he would hate to support something that would cause a problem beyond what is here.

(Meter 1141) REP. BOUCHER responded why would it be a problem when it existed until November 2002 when the dates were denied? Everything in here has been operation, as he mentioned yesterday, the Bottineau county fair has had 100th fair and has had harness racing for as long as he can remember. That's a lot of years. He gave other examples. Between dates and a license to operate wouldn't certainly be anything of an exception.

(Meter 1218) REP. BERG stated he didn't the issue that well and apparently he doesn't want to make a rash decision now. He understands REP. BOUCHER'S passion concern. It is his understanding that the racing commission can put these dates in or take them out, add money or not add money. That is their authority? REP. BOUCHER agreed that is their authority but they won't do it. REP. BERG then gave a suggestion if they reinstated those dates for calendar year 2003, then it would go back to the racing commission to make those decisions after 2003 and it wouldn't be locked in. He feels that this takes away some of the racing commission authority that was given without hearing their side of the story.

(Meter 1351) SENATOR O'CONNELL stated he feels that by talking to these people that they have put this money together to started the racing in ND and now a big city comes in, puts up an elaborate track, and the track is without a grand stand, they feel slandered now.

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(Meter 1407) REP. BERG suggested that he feels they should reinstate some dates through this racing season but not locking it into code forever. How about if we pick some dates during this racing season?

(Meter 1446) REP. BOUCHER stated the way he reads that is there were four parts to this when they started, racing dates for two years and funding for two years. They have come down to eliminate the funding for two years and all they are asking for is the dates for two years. REP. BERG clarified these would be dates forever if it is put in code.

(Meter 1530) REP.BERG stated that he doesn't support the motion as it is but he will try to learn more about the racing commission in their process about this decision.

(Meter 1503) SENATOR STENEHJEM stated if the racing dates are put in code, does that mean automatically funding will follow that. Or does the funding have to be included in here? (Meter 1609) REP. BERG stated that the motion removes the funding but leaves the dates. And that would leave it up to the racing commission to decide if they wanted to fund it, correct? REP. BOUCHER agreed. SENATOR STENEHJEM suggested a sunset clause on it so it would end before the next session and it would be revisited.

(Meter 1664) REP. BOUCHER would be agreeable to put a sunset clause on it if this could be moved forward, He would hope during the course of two years, people would think this over and better understand it and perhaps use better judgment, in the process of making their determination.

(Meter 1717) REP. BERG asked when the racing season ends. REP. BOUCHER state that the season starts in the south and is done on a circuit. The economic development is the communities.

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(Meter 1868) REP. BERG suggested November 2004 or December 1, 2004 for the sunset date so it has to be revisited next session. REP. BOUCHER was agreeable with December 1, 2004 and changed his motion to reinstate the race dates and issue a license under the certificate system to any race track in the state which is operational after December 31, 2000, and would expire December 31, 2004.

**(Meter 1985) A voice vote passed the motion of all yeas.** (Vote 4)

(Meter 2035) CHAIRMAN HOLMBERG asked if there were any other sections to deal with? He has one for consideration. Section 19. There are two ways to approach the issue of lodging for legislators. He described each one. He wanted to reconsider this section and requested a motion to reconsider. To remove Section 19 and allow the legislative compensation commission to deal this issue.

**(Meter 2230) REP. BERG made a motion to reconsider and REP. SVEDJAN seconded. A roll call vote passed the motion by 4 yeas and 2 nays. Motion passed.**

(Meter 2496) SENATOR O'CONNELL requested to reconsider safe send. CHAIRMAN HOLMBERG asked for a show of hands to reconsider. Motion failed by 4-2 vote.

**(Meter 2649) REPRESENTATIVE BERG made a motion to pass the amendments with all the changes (38038.0299) and REPRESENTATIVE SVEDJAN seconded. The motion passed by 4 yeas and 2 nays.**

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10/15/03
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Rep Rick Berg

Section ~~40~~ 50 provides for a tax amnesty program to be administered by the Tax Commissioner. Because of the many different issues that arise with these types of programs, we've intentionally drafted general authorizing language and intend to grant the Commissioner broad discretionary authority to implement the tax amnesty program

386 place verbatim in record

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38038.0264
Title.

Prepared by the Legislative Council staff for
Representative Eckre
April 15, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 4, after "to" insert "create and enact a new section to chapter 15-10 of the North Dakota Century Code, relating to contracts for the preparation and provision of meals by institutions of higher education; to"

Page 4, after line 2, insert:

"**SECTION 13.** A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

**Contract - Preparation and provision of meals - Policy.** An institution under the control of the state board of higher education may enter into a contract to prepare and provide meals, snacks, or other food services for persons or programs not affiliated with the institution, provided that the institution first establishes a policy regarding such contracts and specifically addressing issues related to competition with private sector entities. An institution under the control of the state board of higher education may not advertise to the general public its willingness to provide meals, snacks, or other food services for persons or programs not affiliated with the institution."

Page 5, line 15, replace "13" with "14"

Renumber accordingly



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10/15/03
Date

38038.0265
Title.

Prepared by the Legislative Council staff for
Senator O'Connell
April 15, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 4, after the semicolon insert "to provide for additional lodging reimbursement for members of the legislative assembly;"

Page 5, after line 14, insert:

"**SECTION 16. ADDITIONAL LODGING REIMBURSEMENT FOR APRIL 2003 - LEGISLATIVE ASSEMBLY.** Notwithstanding the $650 per calendar month lodging maximum provided in section 54-03-20 for members of the legislative assembly during a legislative session, a member of the fifty-eighth legislative assembly is entitled to lodging reimbursement as provided in section 44-08-04 for state officers and employees for each calendar day the fifty-eighth legislative assembly is in session during the month of April 2003."

Renumber accordingly



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Operator's Signature Date

38038.0267
Title.

Prepared by the Legislative Council staff for
Senator O'Connell
April 16, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 4, replace the second "section" with "sections 15-52-03 and"

Page 1, line 5, after "to" insert "the membership of the medical center advisory council and"

Page 4, after line 2, insert:

"**SECTION 13. AMENDMENT.** Section 15-52-03 of the North Dakota Century Code as amended in section 1 of Senate Bill No. 2282, as approved by the fifty-eighth legislative assembly, is amended and reenacted as follows:

**15-52-03. Medical center advisory council - Members, terms, meetings.**

1. To assure the proper coordination and integration of the North Dakota state medical center with all other health and welfare activities of the state, a permanent medical center advisory council is established to advise, consult, and make recommendations to the university administration, and to the several agencies represented on the council concerning the program of the North Dakota state medical center, the adaptation of the medical center to the needs of the state and to the requirements and facilities of the several agencies involved, and the use of the North Dakota state medical center and its facilities by the various institutions and agencies of the state and its political subdivisions.

2. The council consists of fourteen members:

   a. (1) Two members of the senate ~~and two~~, one of whom must be from the majority party and one of whom must be from the minority party, selected by the chairman of the legislative council; and

      (2) Two members of the house of representatives, one of whom must be from the majority party and one of whom must be from the minority party, to be selected by the chairman of the legislative council;

   b. One member selected by each of the following:

      (1) The department of human services;

      (2) The state board of higher education;

      (3) The state department of health;

      (4) The North Dakota medical association;

      (5) The North Dakota healthcare association; and



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(6) The veterans administration hospital in Fargo; and

c. One member selected by the dean of the university of North Dakota medical school from each of the four campus areas of the medical school with headquarters in Bismarck, Fargo, Grand Forks, and Minot.

3. The representatives named by the state agencies and boards must be selected to serve as members of the medical center advisory council for periods of at least one year, but may not serve longer than their term of office on the public agency. The representatives from the North Dakota state medical association and the North Dakota healthcare association serve a term of three years or until their successors are named and qualified.

4. The council shall name its own chairman and the dean of the university of North Dakota medical school shall serve as executive secretary of the council. The council shall meet not less than twice each year, and, from time to time, on its own motion or upon request of the university administration, to consider plans and programs of action for the North Dakota state medical center and make its recommendations to the several agencies of the state and political subdivisions involved and to the legislative assembly."

Page 5, line 15, replace "13" with "14"

Renumber accordingly



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38038.0268
Title.

Prepared by the Legislative Council staff for
Senator O'Connell
April 16, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 8, after "intent" insert "; to provide for the appointment of committee members"

Page 5, after line 14, insert:

"**SECTION 16. NO CHILD LEFT BEHIND COMMITTEE - MEMBERS.** In appointing the committee required by Senate Bill No. 2418, as approved by the fifty-eighth legislative assembly, the legislative council shall ensure that two of the members represent the minority party in the house of representatives and two of the members represent the minority party in the senate."

Renumber accordingly



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38038.0269
Title.

Prepared by the Legislative Council staff for
Senator O'Connell
April 16, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendment as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 4, after "reenact" insert "subsection 1 of the new section to chapter 26.1-08 of the North Dakota Century Code as created by section 4 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly and"

Page 1, line 5, after "to" insert "the membership of the comprehensive health association of North Dakota board of directors and"

Page 4, after line 2, insert:

"**SECTION 13. AMENDMENT.** Subsection 1 of the new section to chapter 26.1-08 of the North Dakota Century Code as created by section 4 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, is amended and reenacted as follows:

1. The board consists of the commissioner; the state health officer; the director of the office of management and budget; one senator appointed by the majority leader of the senate of the legislative assembly; one representative appointed by the speaker of the house of representatives of the legislative assembly; and one individual from each of the three participating member insurance companies of the association with the highest annual premium volumes of accident and health insurance contracts as provided by the commissioner, verified by the lead carrier, and approved by the board. <u>One of the two members representing the legislative assembly must be a member of the majority party and the other must be a member of the minority party.</u>"

Page 5, line 15, replace "13" with "14"

Renumber accordingly



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LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0272
Title.

Prepared by the Legislative Council staff for
Senator Holmberg
April 22, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 7, replace "a statement" with "statements"

Page 5, after line 14, insert:

"**SECTION 16. LEGISLATIVE INTENT - PRAIRIE PUBLIC BROADCASTING.** It is the intent of the fifty-eighth legislative assembly that prairie public broadcasting funding be included in the executive budget as a separate line item in the office of management and budget's budget request for the 2005-07 biennium."

Renumber accordingly



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LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0273
Title.

Prepared by the Legislative Council staff for
Senator Holmberg
April 22, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 8, replace "and" with "to create and enact section 18 of House Bill No. 1414, as approved by the fifty-eighth legislative assembly, relating to reporting disease outbreaks to the state department of health in an emergency and disease reporting and quarantine or isolation of individuals infected or potentially infected with contagious diseases, and declaring that Act to be an emergency measure; " and after "date" insert "; and to declare an emergency"

Page 5, after line 14, insert:

"**SECTION 16.** Section 18 of House Bill No. 1414, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

**SECTION 18. EMERGENCY.** This Act is declared to be an emergency measure."

Page 5, after line 17, insert:

"**SECTION 18. EMERGENCY.** Section 16 of this Act is declared to be an emergency measure."

Renumber accordingly



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Operator's Signature Date

38038.0274
Title.

Prepared by the Legislative Council staff for
Senator Holmberg
April 22, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 4, after the semicolon insert "to create and enact section 9 to House Bill No. 1047, as approved by the fifty-eighth legislative assembly, relating to the speed limit on paved two-lane county and township highways and to declare that Act an emergency;"

Page 1, line 8, remove "and" and after "date" insert "; and to declare an emergency"

Page 5, after line 14, insert:

"**SECTION 16.** Section 9 of House Bill No. 1047, as approved by the fifty-eighth legislative assembly is created and enacted to read as follows:

**SECTION 9. EMERGENCY.** Subdivision f of subsection 1 of section 39-09-02 as amended by section 6 of this Act is declared to be an emergency measure."

Page 5, after line 17, insert:

"**SECTION 18. EMERGENCY.** Section 16 of this Act is declared to be an emergency measure."

Renumber accordingly



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Operator's Signature Date

38038.0276
Title.

Prepared by the Legislative Council staff for
Senator Stenehjem
April 22, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 4, after the semicolon insert "to create and enact section 16 to House Bill No. 1015 as approved by the fifty-eighth legislative assembly relating to the partnership in assisting community expansion fund, the agriculture partnership in assisting community expansion fund, and the beginning farmer loan fund and to declare that Act an emergency;"

Page 1, line 8, remove "and" and after "date" insert "; and to declare an emergency"

Page 5, after line 17, insert:

"**SECTION 17.** Section 16 of House Bill No. 1015, as approved by the fifty-eighth legislative assembly is created and enacted as follows:

**SECTION 16. EMERGENCY.** Subdivision 3 of section 1 and sections 12 and 13 are declared to be an emergency measure.

**SECTION 18. EMERGENCY.** Section 17 of this Act is declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment provides an emergency clause for subdivision 3 of Section 1 and Sections 12 and 13 of House Bill No. 1015.



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38038.0279
Title.

Prepared by the Legislative Council staff for
Representative Berg
April 23, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 4, replace the second "section" with "sections 54-03-20 and"

Page 1, line 5, after "to" insert "lodging reimbursement for members of the legislative assembly and"

Page 4, after line 2, insert:

"**SECTION 13. AMENDMENT.** Section 54-03-20 of the North Dakota Century Code is amended and reenacted as follows:

**54-03-20. Compensation and expense reimbursement of members of the legislative assembly.** Each member of the legislative assembly of the state of North Dakota is entitled to receive as compensation for services the sum of one hundred twenty-five dollars for each calendar day during any organizational, special, or regular legislative session and for each day that member attends a meeting of a legislative committee between the organizational session and the regular session as authorized by legislative rule. Each member of the legislative assembly is entitled to receive reimbursement for lodging, which may not exceed ~~a maximum of six hundred fifty dollars per~~ fifty percent of the daily per diem lodging rate for the city of Bismarck as established by rule for federal employees by the United States general services administration for up to thirty days in any calendar month ~~for lodging in state, at the rates and in the manner provided in section 44-08-04 for each calendar day~~ during the period of any organizational, special, or regular session. Members of the legislative assembly who receive reimbursement for lodging are also entitled to reimbursement for travel for not to exceed one round trip taken during any calendar week, or portion of a week, the legislative assembly is in session, between their residences and the place of meeting of the legislative assembly, at the rate provided for state employees with the additional limitation that reimbursement for travel by common carrier may be only at the cost of coach fare and may not exceed one and one-half times the amount the member would be entitled to receive as mileage reimbursement for travel by motor vehicle. A member of the legislative assembly who does not receive reimbursement for lodging and whose place of residence in the legislative district that the member represents is not within the city of Bismarck is entitled to reimbursement at the rate provided for state employees for necessary travel for not to exceed one round trip taken per day between the residence and the place of meeting of the legislative assembly when it is in session and may receive reimbursement for lodging at the place of meeting of the legislative assembly as provided in section 44-08-04 for each calendar day for which round trip travel reimbursement is not claimed, provided that the total reimbursement may not exceed ~~six hundred fifty dollars~~ fifty percent of the daily per diem lodging rate for the city of Bismarck as established by rule for federal employees by the United States general services administration for thirty days per month. The amount to which each legislator is entitled must be paid following the organizational session in December and following each month during a regular or special session.

A day, or portion of a day, spent in traveling to or returning from an organizational, special, or regular session or a legislative committee meeting must be



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Operator's Signature

10/15/03
Date

included as a calendar day during a legislative session or as a day of a legislative committee meeting for the purposes of this section.

In addition, each member is entitled to receive during the term for which the member was elected, as compensation for the execution of public duties during the biennium, the sum of two hundred fifty dollars a month, which is payable every six months or monthly, at the member's option. If a member dies or resigns from office during the member's term, the member may be paid only the allowances provided for in this section for the period for which the member was actually a member. The majority and minority leaders of the house and senate and the chairman of the legislative council, if the chairman is not a majority or minority leader, are each entitled to receive as compensation, in addition to any other compensation or expense reimbursement provided by law, the sum of two hundred fifty dollars per month during the biennium for their execution of public duties.

Attendance at any organizational, special, or regular session of the legislative assembly by any member is a conclusive presumption of entitlement as set out in this section and compensation and expense allowances must be excluded from gross income for income tax purposes to the extent permitted for federal income tax purposes under section 127 of the Economic Recovery Tax Act of 1981 [Pub. L. 97-34; 95 Stat. 202; 26 U.S.C. 162(l)]."

Page 5, line 15, replace "13" with "14"

Renumber accordingly



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LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0280
Title.
Fiscal No. 2

Prepared by the Legislative Council staff for
Representative Berg
April 23, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 4, after the semicolon insert "to create and enact a new section to chapter 15-10 and a new section to chapter 54-59 of the North Dakota Century Code, relating to contracts for the preparation and provision of meals by institutions of higher education and required information technology services;" and replace the second "section" with "subsection 2 of section 34-06-01, sections 34-14-01, 54-35-18, 54-35-18.1, and 54-35-18.2, subsection 2 of section 54-44.1-06, and sections 54-44.1-12 and"

Page 1, line 5, replace "suspending" with "the definition of employee for purposes of minimum wages and hours law and wage collection laws, the electric industry competition committee, preparation of budget data, budget allotments, and"

Page 1, line 7, remove "a statement"

Page 1, line 8, remove "of", after "intent" insert "; to require an examination of mineral severance tax application to federal lands and lands of quasi-federal entities; to require reports to the legislative assembly; to provide an exception to section 54-44.1-06 of the North Dakota Century Code, relating to the preparation of certain appropriation bills; to provide for reports to the budget section; to provide for a legislative council study; to provide for the transfer of state agency information technology positions; to provide an appropriation; to create and enact section 18 of House Bill No. 1414, as approved by the fifty-eighth legislative assembly, relating to reporting disease outbreaks in the state department of health in an emergency and disease reporting and quarantine or isolation of individuals infected or potentially infected with contagious diseases, and declaring that Act to be an emergency measure", and replace "provide an expiration date" with "declare an emergency"

Page 1, line 16, replace "15,404,949" with "15,388,231"

Page 1, line 17, replace "11,461,745" with "11,149,713"

Page 1, line 20, replace "27,778,694" with "27,449,944"

Page 1, line 21, replace "7,891,748" with "7,888,476"

Page 1, line 22, replace "19,886,946" with "19,561,468"

Page 2, remove line 17

Page 2, line 20, replace "special funds" with "$2,000,000", replace "land" with "lands", and remove "in the amount of"

Page 2, line 21, remove "$3,000,000"

Page 2, line 23, after "transfer" insert "$14,300,000"

Page 2, line 24, replace "any balance remaining in" with "from" and remove "as of July 1, 2003"



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Page 3, remove lines 10 through 22

Page 3, line 28, replace "$9,000,000" with "$11,000,000"

Page 4, after line 2, insert:

"**SECTION 12.** A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

**Contract - Preparation and provision of meals - Policy.** An institution under the control of the state board of higher education may enter into a contract to prepare and provide meals, snacks, or other food services for persons or programs not affiliated with the institution, provided that the institution first establishes a policy regarding such contracts and specifically addressing issues related to competition with private sector entities. An institution under the control of the state board of higher education may not advertise to the general public its willingness to provide meals, snacks, or other food services for persons or programs not affiliated with the institution.

**SECTION 13. AMENDMENT.** Subsection 2 of section 34-06-01 of the North Dakota Century Code is amended and reenacted as follows:

2. "Employee" includes any individual employed by an employer. However, an individual is not an "employee" while engaged in a ridesharing arrangement, as defined in section 8-02-07. The term does not include ~~a person~~ an individual engaged in ~~firefighting~~ fire protection activities or ~~sworn~~ law enforcement ~~officers~~ activities for the state or a political subdivision of the state, as those activities are defined in the Fair Labor Standards Act of 1938 [Pub. L. 75-718; 52 Stat. 1060; 29 U.S.C. 201 et seq.] and any rules and interpretations of the United States department of labor under that Act.

**SECTION 14. AMENDMENT.** Section 34-14-01 of the North Dakota Century Code is amended and reenacted as follows:

**34-14-01. ~~Definition~~ Definitions.** ~~Whenever~~ As used in this chapter, ~~"employer"~~ unless the context otherwise requires:

1. "Employee" means an employee as defined under section 34-06-01. This definition applies to every proceeding brought under this chapter after June 30, 2003, regardless of when the claim may have accrued.

2. "Employer" includes every person, ~~firm, partnership, association, corporation, limited liability company,~~ receiver or other officer of a court of the state, and any agent or officer of any kind of the above-mentioned classes and subject to ~~the provisions hereof~~ this chapter, employing any person in this state.

**SECTION 15. AMENDMENT.** Section 54-35-18 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18. (Effective through August 1, ~~2003~~ 2007) Electric industry competition - Need for study.** The legislative council shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state. The legislative assembly finds that the economy of this state depends on the availability of reliable, low cost, electric energy. There is a national trend toward competition in the generation, transmission, and distribution of electric energy and the legislative assembly acknowledges that this competition has both potential benefits and adverse impacts on this state's electric suppliers as well as on their shareholders and



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customers and the citizens of this state. The legislative assembly determines that it is in the best interests of the citizens of this state to study the effects of competition on the generation, transmission, and distribution of electric energy.

**SECTION 16. AMENDMENT.** Section 54-35-18.1 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18.1. (Effective through August 1, ~~2003~~ 2007) Electric industry competition committee - Composition.**

1. The legislative council shall appoint a committee to study electric industry competition.

2. The committee shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state and on the state's electric suppliers.

3. As used in sections 54-35-18 through 54-35-18.2, "electric suppliers" means public utilities regulated under title 49, rural electric cooperatives organized under chapter 10-13, municipal electric utilities organized under chapters 40-33 and 40-33.2, and power marketers.

4. The committee consists of:

   a. ~~Three or four~~ Six members of the house of representatives, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority political party and two of whom must be from the minority political party.

   b. ~~Three or four~~ Six members of the senate, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority political party and two of whom must be from the minority political party.

5. The chairman of the legislative council shall name one of the members as chairman.

**SECTION 17. AMENDMENT.** Section 54-35-18.2 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18.2. (Effective through August 1, ~~2003~~ 2007) Electric industry competition committee - Study areas.** The electric industry competition committee shall study this state's electric industry competition and electric suppliers and shall report to the legislative council in the same manner as do other interim legislative council committees, concerning the following issues:

1. Financial issues, including:

   a. The interests of residential customers, including:

      (1) Fairness of rates, terms, and conditions of service for services chosen.

      (2) Affordability of rates, bills, and services.

      (3) Stability and predictability of rates and bills.

      (4) Reliability and quality of power supply.



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(5) Assurance that rates, terms, and conditions are nondiscriminatory.

(6) Ability of customers to understand potential energy choices.

(7) Importance of a fair dispute resolution process.

(8) Potential for rates to reflect the customer's desired level of energy reliability and availability.

b. The interests of small business customers, large business customers, shareholders, and other stakeholders, including:

(1) Fairness of rates, terms, and conditions of service for the services chosen by customers.

(2) Affordability of rates, bills, and services for customers.

(3) Stability and predictability of customers' rates and bills.

(4) Assurance that rates, terms, and conditions are nondiscriminatory for all customers.

(5) Ability of customers to understand potential energy choices and the implications of these choices.

(6) Importance of a fair dispute resolution process for customers.

(7) Potential for rates to reflect the customer's desired level of energy reliability and availability.

c. Financial integrity of and cost of capital to electric power suppliers.

d. Taxes paid by electric suppliers, including franchise taxes, excise taxes, income taxes, ad valorem taxes, in lieu taxes, and real and personal property taxes.

e. Tax implications to local governments.

f. Quantification and recovery of stranded investments by electric power suppliers, including those resulting from:

(1) Customers who have a legal obligation to bear certain costs, who find a way to avoid those obligations, and who leave without paying costs incurred on the customer's behalf; and

(2) The costs of investments that exceed their value in the competitive market.

g. Pricing of transmission and distribution services.

h. Pricing and rate subsidies for all classes of customers.

i. Unbundling of costs of services.

2. Legal issues, including:

a. State, tribal, and federal jurisdiction.



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b. State statutory and regulatory constraints and oversight of the electric industry.

c. Those related to the federal energy regulatory commission.

d. Commerce clause constraints.

e. Review of existing state laws, rules, and constitutional provisions that affect the generation, transmission, and distribution of electric energy, including the need and appropriateness of regulatory reforms for services that will continue to be provided by a regulated utility.

f. Interstate reciprocity and the regional nature of the industry.

g. Continuing obligations of an electric supplier to serve customers.

h. Use and protection of proprietary information in a competitive market.

3. Social issues, including:

   a. Planning and operation of electric suppliers, including integrated resource planning.

   b. Efficiency and sufficiency of an aggregate supply of energy.

   c. Environmental impacts.

   d. Impact on the development and use of renewable resources.

   e. Appropriate and proper method of recovery of the cost of social, low income, and noneconomic renewable energy programs in order to ensure that costs are fairly and equitably shared among all customers of electric energy.

4. Issues related to system planning, operation, and reliability, including:

   a. Electric system reliability.

   b. Provisions by which customers would be permitted to have a choice of generation providers.

   c. Applicability of regulatory reliability criteria to nonutility market participants.

   d. Form and requirements of contracts for the sale and purchase of electric energy.

   e. Requirements for metering energy usage at the customer's location.

   f. Designation and regulation of ancillary services.

5. Identification and review of potential market structures, including:

   a. Possible market structures for a deregulated generation market and transmission market and whether these structures should be mandated or allowed to form voluntarily.

   b. Formation of market segments in response to customer requirements.

   c. Impact on the investment stability of the electric utility industry.



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d. Impact on multipurpose entities.

e. Potential to improve economic efficiency.

f. Size of the market and the extent to which its size impacts the level of benefits for customers or groups of customers.

g. Ability of participants with control over the electricity generation and transmission system to exercise market power over pricing or the need for controls to prevent the exercise of market power.

h. Controls or bans on corporate relationships between regulated utilities and emerging competitive sectors.

i. Barriers to achieving nondiscriminatory competition among electric suppliers, including review of federal and state tax issues, availability of federal subsidies to certain energy suppliers, application of federal laws that impose regulatory requirements on the electric utility industry, and jurisdiction of the federal energy regulatory commission over competitors.

j. Viability of all customers to participate in and benefit from a competitive electricity market, including:

(1) Risks and responsibilities that customers or classes of customers incur by participating in a competitive market.

(2) Costs of gathering, processing, and managing information on the price and quality of electricity.

(3) Benefits to customers or classes of customers from participation in a competitive electricity market.

6. Whether and to what extent power produced by the Garrison dam should be taxed by the state.

7. The source and cost of power supplied to the state's Indian reservations.

8. Other issues related to the generation, transmission, and distribution of electric energy.

**SECTION 18. AMENDMENT.** Subsection 2 of section 54-44.1-06 of the North Dakota Century Code is amended and reenacted as follows:

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statement of unappropriated surplus for the general fund must reflect any projected deficiency appropriations relating to expenditures from the general fund for the present biennium. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

**SECTION 19. AMENDMENT.** Section 54-44.1-12 of the North Dakota Century Code is amended and reenacted as follows:



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**54-44.1-12. Control over rate of expenditures.** The director of the budget shall exercise continual control over the execution of the budget affecting the departments and agencies of state government, with the exception of the legislative and judicial branches. Execution means the analysis and approval of all commitments for conformity with the program provided in the budget, frequent comparison of actual revenues and budget estimates, and on the basis of these analyses and comparisons control the rate of expenditures through a system of allotments. The allotment must be made by specific fund and all departments and agencies that receive moneys from that fund must be allotted on a uniform percentage basis, except that appropriations to the department of public instruction for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund. Any allotment must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving moneys from the fund. Before an allotment is made which will reduce the amount of funds which can be disbursed pursuant to an appropriation or before an allotment disallowing a specific expenditure is made, the director shall find one or more of the following circumstances to exist:

1. The moneys and estimated revenues in a specific fund from which the appropriation is made are insufficient to meet all legislative appropriations from the fund.

2. The payment or the obligation incurred is not authorized by law.

3. The expenditure or obligation is contrary to legislative intent as recorded in any reliable legislative records, including:

   a. Statements of legislative intent expressed in enacted appropriation measures or other measures enacted by the legislative assembly; and

   b. Statements of purpose of amendment explaining amendments to enacted appropriation measures, as recorded in the journals of the legislative assembly.

4. Circumstances or availability of facts not previously known or foreseen by the legislative assembly which make possible the accomplishment of the purpose of the appropriation at a lesser amount than that appropriated.

**SECTION 20.** A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

**Required use of electronic mail, file and print server administration, data base administration, and application server and hosting services.** Each state agency and institution, excluding the institutions under the control of the board of higher education, the legislative and judicial branches, public employees retirement system, and the attorney general, that desires electronic mail, file and print server administration, data base administration, storage, and application server and hosting services shall obtain those services from the department. The chief information officer may exempt from the application of this section any agency that demonstrates its current services are more appropriate for the specific needs of that agency than the services available from the department.

**SECTION 21. TRANSFER OF STATE AGENCY INFORMATION TECHNOLOGY EMPLOYEE POSITIONS - CONSOLIDATION OF INFORMATION TECHNOLOGY FUNCTIONS.** On November 1, 2003, the following number of authorized full-time equivalent employee positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, and application server and hosting services must be transferred from the named agencies to the information technology department, unless reduced by the chief information officer:



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| AGENCY | FULL-TIME EQUIVALENT EMPLOYEE POSITIONS |
|---|---|
| Office of management and budget | 1 |
| Tax department | 2 |
| Department of public instruction | 1 |
| State department of health | 1 |
| Department of human services | 5 |
| Job service North Dakota | 3 |
| Industrial commission | 1 |
| Bank of North Dakota | 1 |
| Housing finance agency | 1 |
| Workers compensation bureau | 2 |
| Highway patrol | 1 |
| Department of corrections and rehabilitation | 2 |
| Game and fish department | 1 |
| State water commission | 1 |
| Department of transportation | 2 |

The agencies shall retain funding relating to the transferred employee positions and related costs, which is contained in the agencies' respective appropriations bill. Each of the agencies shall establish an information technology services line item consisting of funding related to the salaries and wages for the transferred employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs totaling at least $13,000 per employee for electronic mail, file and print server administration, data base administration, storage, and application server and hosting services. Agencies shall develop documentation supporting the related funding transferred to the information technology services line item. Any line item transfer must be reported to the office of management and budget. Each of the agencies must use the funding contained in the information technology services line item to purchase information technology services from the information technology department. Each of the agencies shall make arrangements with the information technology department for the transfer of equipment and material related to the transferred employee positions and services from the respective agency to the department. The information technology department is authorized to receive any funding relating to the purchase of information technology services under this section, which is hereby appropriated. Each agency is entitled to receive from the information technology department the equivalent in services that would have been performed by employees in the transferred positions at a cost not exceeding the amounts transferred to the agency's information technology services line item.

The information technology department shall determine the number of full-time equivalent positions necessary to provide the related information technology functions to state agencies. The department is authorized to employ the number of necessary employees and require all persons interested in filling the employee positions to apply with the department. In filling the employee positions, the department shall give preference to current state employees working in information technology. The department may make arrangements with the agency from which an employee was transferred to transfer any leave accrued by that employee.

**SECTION 22. INFORMATION TECHNOLOGY FUNCTION CONSOLIDATION - ACCUMULATED SAVINGS - TRANSFER TO THE GENERAL FUND.** The information technology department shall achieve efficiencies during the biennium beginning July 1, 2003, and ending June 30, 2005, relating to the required consolidation of information technology functions, including electronic mail, file and print server administration, data base administration, storage, and application server and hosting services. The information technology department through efficiencies resulting from this consolidation shall achieve accumulated net savings totaling $1,400,000 for the 2003-05 biennium. The director of the office of management and budget shall



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transfer the savings accumulated as a result of these efficiencies in the amount of $1,400,000 to the general fund by June 30, 2005.

**SECTION 23. INFORMATION TECHNOLOGY SERVICE - REPORTS TO THE INFORMATION TECHNOLOGY COMMITTEE AND THE BUDGET SECTION.** The information technology department shall document information relating to the delivery of the consolidated services to agencies, including service dependability, agency complaints, and information technology department responsiveness, and shall report that information and the status of the accumulated savings to the information technology committee and the budget section as requested. Any agency receiving consolidated services may provide information to the information technology committee with respect to service availability, service dependability, complaints of the agency or of persons receiving services from the agency or the department, department responsiveness, and any additional costs incurred by the agency as a result of the consolidated services."

Page 4, line 8, overstrike "sixty-two" and insert immediately thereafter "sixty-six" and after "million" insert "six hundred forty-one thousand"

Page 4, line 10, overstrike "At the end of the 1995-97 biennium all revenue deposited in the"

Page 4, overstrike lines 11 through 13

Page 4, line 14, overstrike "permanent oil tax trust fund."

Page 4, line 19, overstrike "sixty-two" and insert immediately thereafter "sixty-six" and after "million" insert "six hundred forty-one thousand"

Page 4, remove lines 29 and 30

Page 5, replace lines 15 through 17 with:

"**SECTION 27. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $30,000, or so much of the sum as may be necessary, to the legislative council for the biennium beginning July 1, 2003, and ending June 30, 2005, for the purpose of upgrading sound systems in the house and senate chambers.

**SECTION 28. EXAMINATION OF MINERAL SEVERANCE TAX APPLICATION TO FEDERAL LANDS - REPORT TO LEGISLATIVE COUNCIL.** During the 2003-04 interim, the tax commissioner shall cause an examination to be made of all mineral production from lands under the ownership or control of federal or quasi-federal entities, including farm credit services or its predecessor federal land bank, to assure that taxes imposed by chapters 57-51, 57-51.1, and 57-61 are being imposed, collected, and reported as required by law. The tax commissioner shall also ascertain whether mineral severance taxes are being imposed on these properties to the fullest extent allowed under section 5 of article X of the Constitution of North Dakota and recommend any legislation necessary to accomplish that objective. Before September 1, 2004, the tax commissioner shall report the findings and recommendations under this section, together with any legislation necessary to implement the recommendations, to a committee designated by the legislative council.

**SECTION 29. 2005-07 EXECUTIVE BUDGET - STUDENT LOAN TRUST FUND.** Any proposal to transfer or spend moneys from the student loan trust fund included as part of the 2005-07 biennium executive budget must be included in a separate bill introduced for consideration by the fifty-ninth legislative assembly.



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**SECTION 30. STATE AGENCY CONTINUING APPROPRIATIONS - REPORTS TO FIFTY-NINTH LEGISLATIVE ASSEMBLY.** The head of each executive branch agency, institution, or department shall report during the budget presentation to the appropriations committees of the fifty-ninth legislative assembly on statutory provisions authorizing the agency, institution, or department to spend funds pursuant to a continuing appropriation. The report must include justification for continuing the authority, and expenditures made pursuant to the continuing appropriation and related revenues and fund balances for the 1999-2001 biennium, the 2001-03 biennium, the 2003-05 biennium to date, and projections for the 2005-07 biennium.

**SECTION 31. CERTAIN APPROPRIATION BILLS - EXECUTIVE BUDGET RECOMMENDATION.** Notwithstanding North Dakota Century Code section 54-44.1-06, the legislative council shall submit for introduction to the fifty-ninth legislative assembly the 2005-07 appropriation bills for the department of public instruction, department of corrections and rehabilitation, state treasurer, and secretary of state based on the same funding amounts, line items, and employee levels authorized by the fifty-eighth legislative assembly for the 2003-05 biennium. Any budget changes recommended by the office of the budget for these departments for the 2005-07 biennium must be presented to the appropriations committees of the fifty-ninth legislative assembly as a recommendation for amendment to the bill as introduced.

**SECTION 32. STATE EMPLOYEE REDUCTIONS - BUDGET SECTION REPORT.** The number of full-time equivalent state employees must be reduced by employee retirements, employee turnover, and vacant employee positions during the biennium beginning July 1, 2003, and ending June 30, 2005, as follows:

| | |
|---|---|
| Executive branch agencies and the office of the governor, excluding other offices of state elected officials and higher education | 155 |
| State elected officials, excluding the governor | 13 |
| Judicial branch | 8 |

One-half of this total reduction must be accomplished by December 31, 2003. The additional reductions must be accomplished by December 31, 2004. Agencies shall report employee positions eliminated and related salary and wages and fringe benefit savings for the remainder of the 2003-05 biennium to the office of management and budget. The office of management and budget shall reduce each respective agency's appropriation authority by the amount of reported agency budgetary savings. The office of management and budget shall provide periodic reports on the employee positions eliminated by agencies and reported agency budgetary savings to the budget section of the legislative council.

**SECTION 33. STATE EMPLOYEE REDUCTIONS - STATE EMPLOYEE COMPENSATION POOLS.** The office of management and budget shall establish a state employee compensation pool for executive branch agencies other than elected officials as provided in section 32 of this Act from agency savings resulting from employee reductions, a state employee compensation pool for state elected officials from those agency savings resulting from employee reductions, and a state employee compensation pool for the judicial branch from agency savings resulting from employee reductions.

**SECTION 34. STATE EMPLOYEE COMPENSATION POOL ALLOCATIONS - APPROPRIATION - REPORT TO THE BUDGET SECTION.** By January 1, 2004, the office of management and budget shall allocate any available funds to entities in the executive branch agency state employee compensation pool and the state elected official employee compensation pool established in section 33 of this Act for providing state employee compensation adjustments effective January 1, 2004, to be paid in February 2004. The funds must be allocated on a pro rata basis for remaining employee positions. The office of management and budget shall increase agencies' appropriation authority by the amount of funding allocated and the funds are



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appropriated to the agencies for the purpose of providing state employee compensation adjustments for the period January 1, 2004, through June 30, 2005. The funds in the judicial branch state employee compensation pool established in section 33 of this Act are appropriated to the judicial branch for providing state employee compensation adjustments for the period January 1, 2004, through June 30, 2005. It is the intent of the fifty-eighth legislative assembly that the compensation adjustments effective January 1, 2004, to be paid in February 2004, may not exceed increases of one percent. The office of management and budget and the judicial branch shall provide a report on the state employee compensation pool allocations to the budget section of the legislative council.

**SECTION 35. STATE EMPLOYEE COMPENSATION POOL ALLOCATIONS - APPROPRIATION - REPORT TO THE BUDGET SECTION.** By January 1, 2005, the office of management and budget shall allocate any available funds resulting from savings related to the employee reductions to be accomplished by December 31, 2004, to entities in the executive branch agency state employee compensation pool and the state elected official state employee compensation pool established in section 33 of this Act for providing state employee compensation adjustments effective January 1, 2005, to be paid in February 2005. The funds must be allocated on a pro rata basis for remaining employee positions. The office of management and budget shall increase agencies' appropriation authority by the amount of funding allocated and the funds are appropriated to the agencies for the purpose of providing state employee compensation adjustments for the period January 1, 2005, through June 30, 2005. The funds in the judicial branch state employee compensation pool established in section 33 of this Act are appropriated to the judicial branch for providing state employee compensation adjustments for the period January 1, 2005, through June 30, 2005. It is the intent of the fifty-eighth legislative assembly that the compensation adjustments effective January 1, 2005, to be paid February 1, 2005, may not exceed increases of two percent. The office of management and budget and the judicial branch shall provide a report on the state employee compensation pool allocations to the budget section of the legislative council.

**SECTION 36. LEGISLATIVE COUNCIL STUDY - PUBLIC EMPLOYEE HEALTH INSURANCE BENEFITS.** The legislative council shall consider studying, during the 2003-05 interim, public employee health insurance benefits. If conducted, the study must include options for providing health insurance for state employees, review of the availability of other health insurance plans, single versus family coverage, employee contributions, and utilization of premium rates for budgeting purposes. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly.

**SECTION 37. SPECIFIED EXEMPT COMMODITIES AND SERVICES - REPORT TO THE BUDGET SECTION.** The director of the office of management and budget shall report to the budget section in December of even-numbered years on specified commodities and services exempted by written directive of the director from the procurement requirements of chapter 54-44.4.

**SECTION 38. LEGISLATIVE INTENT - PRAIRIE PUBLIC BROADCASTING.** It is the intent of the fifty-eighth legislative assembly that prairie public broadcasting funding be included in the executive budget as a separate line item in the office of management and budget's budget request for the 2005-07 biennium.

**SECTION 39.** Section 18 of House Bill No. 1414, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

**SECTION 18. EMERGENCY.** This Act is declared to be an emergency measure.



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**SECTION 40. EMERGENCY.** Section 39 of this Act is declared to be an emergency measure."

Renumber accordingly

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2015 - Summary of House Action

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Office of Management and Budget | | | | | | |
| Total all funds | $27,826,739 | $27,778,694 | ($328,750) | $27,449,944 | $27,873,847 | ($423,903) |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 | 7,888,476 | |
| General fund | $19,907,975 | $19,886,946 | ($325,478) | $19,561,468 | $19,985,371 | ($423,903) |
| Legislative Council - System upgrade and study | | | | | | |
| Total all funds | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| Less estimated income | | | | | | |
| General fund | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| All agencies - Contingent salary increases | | | | | | |
| Total all funds | $0 | $0 | $0 | $0 | $8,460,097 | ($8,460,097) |
| Less estimated income | | | | | 4,125,075 | (4,125,075) |
| General fund | $0 | $0 | $0 | $0 | $4,335,022 | ($4,335,022) |
| Bill Total | | | | | | |
| Total all funds | $27,826,739 | $27,778,694 | ($298,750) | $27,479,044 | $36,713,944 | ($9,234,000) |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 | 12,013,551 | (4,125,075) |
| General fund | $19,907,975 | $19,886,946 | ($295,478) | $19,591,468 | $24,700,393 | ($5,108,925) |

### Senate Bill No. 2015 - Office of Management and Budget - Conference Committee Action

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Salaries and wages | $15,549,754 | $15,404,949 | ($16,718) | $15,388,231 | $15,388,231 | |
| Operating expenses | 11,364,985 | 11,481,745 | (312,032) | 11,149,713 | 10,573,616 | $576,097 |
| Capital assets | 733,000 | 733,000 | | 733,000 | 733,000 | |
| Grants | 179,000 | 179,000 | | 179,000 | 179,000 | |
| Technology critical needs pool | | | | | 1,000,000 | (1,000,000) |
| Total all funds | $27,826,739 | $27,778,694 | ($328,750) | $27,449,944 | $27,873,847 | ($423,903) |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 | 7,888,476 | |
| General fund | $19,907,975 | $19,886,946 | ($325,478) | $19,561,468 | $19,985,371 | ($423,903) |
| FTE | 162.00 | 162.00 | 0.00 | 162.00 | 162.00 | 0.00 |

### Dept. 110 - Office of Management and Budget - Detail of Conference Committee Changes

| | REMOVES FUNDING FOR WASHINGTON LOBBYIST [1] | REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE [2] | REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS [3] | TOTAL CONFERENCE COMMITTEE CHANGES |
|---|---|---|---|---|
| Salaries and wages | | ($16,718) | | ($16,718) |
| Operating expenses | ($120,000) | | ($192,032) | (312,032) |
| Capital assets | | | | |
| Grants | | | | |
| Technology critical needs pool | | | | |
| Total all funds | ($120,000) | ($16,718) | ($192,032) | ($328,750) |
| Less estimated income | | (3,272) | | (3,272) |
| General fund | ($120,000) | ($13,446) | ($192,032) | ($325,478) |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 |

1 This amendment removes $120,000 from the general fund for funding a lobbyist in Washington, D.C.

2 This amendment reduces funding for state employee health insurance premiums from $493 to $488.70 per month.

3 This amendment reduces funding for information technology by $192,032 from the general fund, which represents a reduction in information technology funding from the general fund of approximately 5 percent.



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The House amendment reduces the 2003-05 biennium transfer from the lands and minerals trust fund to the general fund from $3 million to $2 million and limits the transfer from the permanent oil tax trust fund to the general fund to $14.3 million. The Conference Committee agreed to this amendment.

The House provided a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers. The Conference Committee agreed to this amendment.

The House changed the membership and continued the Electric Industry Competition Committee through August 1, 2007. The Conference Committee agreed to this amendment.

The House amended North Dakota Century Code (NDCC) Section 54-44.1-06 to provide for the budget data presented by the director of the budget to include in the general fund budget status any deficiency appropriation relating to general fund expenditures for the current biennium. The Conference Committee agreed to this amendment.

The House removed the section in the bill providing for a contingent transfer of up to $25 million of earnings and accumulated and undivided profits of the Bank of North Dakota to the general fund if general fund revenue collections will not meet revenues as forecasted in the March 2003 legislative forecast for the 2003-05 biennium. The Conference Committee agreed to this amendment.

The House amended NDCC Section 57-51.1-07.2 to provide that at the end of any biennium oil and gas production and extraction tax collections during any biennium in excess of $66,641,000, rather than $62 million, be transferred from the general fund to the permanent oil tax trust fund. This amendment would be effective starting with the 2003-05 biennium. The Conference Committee agreed to this amendment.

The House amended NDCC Section 54-44.1-12 to provide that any allotment ordered by the Governor must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving moneys from the fund. The Conference Committee agreed to this amendment.

The House added a section providing for the Tax Commissioner to examine all mineral production from lands under the ownership or control of federal or quasi-federal entities to assure mineral severance taxes are being imposed, collected, and reported as required by law. The Tax Commissioner is to report the findings and recommendations from the examination to a committee designated by the Legislative Council. The Conference Committee agreed to this amendment.

The House added a section requiring the Governor to submit any proposal to spend or transfer moneys from the student loan trust fund included as part of the 2005-07 biennium budget in a separate bill. The Conference Committee agreed to this amendment.

The House added a section requiring executive branch agencies to report to the Appropriations Committees during the 2005 legislative session regarding expenditures made pursuant to continuing appropriations and justification for needing the continuing appropriation authority. The Conference Committee agreed to this amendment.

The House provided that the 2005-07 budgets for four agencies--the Department of Public Instruction, Department of Corrections and Rehabilitation, State Treasurer, and Secretary of State--be prepared based on the 2003-05 biennium budget as approved by the Legislative Assembly. The Conference Committee agreed to this amendment.

The House added sections providing for a reduction of 176.6 FTE positions during the 2003-05 biennium and providing for contingent state employee salary increases of 1 percent in January 2004 and 2 percent in January 2005. The Conference Committee provided for the establishment of employee compensation pools resulting from savings from employee



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reductions, and funding of state employee salary increases from the pool contingent on a reduction of 176 FTE positions.

The House added a section for a Legislative Council study of public employee health insurance benefits. The Conference Committee agreed to this amendment.

The House added a section for a report to the Budget Section on specified exempt commodities and services relating to procurement requirements in NDCC Chapter 54-44.4. The Conference Committee agreed to this amendment.

The House added sections providing for the establishment of an information technology advisory committee, to provide for an information technology consolidation study, to provide for consolidation of information technology positions and functions, and to recognize general fund revenue related to accumulated information technology savings of $4 million from the Information Technology Department and $2 million from the North Dakota University System to be transferred to the general fund. The Conference Committee version provides for a transfer of $1.4 million from the Information Technology Department to the general fund from realized efficiencies from consolidation, provides for reports to the Budget Section on consolidation, and defines services to be provided by the Information Technology Department.

The Conference Committee added a section providing an emergency clause for House Bill No. 1414, relating to infectious disease outbreaks and the ability for the State Department of Health to provide for quarantines.

The Conference Committee added a section providing for contracts for the preparation and provision of meals by institutions of higher education.

The Conference Committee added sections amending subsection 2 of Section 34-06-01 and Section 34-14-01, providing for the definition of employee for purposes of minimum wages and hours.

The Conference Committee added a section of intent that the 2005-07 executive budget provide for the funding for Prairie Public Broadcasting as a separate line item in the Office of Management and Budget's budget request.

**Senate Bill No. 2015 - Legislative Council - Conference Committee Action**

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Operating expenses | | | $30,000 | $30,000 | $380,000 | ($350,000) |
| Total all funds | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| Less estimated income | | | | | | |
| General fund | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

**Dept. 160 - Legislative Council - Detail of Conference Committee Changes**

| | PROVIDES FUNDING FOR UPGRADING SOUND SYSTEMS [1] | TOTAL CONFERENCE COMMITTEE CHANGES |
|---|---|---|
| Salaries and wages | | |
| Operating expenses | $30,000 | $30,000 |
| Total all funds | $30,000 | $30,000 |
| Less estimated income | | |
| General fund | $30,000 | $30,000 |
| FTE | 0.00 | 0.00 |

1 This amendment adds a section to the bill providing a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers.



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38038.0281
Title.

Prepared by the Legislative Council staff for
Representative Berg
April 23, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 4, replace the second "section" with "sections 54-03-20 and"

Page 1, line 5, after "to" insert "lodging reimbursement for members of the legislative assembly and"

Page 4, after line 2, insert:

"**SECTION 13. AMENDMENT.** Section 54-03-20 of the North Dakota Century Code is amended and reenacted as follows:

**54-03-20. Compensation and expense reimbursement of members of the legislative assembly.** Each member of the legislative assembly of the state of North Dakota is entitled to receive as compensation for services the sum of one hundred twenty-five dollars for each calendar day during any organizational, special, or regular legislative session and for each day that member attends a meeting of a legislative committee between the organizational session and the regular session as authorized by legislative rule. Each member of the legislative assembly is entitled to receive reimbursement for lodging, which may not exceed ~~a maximum of six hundred fifty dollars per~~ fifty percent of the daily per diem lodging rate for the city of Bismarck as established by rule for federal employees by the United States general services administration for up to thirty days in any calendar month ~~for lodging in state, at the rates and in the manner provided in section 44-08-04 for each calendar day~~ during the period of any organizational, special, or regular session, provided that reimbursement for lodging during any month of a regular session may not exceed one hundred dollars over the maximum allowed for lodging per month during the last regular session. Members of the legislative assembly who receive reimbursement for lodging are also entitled to reimbursement for travel for not to exceed one round trip taken during any calendar week, or portion of a week, the legislative assembly is in session, between their residences and the place of meeting of the legislative assembly, at the rate provided for state employees with the additional limitation that reimbursement for travel by common carrier may be only at the cost of coach fare and may not exceed one and one-half times the amount the member would be entitled to receive as mileage reimbursement for travel by motor vehicle. A member of the legislative assembly who does not receive reimbursement for lodging and whose place of residence in the legislative district that the member represents is not within the city of Bismarck is entitled to reimbursement at the rate provided for state employees for necessary travel for not to exceed one round trip taken per day between the residence and the place of meeting of the legislative assembly when it is in session and may receive reimbursement for lodging at the place of meeting of the legislative assembly as provided in section 44-08-04 for each calendar day for which round trip travel reimbursement is not claimed, provided that the total reimbursement may not exceed ~~six hundred fifty dollars~~ fifty percent of the daily per diem lodging rate for the city of Bismarck as established by rule for federal employees by the United States general services administration for thirty days per month and reimbursement for lodging during any month of a regular session may not exceed one hundred dollars over the maximum allowed for lodging per month during the last regular session. The amount to which



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each legislator is entitled must be paid following the organizational session in December and following each month during a regular or special session.

A day, or portion of a day, spent in traveling to or returning from an organizational, special, or regular session or a legislative committee meeting must be included as a calendar day during a legislative session or as a day of a legislative committee meeting for the purposes of this section.

In addition, each member is entitled to receive during the term for which the member was elected, as compensation for the execution of public duties during the biennium, the sum of two hundred fifty dollars a month, which is payable every six months or monthly, at the member's option. If a member dies or resigns from office during the member's term, the member may be paid only the allowances provided for in this section for the period for which the member was actually a member. The majority and minority leaders of the house and senate and the chairman of the legislative council, if the chairman is not a majority or minority leader, are each entitled to receive as compensation, in addition to any other compensation or expense reimbursement provided by law, the sum of two hundred fifty dollars per month during the biennium for their execution of public duties.

Attendance at any organizational, special, or regular session of the legislative assembly by any member is a conclusive presumption of entitlement as set out in this section and compensation and expense allowances must be excluded from gross income for income tax purposes to the extent permitted for federal income tax purposes under section 127 of the Economic Recovery Tax Act of 1981 [Pub. L. 97-34; 95 Stat. 202; 26 U.S.C. 162(l)]."

Page 5, line 15, replace "13" with "14"

Renumber accordingly



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38038.0286
Title.

Prepared by the Legislative Council staff for
Representative Drovdal
April 23, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 4, replace the second "section" with "sections 15.1-31-07 and"

Page 1, line 5, after "to" insert "tuition apportionment payments and"

Page 4, after line 2, insert:

"**SECTION 13. AMENDMENT.** Section 15.1-31-07 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-31-07. Students not subject to this chapter.** If a student, as a result of a school district dissolution or reorganization, resides in a district other than the one the student chooses to attend at the time of the dissolution or reorganization, the student is not subject to the provisions of this chapter and may attend school in the chosen school district. Notwithstanding the provisions of section 15.1-28-03, the superintendent of public instruction shall forward payments from the state tuition fund made on behalf of the student to the student's chosen school district. The student may not be considered a student in average daily membership in the student's school district of residence for purposes of section 15.1-31-02."

Page 5, line 15, replace "13" with "14"

Renumber accordingly



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LaCosta Rickford
Operator's Signature

10/15/03
Date

38038.0287
Title.
Fiscal No. 3

Prepared by the Legislative Council staff for
Representative Berg
April 23, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 3, remove "the provisions of"

Page 1, line 4, after the semicolon insert "to create and enact a new section to chapter 15-10 and a new section to chapter 54-59 of the North Dakota Century Code, relating to contracts for the provision of meals by institutions of higher education and required information technology services from the information technology department;" and replace the second "section" with "subsection 2 of section 34-06-01, sections 34-14-01, 54-35-18, 54-35-18.1, and 54-35-18.2, subsection 2 of section 54-44.1-06, sections 54-44.1-12, 54-52.1-06, and"

Page 1, line 5, replace "suspending" with "the definition of employee for purposes of minimum wage and hour laws and wage collection laws, the expiration date and membership of the electric industry competition committee, preparation of budget data, budget allotments, state employee contributions for participation in the uniform group insurance program, and"

Page 1, line 7, replace "a statement" with "statements"

Page 1, line 8, after "intent" insert "; to require an examination of mineral severance tax application to federal lands and lands of quasi-federal entities; to require reports to the legislative assembly; to provide an exception to section 54-44.1-06 of the North Dakota Century Code, relating to the preparation of certain appropriation bills; to provide for reports to the budget section; to provide for a legislative council study; to provide for the appointment of members of the no child left behind committee; to provide for additional lodging reimbursement for members of the legislative assembly; to provide for state employee reductions and compensation pools; to provide for the transfer of state agency information technology positions; to provide an appropriation; to create and enact section 18 of House Bill No. 1414, section 9 of House Bill No. 1047, section 16 of House Bill No. 1015, and section 2 of Senate Bill No. 2176 as approved by the fifty-eighth legislative assembly, relating to reporting disease outbreaks and quarantine of individuals and declaring that Act an emergency measure, to the speed limit on paved two-lane country and township highways and declaring that Act an emergency, to the partnership in assisting community expansion fund, the agriculture partnership in assisting community expansion fund, and the beginning farmer loan fund, and declaring that Act an emergency measure, to participation by retired political subdivision employees in the uniform group insurance program and declaring that Act an emergency measure; to provide for a tax amnesty program;" and replace "provide an expiration date" with "declare an emergency"

Page 1, line 16, replace "15,404,949" with "15,388,231"

Page 1, line 17, replace "11,461,745" with "11,208,756"

Page 1, line 20, replace "27,778,694" with "27,508,987"

Page 1, line 21, replace "7,891,748" with "7,888,476"

Page 1, line 22, replace "19,886,946" with "19,620,511"



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Page 2, remove line 17

Page 2, line 20, replace "special funds" with "$2,000,000", replace "land" with "lands", and remove "in the amount of"

Page 2, line 21, remove "$3,000,000"

Page 2, line 23, after "transfer" insert "$14,300,000"

Page 2, line 24, replace "any balance remaining in" with "from" and remove "as of July 1, 2003"

Page 3, remove lines 10 through 22

Page 3, line 28, replace "$9,000,000" with "$11,000,000"

Page 4, after line 2, insert:

"**SECTION 12.** A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

**Contract - Preparation and provision of meals - Policy.** An institution under the control of the state board of higher education may enter a contract to prepare and provide meals, snacks, or other food services for persons or programs not affiliated with the institution, provided the institution first establishes a policy regarding such contracts and specifically addressing issues related to competition with private sector entities. An institution under the control of the state board of higher education may not advertise to the general public its willingness to provide meals, snacks, or other food services for persons or programs not affiliated with the institution.

**SECTION 13. AMENDMENT.** Subsection 2 of section 34-06-01 of the North Dakota Century Code is amended and reenacted as follows:

2. "Employee" includes any individual employed by an employer. However, an individual is not an "employee" while engaged in a ridesharing arrangement, as defined in section 8-02-07. The term does not include a ~~person~~ an individual engaged in ~~firefighting~~ fire protection activities or ~~sworn~~ law enforcement ~~officers~~ activities for the state or a political subdivision of the state, as those activities are defined in the Fair Labor Standards Act of 1938 [Pub. L. 75-718; 52 Stat. 1060; 29 U.S.C. 201 et seq.] and any rules and interpretations of the United States department of labor under that Act.

**SECTION 14. AMENDMENT.** Section 34-14-01 of the North Dakota Century Code is amended and reenacted as follows:

**34-14-01. ~~Definition~~ Definitions.** ~~Whenever~~ As used in this chapter, ~~"employer"~~ unless the context otherwise requires:

1. "Employee" means an employee as defined under section 34-06-01. This definition applies to every proceeding brought under this chapter after June 30, 2003, regardless of when the claim may have accrued.

2. "Employer" includes every person, ~~firm, partnership, association, corporation, limited liability company,~~ or receiver or other officer of a court



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of the state, and any agent or officer of any kind of the above-mentioned classes and subject to ~~the provisions hereof~~ this chapter, employing any ~~person~~ individual in this state.

**SECTION 15. AMENDMENT.** Section 54-35-18 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18. (Effective through August 1, ~~2003~~ 2007) Electric industry competition - Need for study.** The legislative council shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state. The legislative assembly finds that the economy of this state depends on the availability of reliable, low cost, electric energy. There is a national trend toward competition in the generation, transmission, and distribution of electric energy and the legislative assembly acknowledges that this competition has both potential benefits and adverse impacts on this state's electric suppliers as well as on their shareholders and customers and the citizens of this state. The legislative assembly determines that it is in the best interests of the citizens of this state to study the effects of competition on the generation, transmission, and distribution of electric energy.

**SECTION 16. AMENDMENT.** Section 54-35-18.1 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18.1. (Effective through August 1, ~~2003~~ 2007) Electric industry competition committee - Composition.**

1. The legislative council shall appoint a committee to study electric industry competition.

2. The committee shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state and on the state's electric suppliers.

3. As used in sections 54-35-18 through 54-35-18.2, "electric suppliers" means public utilities regulated under title 49, rural electric cooperatives organized under chapter 10-13, municipal electric utilities organized under chapters 40-33 and 40-33.2, and power marketers.

4. The committee consists of:

   a. ~~Three or four~~ Six members of the house of representatives, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority political party and two of whom must be from the minority political party.

   b. ~~Three or four~~ Six members of the senate, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority political party and two of whom must be from the minority political party.

5. The chairman of the legislative council shall name one of the members as chairman.

**SECTION 17. AMENDMENT.** Section 54-35-18.2 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18.2. (Effective through August 1, ~~2003~~ 2007) Electric industry competition committee - Study areas.** The electric industry competition committee shall study this state's electric industry competition and electric suppliers and shall report to the legislative council in the same manner as do other interim legislative council committees, concerning the following issues:



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1. Financial Issues, including:

   a. The interests of residential customers, including:

      (1) Fairness of rates, terms, and conditions of service for services chosen.

      (2) Affordability of rates, bills, and services.

      (3) Stability and predictability of rates and bills.

      (4) Reliability and quality of power supply.

      (5) Assurance that rates, terms, and conditions are nondiscriminatory.

      (6) Ability of customers to understand potential energy choices.

      (7) Importance of a fair dispute resolution process.

      (8) Potential for rates to reflect the customer's desired level of energy reliability and availability.

   b. The interests of small business customers, large business customers, shareholders, and other stakeholders, including:

      (1) Fairness of rates, terms, and conditions of service for the services chosen by customers.

      (2) Affordability of rates, bills, and services for customers.

      (3) Stability and predictability of customers' rates and bills.

      (4) Assurance that rates, terms, and conditions are nondiscriminatory for all customers.

      (5) Ability of customers to understand potential energy choices and the implications of these choices.

      (6) Importance of a fair dispute resolution process for customers.

      (7) Potential for rates to reflect the customer's desired level of energy reliability and availability.

   c. Financial integrity of and cost of capital to electric power suppliers.

   d. Taxes paid by electric suppliers, including franchise taxes, excise taxes, income taxes, ad valorem taxes, in lieu taxes, and real and personal property taxes.

   e. Tax implications to local governments.

   f. Quantification and recovery of stranded investments by electric power suppliers, including those resulting from:

      (1) Customers who have a legal obligation to bear certain costs, who find a way to avoid those obligations, and who leave without paying costs incurred on the customer's behalf; and



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(2) The costs of investments that exceed their value in the competitive market.

g. Pricing of transmission and distribution services.

h. Pricing and rate subsidies for all classes of customers.

i. Unbundling of costs of services.

2. Legal issues, including:

a. State, tribal, and federal jurisdiction.

b. State statutory and regulatory constraints and oversight of the electric industry.

c. Those related to the federal energy regulatory commission.

d. Commerce clause constraints.

e. Review of existing state laws, rules, and constitutional provisions that affect the generation, transmission, and distribution of electric energy, including the need and appropriateness of regulatory reforms for services that will continue to be provided by a regulated utility.

f. Interstate reciprocity and the regional nature of the industry.

g. Continuing obligations of an electric supplier to serve customers.

h. Use and protection of proprietary information in a competitive market.

3. Social issues, including:

a. Planning and operation of electric suppliers, including integrated resource planning.

b. Efficiency and sufficiency of an aggregate supply of energy.

c. Environmental impacts.

d. Impact on the development and use of renewable resources.

e. Appropriate and proper method of recovery of the cost of social, low income, and noneconomic renewable energy programs in order to ensure that costs are fairly and equitably shared among all customers of electric energy.

4. Issues related to system planning, operation, and reliability, including:

a. Electric system reliability.

b. Provisions by which customers would be permitted to have a choice of generation providers.

c. Applicability of regulatory reliability criteria to nonutility market participants.

d. Form and requirements of contracts for the sale and purchase of electric energy.



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e. Requirements for metering energy usage at the customer's location.

f. Designation and regulation of ancillary services.

5. Identification and review of potential market structures, including:

a. Possible market structures for a deregulated generation market and transmission market and whether these structures should be mandated or allowed to form voluntarily.

b. Formation of market segments in response to customer requirements.

c. Impact on the investment stability of the electric utility industry.

d. Impact on multipurpose entities.

e. Potential to improve economic efficiency.

f. Size of the market and the extent to which its size impacts the level of benefits for customers or groups of customers.

g. Ability of participants with control over the electricity generation and transmission system to exercise market power over pricing or the need for controls to prevent the exercise of market power.

h. Controls or bans on corporate relationships between regulated utilities and emerging competitive sectors.

i. Barriers to achieving nondiscriminatory competition among electric suppliers, including review of federal and state tax issues, availability of federal subsidies to certain energy suppliers, application of federal laws that impose regulatory requirements on the electric utility industry, and jurisdiction of the federal energy regulatory commission over competitors.

j. Viability of all customers to participate in and benefit from a competitive electricity market, including:

(1) Risks and responsibilities that customers or classes of customers incur by participating in a competitive market.

(2) Costs of gathering, processing, and managing information on the price and quality of electricity.

(3) Benefits to customers or classes of customers from participation in a competitive electricity market.

6. Whether and to what extent power produced by the Garrison dam should be taxed by the state.

7. The source and cost of power supplied to the state's Indian reservations.

8. Other issues related to the generation, transmission, and distribution of electric energy.

**SECTION 18. AMENDMENT.** Subsection 2 of section 54-44.1-06 of the North Dakota Century Code is amended and reenacted as follows:

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and



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of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statement of unappropriated surplus for the general fund must reflect any projected deficiency appropriations relating to expenditures from the general fund for the present biennium. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

**SECTION 19. AMENDMENT.** Section 54-44.1-12 of the North Dakota Century Code is amended and reenacted as follows:

**54-44.1-12. Control over rate of expenditures.** The director of the budget shall exercise continual control over the execution of the budget affecting the departments and agencies of state government, with the exception of the legislative and judicial branches. Execution means the analysis and approval of all commitments for conformity with the program provided in the budget, frequent comparison of actual revenues and budget estimates, and on the basis of these analyses and comparisons control the rate of expenditures through a system of allotments. The allotment must be made by specific fund and all departments and agencies that receive moneys from that fund must be allotted on a uniform percentage basis, except that appropriations to the department of public instruction for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund. Any allotment must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving moneys from the fund. Before an allotment is made which will reduce the amount of funds which can be disbursed pursuant to an appropriation or before an allotment disallowing a specific expenditure is made, the director shall find one or more of the following circumstances to exist:

1. The moneys and estimated revenues in a specific fund from which the appropriation is made are insufficient to meet all legislative appropriations from the fund.

2. The payment or the obligation incurred is not authorized by law.

3. The expenditure or obligation is contrary to legislative intent as recorded in any reliable legislative records, including:

   a. Statements of legislative intent expressed in enacted appropriation measures or other measures enacted by the legislative assembly; and

   b. Statements of purpose of amendment explaining amendments to enacted appropriation measures, as recorded in the journals of the legislative assembly.

4. Circumstances or availability of facts not previously known or foreseen by the legislative assembly which make possible the accomplishment of the purpose of the appropriation at a lesser amount than that appropriated.

**SECTION 20. AMENDMENT.** Section 54-52.1-06 of the North Dakota Century Code is amended and reenacted as follows:

**54-52.1-06. State contribution - State employee contribution.** Each department, board, or agency shall pay to the board each month from its funds appropriated for payroll and salary amounts a state contribution in the amount as determined by the primary carrier of the group contract less employee contributions as required by this section for the full single rate monthly premium for each of its eligible employees enrolled in the uniform group insurance program and the full rate monthly



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premium, in an amount equal to that contributed under the alternate family contract less employee contributions as required by this section, including major medical coverage, for hospital and medical benefits coverage for spouses and dependent children of its eligible employees enrolled in the uniform group insurance program pursuant to section 54-52.1-07. Except for elective state officers, judges of the supreme court, and members of the legislative assembly, eligible state employees who participate in the uniform group insurance program and for whom that member's employer is paying a premium who are employed for less than forty hours per week must be assessed and required to pay a portion of the premium for uniform group insurance coverage under this section. A state department, board, or agency that employs an eligible employee who is employed for less than forty hours per week must pay that portion of the premium that corresponds to the number of hours worked by that employee on a percentage basis with the eligible employee assessed the remaining portion of the premium. The assessment must be deducted and retained out of the employee's salary.

For purposes of this section, if an eligible employee is employed by more than one department, board, or agency in a permanent and regularly funded position, the hours worked for all departments, boards, or agencies must be combined for determining the number of hours the eligible employee works per week. The department, board, or agency for which the eligible employee works the most hours per week must make the required employer contribution under this section. The board shall then pay the necessary and proper premium amount for the uniform group insurance program to the proper carrier or carriers on a monthly basis. Any refund, rebate, dividend, experience rating allowance, discount, or other reduction of premium amount must be credited at least annually to a separate fund of the uniform group insurance program to be used by the board to reimburse the administrative expense and benefit fund of the public employees retirement program for the costs of administration of the uniform group insurance program. In the event an enrolled eligible employee is not entitled to receive salary, wages, or other compensation for a particular calendar month, that employee may make direct payment of the required premium to the board to continue the employee's coverage, and the employing department, board, or agency shall provide for the giving of a timely notice to the employee of that person's right to make such payment at the time the right arises.

**SECTION 21.** A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

**Required use of electronic mail, file and print server administration, data base administration, and application server and hosting services.** Each state agency and institution, excluding the legislative and judicial branches, the institutions under the control of the board of higher education, the public employees retirement system, and the attorney general, that desires electronic mail, file and print server administration, data base administration, storage, and application server and hosting services shall obtain those services from the department. The chief information officer may exempt from the application of this section any agency that demonstrates its current services are more appropriate for the specific needs of that agency than the services available from the department.

**SECTION 22. TRANSFER OF STATE AGENCY INFORMATION TECHNOLOGY EMPLOYEE POSITIONS - CONSOLIDATION OF INFORMATION TECHNOLOGY FUNCTIONS.** On November 1, 2003, the following number of authorized full-time equivalent employee positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, and application server and hosting services must be reduced and transferred from the named agencies to the information technology department, unless exempted by the chief information officer pursuant to section 21 of this Act:



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| AGENCY | FULL-TIME EQUIVALENT EMPLOYEE POSITIONS |
|---|---|
| Office of management and budget | 1 |
| Tax department | 2 |
| Department of public instruction | 1 |
| State department of health | 1 |
| Department of human services | 5 |
| Job service North Dakota | 3 |
| Industrial commission | 1 |
| Bank of North Dakota | 1 |
| Housing finance agency | 1 |
| Workers compensation bureau | 2 |
| Highway patrol | 1 |
| Department of corrections and rehabilitation | 2 |
| Game and fish department | 1 |
| State water commission | 1 |
| Department of transportation | 2 |

After consultation with the information technology department, each affected agency shall identify the specific positions for reduction and transfer. The agency shall conduct any reduction-in-force analysis that may be required. Each agency shall limit its consideration to information technology related positions and shall identify for reduction and transfer those positions most closely associated with services assumed centrally by the information technology department.

The agencies shall retain funding relating to the transferred employee positions and related costs, which is contained in the agencies' respective appropriations bill. Each of the agencies shall establish an information technology services line item consisting of funding related to the salaries and wages for the transferred employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs totaling at least $13,000 per employee for electronic mail, file and print server administration, data base administration, storage, and application server and hosting services. Agencies shall develop documentation supporting the related funding transferred to the information technology services line item. Any line item transfer must be reported to the office of management and budget. Each of the agencies must use the funding contained in the information technology services line item to purchase information technology services from the information technology department. Each of the agencies shall make arrangements with the information technology department for the transfer of equipment and material related to the transferred employee positions and services from the respective agency to the department. The information technology department is authorized to receive any funding relating to the purchase of information technology services under this section, which is hereby appropriated. Each agency is entitled to receive from the information technology department the equivalent in services that would have been performed by employees in the transferred positions at a cost not exceeding the amounts transferred to the agency's information technology services line item.

The information technology department shall determine the number of full-time equivalent positions necessary to provide the related information technology functions to state agencies. The department is authorized to employ the number of necessary employees and require all persons interested in filling the employee positions to apply with the department. In filling the employee positions, the department shall give preference to current state employees working in information technology. The department may make arrangements with the agency from which an employee was transferred to transfer any leave accrued by that employee.

In furtherance of the consolidation of information technology functions under this section, the supreme court and the attorney general shall continue to collaborate with



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the information technology department to implement the criminal justice information sharing program.

**SECTION 23. INFORMATION TECHNOLOGY FUNCTION CONSOLIDATION - ACCUMULATED SAVINGS - TRANSFER TO THE GENERAL FUND.** The information technology department shall achieve efficiencies during the biennium beginning July 1, 2003, and ending June 30, 2005, relating to the required consolidation of information technology functions, including electronic mail, file and print server administration, data base administration, storage, and application server and hosting services. The information technology department through efficiencies resulting from this consolidation shall achieve accumulated net savings totaling $1,400,000 for the 2003-05 biennium. The director of the office of management and budget shall transfer the savings accumulated as a result of these efficiencies in the amount of $1,400,000 to the general fund by June 30, 2005.

**SECTION 24. INFORMATION TECHNOLOGY SERVICE - REPORTS TO THE INFORMATION TECHNOLOGY COMMITTEE AND THE BUDGET SECTION.** The information technology department shall document information relating to the delivery of the consolidated services to agencies, including service dependability, agency complaints, and information technology department responsiveness, and shall report that information and the status of the accumulated savings to the information technology committee and the budget section as requested. Any agency receiving consolidated services may provide information to the information technology committee with respect to service availability, service dependability, complaints of the agency or of persons receiving services from the agency or the department, department responsiveness, and any additional costs incurred by the agency as a result of the consolidated services."

Page 4, line 8, overstrike "sixty-two" and insert immediately thereafter "sixty-six" and after "million" insert "six hundred forty-one thousand"

Page 4, line 10, overstrike "At the end of the 1995-97 biennium all revenue deposited in the"

Page 4, overstrike lines 11 through 13

Page 4, line 14, overstrike "permanent oil tax trust fund."

Page 4, line 19, overstrike "sixty-two" and insert immediately thereafter "sixty-six" and after "million" insert "six hundred forty-one thousand"

Page 4, remove lines 29 and 30

Page 5, replace lines 15 through 17 with:

"**SECTION 28. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $30,000, or so much of the sum as may be necessary, to the legislative council for the biennium beginning July 1, 2003, and ending June 30, 2005, for the purpose of upgrading sound systems in the house and senate chambers.

**SECTION 29. EXAMINATION OF MINERAL SEVERANCE TAX APPLICATION TO FEDERAL LANDS - REPORT TO LEGISLATIVE COUNCIL.** During the 2003-04 interim, the tax commissioner shall cause an examination to be made of all mineral production from lands under the ownership or control of federal or quasi-federal entities, including farm credit services or its predecessor federal land bank, to ensure that taxes imposed by chapters 57-51, 57-51.1, and 57-61 are being imposed, collected, and reported as required by law. The tax commissioner also shall ascertain whether mineral severance taxes are being imposed on these properties to



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the fullest extent allowed under section 5 of article X of the Constitution of North Dakota and recommend any legislation necessary to accomplish that objective. Before September 1, 2004, the tax commissioner shall report the findings and recommendations under this section, together with any legislation necessary to implement the recommendations, to the legislative council.

**SECTION 30. 2005-07 EXECUTIVE BUDGET - STUDENT LOAN TRUST FUND.** Any proposal to transfer or spend moneys from the student loan trust fund included as part of the 2005-07 biennium executive budget must be included in a separate bill introduced for consideration by the fifty-ninth legislative assembly.

**SECTION 31. STATE AGENCY CONTINUING APPROPRIATIONS - REPORTS TO FIFTY-NINTH LEGISLATIVE ASSEMBLY.** The head of each executive branch agency or institution shall report during the budget presentation to the appropriations committees of the fifty-ninth legislative assembly on statutory provisions authorizing the agency or institution to spend funds pursuant to a continuing appropriation. The report must include justification for continuing the authority, and expenditures made pursuant to the continuing appropriation and related revenues and fund balances for the 1999-2001 biennium, the 2001-03 biennium, the 2003-05 biennium to date, and projections for the 2005-07 biennium.

**SECTION 32. CERTAIN APPROPRIATION BILLS - EXECUTIVE BUDGET RECOMMENDATION.** Notwithstanding North Dakota Century Code section 54-44.1-06, the legislative council shall submit for introduction to the fifty-ninth legislative assembly the 2005-07 appropriation bills for the department of public instruction, department of corrections and rehabilitation, state treasurer, and secretary of state based on the same funding amounts, line items, and employee levels authorized by the fifty-eighth legislative assembly for the 2003-05 biennium. Any budget changes recommended by the office of the budget for these departments for the 2005-07 biennium must be presented to the appropriations committees of the fifty-ninth legislative assembly as a recommendation for amendment to the bill as introduced.

**SECTION 33. STATE EMPLOYEE REDUCTIONS - BUDGET SECTION REPORT.** The number of full-time equivalent state employees must be reduced by employee retirements, employee turnover, and vacant employee positions during the biennium beginning July 1, 2003, and ending June 30, 2005, as follows:

| | |
|---|---|
| Executive branch agencies and the office of the governor, excluding other offices of state elected officials and higher education | 155 |
| State elected officials, excluding the governor | 13 |
| Judicial branch | 8 |

One-half of this total reduction must be accomplished by December 31, 2003. The additional reductions must be accomplished by December 31, 2004. Agencies shall report employee positions eliminated and related salary and wages and fringe benefit savings for the remainder of the 2003-05 biennium to the office of management and budget. The office of management and budget shall reduce each respective agency's appropriation authority by the amount of reported agency budgetary savings. The office of management and budget shall provide periodic reports on the employee positions eliminated by agencies and reported agency budgetary savings to the budget section of the legislative council.

**SECTION 34. STATE EMPLOYEE REDUCTIONS - STATE EMPLOYEE COMPENSATION POOLS.** The office of management and budget shall establish a state employee compensation pool for executive branch agencies other than elected officials as provided in section 33 of this Act from agency savings resulting from employee reductions, a state employee compensation pool for state elected officials from those agency savings resulting from employee reductions, and a state employee



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compensation pool for the judicial branch from agency savings resulting from employee reductions.

**SECTION 35. STATE EMPLOYEE COMPENSATION POOL ALLOCATIONS - APPROPRIATION - REPORT TO THE BUDGET SECTION.** By January 1, 2004, the office of management and budget shall allocate any available funds to entities in the executive branch agency state employee compensation pool and the state elected official employee compensation pool established in section 34 of this Act for providing state employee compensation adjustments effective January 1, 2004, to be paid in February 2004. The funds must be allocated on a pro rata basis for remaining employee positions. The office of management and budget shall increase agencies' appropriation authority by the amount of funding allocated and the funds are appropriated to the agencies for the purpose of providing state employee compensation adjustments for the period January 1, 2004, through June 30, 2005. The funds in the judicial branch state employee compensation pool established in section 34 of this Act are appropriated to the judicial branch for providing state employee compensation adjustments for the period January 1, 2004, through June 30, 2005. It is the intent of the fifty-eighth legislative assembly that the compensation adjustments effective January 1, 2004, to be paid in February 2004, may not exceed increases of one percent. The office of management and budget and the judicial branch shall provide a report on the state employee compensation pool allocations to the budget section of the legislative council.

**SECTION 36. STATE EMPLOYEE COMPENSATION POOL ALLOCATIONS - APPROPRIATION - REPORT TO THE BUDGET SECTION.** By January 1, 2005, the office of management and budget shall allocate any available funds resulting from savings related to the employee reductions to be accomplished by December 31, 2004, to entities in the executive branch agency state employee compensation pool and the state elected official state employee compensation pool established in section 34 of this Act for providing state employee compensation adjustments effective January 1, 2005, to be paid in February 2005. The funds must be allocated on a pro rata basis for remaining employee positions. The office of management and budget shall increase agencies' appropriation authority by the amount of funding allocated and the funds are appropriated to the agencies for the purpose of providing state employee compensation adjustments for the period January 1, 2005, through June 30, 2005. The funds in the judicial branch state employee compensation pool established in section 34 of this Act are appropriated to the judicial branch for providing state employee compensation adjustments for the period January 1, 2005, through June 30, 2005. It is the intent of the fifty-eighth legislative assembly that the compensation adjustments effective January 1, 2005, to be paid February 1, 2005, may not exceed increases of two percent. The office of management and budget and the judicial branch shall provide a report on the state employee compensation pool allocations to the budget section of the legislative council.

**SECTION 37. LEGISLATIVE COUNCIL STUDY - PUBLIC EMPLOYEE HEALTH INSURANCE BENEFITS.** The legislative council shall consider studying, during the 2003-05 interim, public employee health insurance benefits, including options for providing health insurance for state employees, the availability of other health insurance plans, single versus family coverage, employee contributions, and unitization of premium rates for budgeting purposes. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly.

**SECTION 38. SPECIFIED EXEMPT COMMODITIES AND SERVICES - REPORT TO THE BUDGET SECTION.** The director of the office of management and budget shall report to the budget section in December of even-numbered years on specified commodities and services exempted by written directive of the director from the procurement requirements of chapter 54-44.4.



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**SECTION 39. LEGISLATIVE INTENT - PRAIRIE PUBLIC BROADCASTING.** It is the intent of the fifty-eighth legislative assembly that prairie public broadcasting funding be included in the executive budget as a separate line item in the office of management and budget's budget request for the 2005-07 biennium.

**SECTION 40.** Section 18 of House Bill No. 1414, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

**SECTION 18. EMERGENCY.** This Act is declared to be an emergency measure.

**SECTION 41.** Section 9 of House Bill No. 1047, as approved by the fifty-eighth legislative assembly is created and enacted to read as follows:

**SECTION 9. EMERGENCY.** Subdivision f of subsection 1 of section 39-09-02 as amended by section 6 of this Act is declared to be an emergency measure.

**SECTION 42. NO CHILD LEFT BEHIND COMMITTEE - MEMBERS.** In appointing the committee required by Senate Bill No. 2418, as approved by the fifty-eighth legislative assembly, the legislative council shall ensure that two of the members represent the minority party in the house of representatives and two of the members represent the minority party in the senate.

**SECTION 43. ADDITIONAL LODGING REIMBURSEMENT FOR APRIL 2003 - LEGISLATIVE ASSEMBLY.** Notwithstanding the $650 per calendar month lodging maximum provided in section 54-03-20 for members of the legislative assembly during a legislative session, a member of the fifty-eighth legislative assembly is entitled to lodging reimbursement as provided in section 44-08-04 for state officers and employees for each calendar day the fifty-eighth legislative assembly is in session during the month of April 2003.

**SECTION 44.** Section 16 of House Bill No. 1015, as approved by the fifty-eighth legislative assembly is created and enacted as follows:

**SECTION 16. EMERGENCY.** Subdivision 3 of section 1 and sections 12 and 13 are declared to be an emergency measure.

**SECTION 45.** Section 2 of Senate Bill No. 2176, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

**SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure.

**SECTION 46. TAX COMMISSIONER - TAX AMNESTY PROGRAM.** The state tax commissioner shall conduct a one-time tax amnesty program for all state tax types beginning before December 31, 2003.

**SECTION 47. EMERGENCY.** Sections 40, 41, 42, 43, 44, 45, and 46 of this Act are declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2015 - Summary of House Action**

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| *Office of Management and Budget* | | | | | | |
| Total all funds | $27,826,739 | $27,778,694 | ($269,707) | $27,508,987 | $27,873,647 | ($364,660) |



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| | | | | | | |
|---|---|---|---|---|---|---|
| Less estimated income | 7,916,764 | 7,891,748 | (3,272) | 7,888,476 | 7,888,476 | |
| General fund | $19,907,975 | $19,886,946 | ($286,435) | $19,620,511 | $19,985,371 | ($364,860) |
| Legislative Council - System upgrade and study | | | | | | |
| Total all funds | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| Less estimated income | | | | | | |
| General fund | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| All agencies - Contingent salary increases | | | | | | |
| Total all funds | $0 | $0 | $0 | $0 | $8,460,097 | ($8,460,097) |
| Less estimated income | | | | | 4,125,075 | (4,125,075) |
| General fund | $0 | $0 | $0 | $0 | $4,335,022 | ($4,335,022) |
| Bill Total | | | | | | |
| Total all funds | $27,626,739 | $27,778,694 | ($239,707) | $27,538,987 | $36,713,944 | ($9,174,957) |
| Less estimated income | 7,916,764 | 7,891,748 | (3,272) | 7,888,476 | 12,013,551 | (4,125,075) |
| General fund | $19,907,975 | $19,886,946 | ($236,435) | $19,650,511 | $24,700,393 | ($5,049,882) |

## Senate Bill No. 2015 - Office of Management and Budget - Conference Committee Action

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Salaries and wages | $15,549,754 | $15,404,949 | ($16,718) | $15,388,231 | $15,388,231 | |
| Operating expenses | 11,364,985 | 11,461,745 | (252,989) | 11,208,756 | 10,573,616 | $635,140 |
| Capital assets | 733,000 | 733,000 | | 733,000 | 733,000 | |
| Grants | 179,000 | 179,000 | | 179,000 | 179,000 | |
| Technology critical needs pool | | | | | 1,000,000 | (1,000,000) |
| Total all funds | $27,626,739 | $27,778,694 | ($269,707) | $27,508,987 | $27,873,847 | ($364,860) |
| Less estimated income | 7,916,764 | 7,891,748 | (3,272) | 7,888,476 | 7,888,476 | |
| General fund | $19,907,975 | $19,886,946 | ($266,435) | $19,620,511 | $19,985,371 | ($364,860) |
| FTE | 162.00 | 162.00 | 0.00 | 162.00 | 162.00 | 0.00 |

## Dept. 110 - Office of Management and Budget - Detail of Conference Committee Changes

| | REMOVES FUNDING FOR WASHINGTON LOBBYIST [1] | REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE [2] | REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS [3] | TOTAL CONFERENCE COMMITTEE CHANGES |
|---|---|---|---|---|
| Salaries and wages | | ($16,718) | | ($16,718) |
| Operating expenses | ($120,000) | | ($132,989) | (252,989) |
| Capital assets | | | | |
| Grants | | | | |
| Technology critical needs pool | | | | |
| Total all funds | ($120,000) | ($16,718) | ($132,989) | ($269,707) |
| Less estimated income | | (3,272) | | (3,272) |
| General fund | ($120,000) | ($13,446) | ($132,989) | ($266,435) |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 |

1 This amendment removes $120,000 from the general fund for funding a lobbyist in Washington, D.C.

2 This amendment reduces funding for state employee health insurance premiums from $493 to $488.70 per month.

3 This amendment reduces funding for information technology by $132,989 from the general fund, which represents a reduction in information technology funding from the general fund of approximately 5 percent, adjusted for salaries included in the information technology plan.

The House amendment reduces the 2003-05 biennium transfer from the lands and minerals trust fund to the general fund from $3 million to $2 million and limits the transfer from the permanent oil tax trust fund to the general fund to $14.3 million. The Conference Committee agreed to this amendment.

The House provided a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers. The Conference Committee agreed to this amendment.

The House changed the membership and continued the Electric Industry Competition Committee through August 1, 2007. The Conference Committee agreed to this amendment.



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The House amended North Dakota Century Code (NDCC) Section 54-44.1-06 to provide for the budget data presented by the director of the budget to include in the general fund budget status any deficiency appropriation relating to general fund expenditures for the current biennium. The Conference Committee agreed to this amendment.

The House removed the section in the bill providing for a contingent transfer of up to $25 million of earnings and accumulated and undivided profits of the Bank of North Dakota to the general fund if general fund revenue collections will not meet revenues as forecasted in the March 2003 legislative forecast for the 2003-05 biennium. The Conference Committee agreed to this amendment.

The House amended NDCC Section 57-51.1-07.2 to provide that at the end of any biennium oil and gas production and extraction tax collections during any biennium in excess of $66,641,000, rather than $62 million, be transferred from the general fund to the permanent oil tax trust fund. This amendment would be effective starting with the 2003-05 biennium. The Conference Committee agreed to this amendment.

The House amended NDCC Section 54-44.1-12 to provide that any allotment ordered by the Governor must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving moneys from the fund. The Conference Committee agreed to this amendment.

The House added a section providing for the Tax Commissioner to examine all mineral production from lands under the ownership or control of federal or quasi-federal entities to assure mineral severance taxes are being imposed, collected, and reported as required by law. The Tax Commissioner is to report the findings and recommendations from the examination to a committee designated by the Legislative Council. The Conference Committee agreed to this amendment.

The House added a section requiring the Governor to submit any proposal to spend or transfer moneys from the student loan trust fund included as part of the 2005-07 biennium budget in a separate bill. The Conference Committee agreed to this amendment.

The House added a section requiring executive branch agencies to report to the Appropriations Committees during the 2005 legislative session regarding expenditures made pursuant to continuing appropriations and justification for needing the continuing appropriation authority. The Conference Committee agreed to this amendment.

The House provided that the 2005-07 budgets for four agencies--the Department of Public Instruction, Department of Corrections and Rehabilitation, State Treasurer, and Secretary of State--be prepared based on the 2003-05 biennium budget as approved by the Legislative Assembly. The Conference Committee agreed to this amendment.

The House added sections providing for a reduction of 176.6 FTE positions during the 2003-05 biennium and providing for contingent state employee salary increases of 1 percent in January 2004 and 2 percent in January 2005. The Conference Committee provided for the establishment of employee compensation pools resulting from savings from employee reductions, and funding of state employee salary increases from the pool contingent on a reduction of 176 FTE positions.

The House added a section for a Legislative Council study of public employee health insurance benefits. The Conference Committee agreed to this amendment.

The House added a section for a report to the Budget Section on specified exempt commodities and services relating to procurement requirements in NDCC Chapter 54-44.4. The Conference Committee agreed to this amendment.

The House added sections providing for the establishment of an information technology advisory committee, to provide for an information technology consolidation study, to provide for consolidation of information technology positions and functions, and to recognize general fund



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revenue related to accumulated information technology savings of $4 million from the Information Technology Department and $2 million from the North Dakota University System to be transferred to the general fund. The Conference Committee version provides for a transfer of $1.4 million from the Information Technology Department to the general fund from realized efficiencies from consolidation, provides for reports to the Budget Section on consolidation, and defines services to be provided by the Information Technology Department.

The Conference Committee added a section providing an emergency clause for House Bill No. 1414, relating to infectious disease outbreaks and the ability for the State Department of Health to provide for quarantines.

The Conference Committee added a section providing for contracts for the preparation and provision of meals by institutions of higher education.

The Conference Committee added sections amending subsection 2 of Section 34-06-01 and Section 34-14-01, providing for the definition of employee for purposes of minimum wages and hours.

The Conference Committee added a section of intent that the 2005-07 executive budget provide for the funding for Prairie Public Broadcasting as a separate line item in the Office of Management and Budget's budget request.

The Conference Committee added a section providing an emergency clause for House Bill No. 1047, relating to the speed limit on paved two-lane county and township highways.

The Conference Committee added a section relating to the legislative membership in the No Child Left Behind Committee.

The Conference Committee added a section providing for additional lodging reimbursement for members of the Legislative Assembly who incur expenses greater than $650 during the month of April 2003.

The Conference Committee added a section requiring part-time state employees to pay a portion of the premium for uniform group insurance coverage based on the percentage basis of actual hours worked in comparison to 40 hours.

The Conference Committee added a section providing for an emergency clause for subdivision 3 of section 1 and Sections 12 and 13 of House Bill No. 1015, relating to the partnership in assisting community expansion fund, the agriculture partnership in assisting community expansion fund, and the beginning farmer loan fund.

The Conference Committee added language to the section on the consolidation of information technology positions, providing for each affected state agency to identify the information technology positions to be transferred, after consultation with the Information Technology Department, based on the services to be assumed centrally by the Information Technology Department. In addition, as part of the functional consolidation effort, the Supreme Court and the Attorney General's office will continue to collaborate with the Information Technology Department to implement the criminal justice information sharing program.

The Conference Committee added a section providing for an emergency clause for Senate Bill No. 2176, relating to participation by retired political subdivision employees in the uniform group insurance program.

The Conference Committee provided for the Tax Commissioner to conduct a one-time tax amnesty program beginning before July 1, 2003.

**Senate Bill No. 2015 - Legislative Council - Conference Committee Action**

| EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|



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| | | | | | | |
|---|---|---|---|---|---|---|
| Operating expenses | _____ | _____ | $30,000 | $30,000 | $380,000 | ($350,000) |
| Total all funds | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| Less estimated income | _____ | _____ | _____ | _____ | _____ | _____ |
| General fund | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

## Dept. 160 - Legislative Council - Detail of Conference Committee Changes

| | PROVIDES FUNDING FOR UPGRADING SOUND SYSTEMS 1 | TOTAL CONFERENCE COMMITTEE CHANGES |
|---|---|---|
| Salaries and wages | | |
| Operating expenses | $30,000 | $30,000 |
| Total all funds | $30,000 | $30,000 |
| Less estimated income | _____ | _____ |
| General fund | $30,000 | $30,000 |
| FTE | 0.00 | 0.00 |

1 This amendment adds a section to the bill providing a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers.



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Operator's Signature Date

38038.0295
Title.

Prepared by the Legislative Council staff for
Conference Committee
April 24, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 4, replace the second "section" with "sections 34-06-04.1 and"

Page 1, line 5, after "to" insert "overtime or work-period claims and"

Page 4, after line 2, insert:

"**SECTION 13. AMENDMENT.** Section 34-06-04.1 of the North Dakota Century Code is amended and reenacted as follows:

**34-06-04.1. Compensatory time, overtime, and work-period claims.** The state or a political subdivision of the state may provide for compensatory time and for a work period for compensatory time and overtime calculation for its employees if the state or political subdivision complies with the requirements of the Fair Labor Standards Act of 1938, as amended, [Pub. L. 75-718; 52 Stat. 1060; 29 U.S.C. ~~206~~ 201 et seq. ] and any rules and interpretations adopted by the United States department of labor. The authority provided in this section applies in any proceeding brought after June 30, 2003, with respect to compensatory time or overtime earned regardless of when the work in question was performed."

Page 5, line 15, replace "13" with "14"

Renumber accordingly



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38038.0288
Title.
Fiscal No. 3

Prepared by the Legislative Council staff for
Conference Committee
April 24, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 3, remove "the provisions of"

Page 1, line 4, after the semicolon insert "to create and enact a new section to chapter 15-10 and a new section to chapter 54-59 of the North Dakota Century Code, relating to contracts for the provision of meals by institutions of higher education and required information technology services from the information technology department; to create and enact section 18 of House Bill No. 1414, section 9 of House Bill No. 1047, section 16 of House Bill No. 1015, and section 2 of Senate Bill No. 2176 as approved by the fifty-eighth legislative assembly, relating to reporting disease outbreaks and quarantine of individuals and declaring that Act an emergency measure, to the speed limit on paved two-lane country and township highways and declaring that Act an emergency, to the partnership in assisting community expansion fund, the agriculture partnership in assisting community expansion fund, and the beginning farmer loan fund, and declaring that Act an emergency measure, to participation by retired political subdivision employees in the uniform group insurance program and declaring that Act an emergency measure;" and replace the second "section" with "sections 15.1-31-07 and 15-52-03, subsection 1 of the new section to chapter 26.1-08 as created by section 4 of Senate Bill No. 2195 as approved by the fifty-eighth legislative assembly, subsection 2 of section 34-06-01, sections 34-14-01, 54-03-20, 54-35-18, 54-35-18.1, and 54-35-18.2, subsection 2 of section 54-44.1-06, sections 54-44.1-12, 54-52.1-06, and"

Page 1, line 5, replace "suspending" with "tuition apportionment payments, the membership of the medical center advisory council, the membership of the comprehensive health association of North Dakota board of directors, the definition of employee for purposes of minimum wage and hour laws and wage collection laws, lodging reimbursement for members of the legislative assembly, the expiration date and membership of the electric industry competition committee, preparation of budget data, budget allotments, state employee contributions for participation in the uniform group insurance program, and"

Page 1, line 7, replace "a statement" with "statements"

Page 1, line 8, after "intent" insert "; to require an examination of mineral severance tax application to federal lands and lands of quasi-federal entities; to require reports to the legislative assembly; to provide an exception to section 54-44.1-06 of the North Dakota Century Code, relating to the preparation of certain appropriation bills; to provide for reports to the budget section; to provide for a legislative council study; to provide for the appointment of members of the no child left behind committee; to provide for additional lodging reimbursement for members of the legislative assembly; to provide for state employee reductions and compensation pools; to provide for the transfer of state agency information technology positions; to provide an appropriation; to provide for a tax amnesty program;" and replace "provide an expiration date" with "declare an emergency"

Page 1, line 16, replace "15,404,949" with "15,388,231"

Page 1, line 17, replace "11,461,745" with "11,208,756"



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Page 1, line 20, replace "27,778,694" with "27,508,987"

Page 1, line 21, replace "7,891,748" with "7,888,476"

Page 1, line 22, replace "19,886,946" with "19,620,511"

Page 2, remove line 17

Page 2, line 20, replace "special funds" with "$2,000,000", replace "land" with "lands", and remove "in the amount of"

Page 2, line 21, remove "$3,000,000"

Page 2, line 23, after "transfer" insert "$14,300,000"

Page 2, line 24, replace "any balance remaining in" with "from" and remove "as of July 1, 2003"

Page 3, remove lines 10 through 22

Page 3, line 28, replace "$9,000,000" with "$11,000,000"

Page 4, after line 2, insert:

"**SECTION 12.** A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

**Contract - Preparation and provision of meals - Policy.** An institution under the control of the state board of higher education may enter a contract to prepare and provide meals, snacks, or other food services for persons or programs not affiliated with the institution, provided the institution first establishes a policy regarding such contracts and specifically addressing issues related to competition with private sector entities. An institution under the control of the state board of higher education may not advertise to the general public its willingness to provide meals, snacks, or other food services for persons or programs not affiliated with the institution.

**SECTION 13. AMENDMENT.** Section 15.1-31-07 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-31-07. Students not subject to this chapter.** If a student, as a result of a school district dissolution or reorganization, resides in a district other than the one the student chooses to attend at the time of the dissolution or reorganization, the student is not subject to ~~the provisions of~~ this chapter and may attend school in the chosen school district. Notwithstanding section 15.1-28-03, the superintendent of public instruction shall forward payments from the state tuition fund made on behalf of the student to the student's chosen school district. The student may not be considered a student in average daily membership in the student's school district of residence for purposes of section 15.1-31-02.

**SECTION 14. AMENDMENT.** Section 15-52-03 of the North Dakota Century Code as amended in section 1 of Senate Bill No. 2282, as approved by the fifty-eighth legislative assembly, is amended and reenacted as follows:

**15-52-03. Medical center advisory council - Members, terms, meetings.**



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1. To assure the proper coordination and integration of the North Dakota state medical center with all other health and welfare activities of the state, a permanent medical center advisory council is established to advise, consult, and make recommendations to the university administration, and to the several agencies represented on the council concerning the program of the North Dakota state medical center, the adaptation of the medical center to the needs of the state and to the requirements and facilities of the several agencies involved, and the use of the North Dakota state medical center and its facilities by the various institutions and agencies of the state and its political subdivisions.

2. The council consists of fourteen members:

   a. (1) Two members of the senate ~~and two~~, one of whom must be from the majority party and one of whom must be from the minority party, selected by the chairman of the legislative council; and

      (2) Two members of the house of representatives, one of whom must be from the majority party and one of whom must be from the minority party, to be selected by the chairman of the legislative council;

   b. One member selected by each of the following:

      (1) The department of human services;

      (2) The state board of higher education;

      (3) The state department of health;

      (4) The North Dakota medical association;

      (5) The North Dakota healthcare association; and

      (6) The veterans administration hospital in Fargo; and

   c. One member selected by the dean of the university of North Dakota medical school from each of the four campus areas of the medical school with headquarters in Bismarck, Fargo, Grand Forks, and Minot.

3. The representatives named by the state agencies and boards must be selected to serve as members of the medical center advisory council for periods of at least one year, but may not serve longer than their term of office on the public agency. The representatives from the North Dakota state medical association and the North Dakota healthcare association serve a term of three years or until their successors are named and qualified.

4. The council shall name its own chairman and the dean of the university of North Dakota medical school shall serve as executive secretary of the council. The council shall meet not less than twice each year, and, from time to time, on its own motion or upon request of the university administration, to consider plans and programs of action for the North Dakota state medical center and make its recommendations to the several agencies of the state and political subdivisions involved and to the legislative assembly.

**SECTION 15. AMENDMENT.** Subsection 1 of the new section to chapter 26.1-08 of the North Dakota Century Code as created by section 4 of Senate Bill



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No. 2195, as approved by the fifty-eighth legislative assembly, is amended and reenacted as follows:

1. The board consists of the commissioner; the state health officer; the director of the office of management and budget; one senator appointed by the majority leader of the senate of the legislative assembly; one representative appointed by the speaker of the house of representatives of the legislative assembly; and one individual from each of the three participating member insurance companies of the association with the highest annual premium volumes of accident and health insurance contracts as provided by the commissioner, verified by the lead carrier, and approved by the board. One of the two members representing the legislative assembly must be a member of the majority party and the other must be a member of the minority party.

**SECTION 16. AMENDMENT.** Subsection 2 of section 34-06-01 of the North Dakota Century Code is amended and reenacted as follows:

2. "Employee" includes any individual employed by an employer. However, an individual is not an "employee" while engaged in a ridesharing arrangement, as defined in section 8-02-07. The term does not include ~~a person~~ an individual engaged in ~~firefighting~~ fire protection activities or ~~sworn~~ law enforcement ~~officers~~ activities for the state or a political subdivision of the state, as those activities are defined in the Fair Labor Standards Act of 1938 [Pub. L. 75-718; 52 Stat. 1060; 29 U.S.C. 201 et seq.] and any rules and interpretations of the United States department of labor under that Act.

**SECTION 17. AMENDMENT.** Section 34-14-01 of the North Dakota Century Code is amended and reenacted as follows:

**34-14-01. ~~Definition~~ Definitions.** ~~Whenever~~ As used in this chapter, ~~"employer"~~ unless the context otherwise requires:

1. "Employee" means an employee as defined under section 34-06-01. This definition applies to every proceeding brought under this chapter after June 30, 2003, regardless of when the claim may have accrued.

2. "Employer" includes every person, ~~firm, partnership, association, corporation, limited liability company,~~ or receiver or other officer of a court of the state, and any agent or officer of any kind of the above-mentioned classes and subject to ~~the provisions hereof~~ this chapter, employing any ~~person~~ individual in this state.

**SECTION 18. AMENDMENT.** Section 54-03-20 of the North Dakota Century Code is amended and reenacted as follows:

**54-03-20. Compensation and expense reimbursement of members of the legislative assembly.** Each member of the legislative assembly of the state of North Dakota is entitled to receive as compensation for services the sum of one hundred twenty-five dollars for each calendar day during any organizational, special, or regular legislative session and for each day that member attends a meeting of a legislative committee between the organizational session and the regular session as authorized by legislative rule. Each member of the legislative assembly is entitled to receive reimbursement for lodging, which may not exceed ~~a maximum of six hundred fifty dollars per~~ fifty percent of the daily per diem lodging rate for the city of Bismarck as established by rule for federal employees by the United States general services administration for up to thirty days in any calendar month ~~for lodging in state, at the rates and in the manner provided in section 44-08-04 for each calendar day~~ during the period of any organizational, special, or regular session, provided that reimbursement



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for lodging during any month of a regular session may not exceed one hundred dollars over the maximum allowed for lodging per month during the last regular session. Members of the legislative assembly who receive reimbursement for lodging are also entitled to reimbursement for travel for not to exceed one round trip taken during any calendar week, or portion of a week, the legislative assembly is in session, between their residences and the place of meeting of the legislative assembly, at the rate provided for state employees with the additional limitation that reimbursement for travel by common carrier may be only at the cost of coach fare and may not exceed one and one-half times the amount the member would be entitled to receive as mileage reimbursement for travel by motor vehicle. A member of the legislative assembly who does not receive reimbursement for lodging and whose place of residence in the legislative district that the member represents is not within the city of Bismarck is entitled to reimbursement at the rate provided for state employees for necessary travel for not to exceed one round trip taken per day between the residence and the place of meeting of the legislative assembly when it is in session and may receive reimbursement for lodging at the place of meeting of the legislative assembly as provided in section 44-08-04 for each calendar day for which round trip travel reimbursement is not claimed, provided that the total reimbursement may not exceed ~~six hundred fifty dollars~~ fifty percent of the daily per diem lodging rate for the city of Bismarck as established by rule for federal employees by the United States general services administration for thirty days per month and reimbursement for lodging during any month of a regular session may not exceed one hundred dollars over the maximum allowed for lodging per month during the last regular session. The amount to which each legislator is entitled must be paid following the organizational session in December and following each month during a regular or special session.

A day, or portion of a day, spent in traveling to or returning from an organizational, special, or regular session or a legislative committee meeting must be included as a calendar day during a legislative session or as a day of a legislative committee meeting for the purposes of this section.

In addition, each member is entitled to receive during the term for which the member was elected, as compensation for the execution of public duties during the biennium, the sum of two hundred fifty dollars a month, which is payable every six months or monthly, at the member's option. If a member dies or resigns from office during the member's term, the member may be paid only the allowances provided for in this section for the period for which the member was actually a member. The majority and minority leaders of the house and senate and the chairman of the legislative council, if the chairman is not a majority or minority leader, are each entitled to receive as compensation, in addition to any other compensation or expense reimbursement provided by law, the sum of two hundred fifty dollars per month during the biennium for their execution of public duties.

Attendance at any organizational, special, or regular session of the legislative assembly by any member is a conclusive presumption of entitlement as set out in this section and compensation and expense allowances must be excluded from gross income for income tax purposes to the extent permitted for federal income tax purposes under section 127 of the Economic Recovery Tax Act of 1981 [Pub. L. 97-34; 95 Stat. 202; 26 U.S.C. 162(l)].

**SECTION 19. AMENDMENT.** Section 54-35-18 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18. (Effective through August 1, ~~2003~~ 2007) Electric industry competition - Need for study.** The legislative council shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state. The legislative assembly finds that the economy of this state depends on the availability of reliable, low cost, electric energy. There is a national trend toward competition in the generation, transmission, and distribution of electric energy and the legislative assembly acknowledges that this competition has both potential benefits and



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adverse impacts on this state's electric suppliers as well as on their shareholders and customers and the citizens of this state. The legislative assembly determines that it is in the best interests of the citizens of this state to study the effects of competition on the generation, transmission, and distribution of electric energy.

**SECTION 20. AMENDMENT.** Section 54-35-18.1 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18.1. (Effective through August 1, ~~2003~~ 2007) Electric industry competition committee - Composition.**

1. The legislative council shall appoint a committee to study electric industry competition.

2. The committee shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state and on the state's electric suppliers.

3. As used in sections 54-35-18 through 54-35-18.2, "electric suppliers" means public utilities regulated under title 49, rural electric cooperatives organized under chapter 10-13, municipal electric utilities organized under chapters 40-33 and 40-33.2, and power marketers.

4. The committee consists of:

   a. ~~Three or four~~ Six members of the house of representatives, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority political party and two of whom must be from the minority political party.

   b. ~~Three or four~~ Six members of the senate, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority political party and two of whom must be from the minority political party.

5. The chairman of the legislative council shall name one of the members as chairman.

**SECTION 21. AMENDMENT.** Section 54-35-18.2 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18.2. (Effective through August 1, ~~2003~~ 2007) Electric industry competition committee - Study areas.** The electric industry competition committee shall study this state's electric industry competition and electric suppliers and shall report to the legislative council in the same manner as do other interim legislative council committees, concerning the following issues:

1. Financial issues, including:

   a. The interests of residential customers, including:

      (1) Fairness of rates, terms, and conditions of service for services chosen.

      (2) Affordability of rates, bills, and services.

      (3) Stability and predictability of rates and bills.

      (4) Reliability and quality of power supply.



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(5) Assurance that rates, terms, and conditions are nondiscriminatory.

(6) Ability of customers to understand potential energy choices.

(7) Importance of a fair dispute resolution process.

(8) Potential for rates to reflect the customer's desired level of energy reliability and availability.

b. The interests of small business customers, large business customers, shareholders, and other stakeholders, including:

(1) Fairness of rates, terms, and conditions of service for the services chosen by customers.

(2) Affordability of rates, bills, and services for customers.

(3) Stability and predictability of customers' rates and bills.

(4) Assurance that rates, terms, and conditions are nondiscriminatory for all customers.

(5) Ability of customers to understand potential energy choices and the implications of these choices.

(6) Importance of a fair dispute resolution process for customers.

(7) Potential for rates to reflect the customer's desired level of energy reliability and availability.

c. Financial integrity of and cost of capital to electric power suppliers.

d. Taxes paid by electric suppliers, including franchise taxes, excise taxes, income taxes, ad valorem taxes, in lieu taxes, and real and personal property taxes.

e. Tax implications to local governments.

f. Quantification and recovery of stranded investments by electric power suppliers, including those resulting from:

(1) Customers who have a legal obligation to bear certain costs, who find a way to avoid those obligations, and who leave without paying costs incurred on the customer's behalf; and

(2) The costs of investments that exceed their value in the competitive market.

g. Pricing of transmission and distribution services.

h. Pricing and rate subsidies for all classes of customers.

i. Unbundling of costs of services.

2. Legal issues, including:

a. State, tribal, and federal jurisdiction.



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b. State statutory and regulatory constraints and oversight of the electric industry.

c. Those related to the federal energy regulatory commission.

d. Commerce clause constraints.

e. Review of existing state laws, rules, and constitutional provisions that affect the generation, transmission, and distribution of electric energy, including the need and appropriateness of regulatory reforms for services that will continue to be provided by a regulated utility.

f. Interstate reciprocity and the regional nature of the industry.

g. Continuing obligations of an electric supplier to serve customers.

h. Use and protection of proprietary information in a competitive market.

3. Social issues, including:

   a. Planning and operation of electric suppliers, including integrated resource planning.

   b. Efficiency and sufficiency of an aggregate supply of energy.

   c. Environmental impacts.

   d. Impact on the development and use of renewable resources.

   e. Appropriate and proper method of recovery of the cost of social, low income, and noneconomic renewable energy programs in order to ensure that costs are fairly and equitably shared among all customers of electric energy.

4. Issues related to system planning, operation, and reliability, including:

   a. Electric system reliability.

   b. Provisions by which customers would be permitted to have a choice of generation providers.

   c. Applicability of regulatory reliability criteria to nonutility market participants.

   d. Form and requirements of contracts for the sale and purchase of electric energy.

   e. Requirements for metering energy usage at the customer's location.

   f. Designation and regulation of ancillary services.

5. Identification and review of potential market structures, including:

   a. Possible market structures for a deregulated generation market and transmission market and whether these structures should be mandated or allowed to form voluntarily.

   b. Formation of market segments in response to customer requirements.

   c. Impact on the investment stability of the electric utility industry.



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d. Impact on multipurpose entities.

e. Potential to improve economic efficiency.

f. Size of the market and the extent to which its size impacts the level of benefits for customers or groups of customers.

g. Ability of participants with control over the electricity generation and transmission system to exercise market power over pricing or the need for controls to prevent the exercise of market power.

h. Controls or bans on corporate relationships between regulated utilities and emerging competitive sectors.

i. Barriers to achieving nondiscriminatory competition among electric suppliers, including review of federal and state tax issues, availability of federal subsidies to certain energy suppliers, application of federal laws that impose regulatory requirements on the electric utility industry, and jurisdiction of the federal energy regulatory commission over competitors.

j. Viability of all customers to participate in and benefit from a competitive electricity market, including:

(1) Risks and responsibilities that customers or classes of customers incur by participating in a competitive market.

(2) Costs of gathering, processing, and managing information on the price and quality of electricity.

(3) Benefits to customers or classes of customers from participation in a competitive electricity market.

6. Whether and to what extent power produced by the Garrison dam should be taxed by the state.

7. The source and cost of power supplied to the state's Indian reservations.

8. Other issues related to the generation, transmission, and distribution of electric energy.

**SECTION 22. AMENDMENT.** Subsection 2 of section 54-44.1-06 of the North Dakota Century Code is amended and reenacted as follows:

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. <u>The statement of unappropriated surplus for the general fund must reflect any projected deficiency appropriations relating to expenditures from the general fund for the present biennium.</u> The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

**SECTION 23. AMENDMENT.** Section 54-44.1-12 of the North Dakota Century Code is amended and reenacted as follows:



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**54-44.1-12. Control over rate of expenditures.** The director of the budget shall exercise continual control over the execution of the budget affecting the departments and agencies of state government, with the exception of the legislative and judicial branches. Execution means the analysis and approval of all commitments for conformity with the program provided in the budget, frequent comparison of actual revenues and budget estimates, and on the basis of these analyses and comparisons control the rate of expenditures through a system of allotments. The allotment must be made by specific fund and all departments and agencies that receive moneys from that fund must be allotted on a uniform percentage basis, except that appropriations to the department of public instruction for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund. Any allotment must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving moneys from the fund. Before an allotment is made which will reduce the amount of funds which can be disbursed pursuant to an appropriation or before an allotment disallowing a specific expenditure is made, the director shall find one or more of the following circumstances to exist:

1. The moneys and estimated revenues in a specific fund from which the appropriation is made are insufficient to meet all legislative appropriations from the fund.

2. The payment or the obligation incurred is not authorized by law.

3. The expenditure or obligation is contrary to legislative intent as recorded in any reliable legislative records, including:

   a. Statements of legislative intent expressed in enacted appropriation measures or other measures enacted by the legislative assembly; and

   b. Statements of purpose of amendment explaining amendments to enacted appropriation measures, as recorded in the journals of the legislative assembly.

4. Circumstances or availability of facts not previously known or foreseen by the legislative assembly which make possible the accomplishment of the purpose of the appropriation at a lesser amount than that appropriated.

**SECTION 24. AMENDMENT.** Section 54-52.1-06 of the North Dakota Century Code is amended and reenacted as follows:

**54-52.1-06. State contribution - State employee contribution.** Each department, board, or agency shall pay to the board each month from its funds appropriated for payroll and salary amounts a state contribution in the amount as determined by the primary carrier of the group contract less employee contributions as required by this section for the full single rate monthly premium for each of its eligible employees enrolled in the uniform group insurance program and the full rate monthly premium, in an amount equal to that contributed under the alternate family contract less employee contributions as required by this section, including major medical coverage, for hospital and medical benefits coverage for spouses and dependent children of its eligible employees enrolled in the uniform group insurance program pursuant to section 54-52.1-07. Except for an elective state officer, judge of the supreme court, and a member of the legislative assembly, an eligible state employee who participates in the uniform group insurance program and for whom that member's employer is paying a premium who is not employed on a full-time basis must be assessed and required to pay a portion of the premium for uniform group insurance coverage under this section. A state department, board, or agency that employs an eligible employee who is employed for less than a full-time basis must pay that portion of the premium that corresponds to the number of hours worked by that employee on a percentage basis



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with the eligible employee assessed the remaining portion of the premium. The assessment must be deducted and retained out of the employee's salary.

For purposes of this section, if an eligible employee is employed by more than one department, board, or agency in a permanent and regularly funded position, the hours worked for all departments, boards, or agencies must be combined for determining the number of hours the eligible employee works per week. The department, board, or agency for which the eligible employee works the most hours per week must make the required employer contribution under this section. The board shall then pay the necessary and proper premium amount for the uniform group insurance program to the proper carrier or carriers on a monthly basis. Any refund, rebate, dividend, experience rating allowance, discount, or other reduction of premium amount must be credited at least annually to a separate fund of the uniform group insurance program to be used by the board to reimburse the administrative expense and benefit fund of the public employees retirement program for the costs of administration of the uniform group insurance program. In the event an enrolled eligible employee is not entitled to receive salary, wages, or other compensation for a particular calendar month, that employee may make direct payment of the required premium to the board to continue the employee's coverage, and the employing department, board, or agency shall provide for the giving of a timely notice to the employee of that person's right to make such payment at the time the right arises.

**SECTION 25.** A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

**Required use of electronic mail, file and print server administration, data base administration, and application server and hosting services.** Each state agency and institution, excluding the legislative and judicial branches, the institutions under the control of the board of higher education, the public employees retirement system, the retirement and investment office and the attorney general, that desires electronic mail, file and print server administration, data base administration, storage, and application server and hosting services shall obtain those services from the department. The chief information officer may exempt from the application of this section any agency that demonstrates its current services are more appropriate for the specific needs of that agency than the services available from the department.

**SECTION 26. TRANSFER OF STATE AGENCY INFORMATION TECHNOLOGY EMPLOYEE POSITIONS - CONSOLIDATION OF INFORMATION TECHNOLOGY FUNCTIONS.** On November 1, 2003, the following number of authorized full-time equivalent employee positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, and application server and hosting services must be reduced and transferred from the named agencies to the information technology department, except as otherwise provided under this section or unless exempted by the chief information officer pursuant to section 25 of this Act:

| AGENCY | FULL-TIME EQUIVALENT EMPLOYEE POSITIONS |
|---|---|
| Office of management and budget | 1 |
| Tax department | 2 |
| Department of public instruction | 1 |
| State department of health | 1 |
| Department of human services | 5 |
| Job service North Dakota | 3 |
| Industrial commission | 1 |
| Bank of North Dakota | 1 |
| Housing finance agency | 1 |
| Workers compensation bureau | 2 |
| Highway patrol | 1 |



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| | |
|---|---|
| Department of corrections and rehabilitation | 2 |
| Game and fish department | 1 |
| State water commission | 1 |
| Department of transportation | 2 |

After consultation with the information technology department, each affected agency shall identify the specific positions for reduction and transfer. An agency may retain any of the identified positions providing that funding for the position is available from internal savings of the agency. The agency shall conduct any reduction-in-force analysis that may be required. Each agency shall limit its consideration to information technology related positions and shall identify for reduction and transfer those positions most closely associated with services assumed centrally by the information technology department.

The agencies shall retain funding relating to the employee positions identified in this section and related costs, which is contained in the agencies' respective appropriations bill. Each of the agencies shall establish an information technology services line item consisting of funding related to the salaries and wages for the identified employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs totaling at least $13,000 per employee for electronic mail, file and print server administration, data base administration, storage, and application server and hosting services. Agencies shall develop documentation supporting the related funding transferred to the information technology services line item. Any line item transfer must be reported to the office of management and budget. Each of the agencies must use the funding contained in the information technology services line item to purchase information technology services from the information technology department. Each of the agencies shall make arrangements with the information technology department for the transfer of equipment and material related to the transferred employee positions and services from the respective agency to the department. The information technology department is authorized to receive any funding relating to the purchase of information technology services under this section, which is hereby appropriated. Each agency is entitled to receive from the information technology department the equivalent in services that would have been performed by employees in the transferred positions at a cost not exceeding the amounts transferred to the agency's information technology services line item.

The information technology department shall determine the number of full-time equivalent positions necessary to provide the related information technology functions to state agencies. The department is authorized to employ the number of necessary employees and require all persons interested in filling the employee positions to apply with the department. In filling the employee positions, the department shall give preference to current state employees working in information technology. The department may make arrangements with the agency from which an employee was transferred to transfer any leave accrued by that employee.

In furtherance of the consolidation of information technology functions under this section, the supreme court and the attorney general shall continue to collaborate with the information technology department to implement the criminal justice information sharing program.

**SECTION 27. INFORMATION TECHNOLOGY FUNCTION CONSOLIDATION - ACCUMULATED SAVINGS - TRANSFER TO THE GENERAL FUND.** The information technology department shall achieve efficiencies during the biennium beginning July 1, 2003, and ending June 30, 2005, relating to the required consolidation of information technology functions, including electronic mail, file and print server administration, data base administration, storage, and application server and hosting services. The information technology department through efficiencies resulting from this consolidation shall achieve accumulated net savings totaling $1,400,000 for the 2003-05 biennium. The director of the office of management and budget shall



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transfer the savings accumulated as a result of these efficiencies in the amount of $1,400,000 to the general fund by June 30, 2005.

**SECTION 28. INFORMATION TECHNOLOGY SERVICE - REPORTS TO THE INFORMATION TECHNOLOGY COMMITTEE AND THE BUDGET SECTION.** The information technology department shall document information relating to the delivery of the consolidated services to agencies, including service dependability, agency complaints, and information technology department responsiveness, and shall report that information and the status of the accumulated savings to the information technology committee and the budget section as requested. Any agency receiving consolidated services may provide information to the information technology committee with respect to service availability, service dependability, complaints of the agency or of persons receiving services from the agency or the department, department responsiveness, and any additional costs incurred by the agency as a result of the consolidated services."

Page 4, line 8, overstrike "sixty-two" and insert immediately thereafter "sixty-six" and after "million" insert "six hundred forty-one thousand"

Page 4, line 10, overstrike "At the end of the 1995-97 biennium all revenue deposited in the"

Page 4, overstrike lines 11 through 13

Page 4, line 14, overstrike "permanent oil tax trust fund."

Page 4, line 19, overstrike "sixty-two" and insert immediately thereafter "sixty-six" and after "million" insert "six hundred forty-one thousand"

Page 4, remove lines 29 and 30

Page 5, replace lines 15 through 17 with:

"**SECTION 32. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $30,000, or so much of the sum as may be necessary, to the legislative council for the biennium beginning July 1, 2003, and ending June 30, 2005, for the purpose of upgrading sound systems in the house and senate chambers.

**SECTION 33. EXAMINATION OF MINERAL SEVERANCE TAX APPLICATION TO FEDERAL LANDS - REPORT TO LEGISLATIVE COUNCIL.** During the 2003-04 interim, the tax commissioner shall cause an examination to be made of all mineral production from lands under the ownership or control of federal or quasi-federal entities, including farm credit services or its predecessor federal land bank, to ensure that taxes imposed by chapters 57-51, 57-51.1, and 57-61 are being imposed, collected, and reported as required by law. The tax commissioner also shall ascertain whether mineral severance taxes are being imposed on these properties to the fullest extent allowed under section 5 of article X of the Constitution of North Dakota and recommend any legislation necessary to accomplish that objective. Before September 1, 2004, the tax commissioner shall report the findings and recommendations under this section, together with any legislation necessary to implement the recommendations, to the legislative council.

**SECTION 34. 2005-07 EXECUTIVE BUDGET - STUDENT LOAN TRUST FUND.** Any proposal to transfer or spend moneys from the student loan trust fund included as part of the 2005-07 biennium executive budget must be included in a separate bill introduced for consideration by the fifty-ninth legislative assembly.



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**SECTION 35. STATE AGENCY CONTINUING APPROPRIATIONS - REPORTS TO FIFTY-NINTH LEGISLATIVE ASSEMBLY.** The head of each executive branch agency or institution shall report during the budget presentation to the appropriations committees of the fifty-ninth legislative assembly on statutory provisions authorizing the agency or institution to spend funds pursuant to a continuing appropriation. The report must include justification for continuing the authority, and expenditures made pursuant to the continuing appropriation and related revenues and fund balances for the 1999-2001 biennium, the 2001-03 biennium, the 2003-05 biennium to date, and projections for the 2005-07 biennium.

**SECTION 36. CERTAIN APPROPRIATION BILLS - EXECUTIVE BUDGET RECOMMENDATION.** Notwithstanding North Dakota Century Code section 54-44.1-06, the legislative council shall submit for introduction to the fifty-ninth legislative assembly the 2005-07 appropriation bills for the department of public instruction, department of corrections and rehabilitation, state treasurer, and secretary of state based on the same funding amounts, line items, and employee levels authorized by the fifty-eighth legislative assembly for the 2003-05 biennium. Any budget changes recommended by the office of the budget for these departments for the 2005-07 biennium must be presented to the appropriations committees of the fifty-ninth legislative assembly as a recommendation for amendment to the bill as introduced.

**SECTION 37. STATE EMPLOYEE REDUCTIONS - BUDGET SECTION REPORT.** The number of full-time equivalent state employees must be reduced by employee retirements, employee turnover, and vacant employee positions during the biennium beginning July 1, 2003, and ending June 30, 2005, as follows:

| | |
|---|---|
| Executive branch agencies and the office of the governor, excluding other offices of state elected officials and higher education | 155 |
| State elected officials, excluding the governor | 13 |
| Judicial branch | 8 |

One-half of this total reduction must be accomplished by December 31, 2003. The additional reductions must be accomplished by December 31, 2004. Agencies shall report employee positions eliminated and related salary and wages and fringe benefit savings for the remainder of the 2003-05 biennium to the office of management and budget. The office of management and budget shall reduce each respective agency's appropriation authority by the amount of reported agency budgetary savings. The office of management and budget shall provide periodic reports on the employee positions eliminated by agencies and reported agency budgetary savings to the budget section of the legislative council.

**SECTION 38. STATE EMPLOYEE REDUCTIONS - STATE EMPLOYEE COMPENSATION POOLS.** The office of management and budget shall establish a state employee compensation pool for executive branch agencies other than elected officials as provided in section 37 of this Act from agency savings resulting from employee reductions, a state employee compensation pool for state elected officials from those agency savings resulting from employee reductions, and a state employee compensation pool for the judicial branch from agency savings resulting from employee reductions.

**SECTION 39. STATE EMPLOYEE COMPENSATION POOL ALLOCATIONS - APPROPRIATION - REPORT TO THE BUDGET SECTION.** By January 1, 2004, the office of management and budget shall allocate any available funds to entities in the executive branch agency state employee compensation pool and the state elected official employee compensation pool established in section 38 of this Act for providing state employee compensation adjustments effective January 1, 2004, to be paid in February 2004. The funds must be allocated on a pro rata basis for remaining employee positions. The office of management and budget shall increase agencies' appropriation authority by the amount of funding allocated and the funds are



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appropriated to the agencies for the purpose of providing state employee compensation adjustments for the period January 1, 2004, through June 30, 2005. The funds in the judicial branch state employee compensation pool established in section 38 of this Act are appropriated to the judicial branch for providing state employee compensation adjustments for the period January 1, 2004, through June 30, 2005. It is the intent of the fifty-eighth legislative assembly that the compensation adjustments effective January 1, 2004, to be paid in February 2004, may not exceed increases of one percent. The office of management and budget and the judicial branch shall provide a report on the state employee compensation pool allocations to the budget section of the legislative council.

**SECTION 40. STATE EMPLOYEE COMPENSATION POOL ALLOCATIONS - APPROPRIATION - REPORT TO THE BUDGET SECTION.** By January 1, 2005, the office of management and budget shall allocate any available funds resulting from savings related to the employee reductions to be accomplished by December 31, 2004, to entities in the executive branch agency state employee compensation pool and the state elected official state employee compensation pool established in section 38 of this Act for providing state employee compensation adjustments effective January 1, 2005, to be paid in February 2005. The funds must be allocated on a pro rata basis for remaining employee positions. The office of management and budget shall increase agencies' appropriation authority by the amount of funding allocated and the funds are appropriated to the agencies for the purpose of providing state employee compensation adjustments for the period January 1, 2005, through June 30, 2005. The funds in the judicial branch state employee compensation pool established in section 38 of this Act are appropriated to the judicial branch for providing state employee compensation adjustments for the period January 1, 2005, through June 30, 2005. It is the intent of the fifty-eighth legislative assembly that the compensation adjustments effective January 1, 2005, to be paid February 1, 2005, may not exceed increases of two percent. The office of management and budget and the judicial branch shall provide a report on the state employee compensation pool allocations to the budget section of the legislative council.

**SECTION 41. ADDITIONAL LODGING REIMBURSEMENT FOR APRIL 2003 - LEGISLATIVE ASSEMBLY.** Notwithstanding the $650 per calendar month lodging maximum provided in section 54-03-20 for members of the legislative assembly during a legislative session, a member of the fifty-eighth legislative assembly is entitled to lodging reimbursement as provided in section 44-08-04 for state officers and employees for each calendar day the fifty-eighth legislative assembly is in session during the month of April 2003.

**SECTION 42. LEGISLATIVE COUNCIL STUDY - PUBLIC EMPLOYEE HEALTH INSURANCE BENEFITS.** The legislative council shall consider studying, during the 2003-05 interim, public employee health insurance benefits, including options for providing health insurance for state employees, the availability of other health insurance plans, single versus family coverage, employee contributions, and utilization of premium rates for budgeting purposes. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly.

**SECTION 43. NO CHILD LEFT BEHIND COMMITTEE - MEMBERS.** In appointing the committee required by Senate Bill No. 2418, as approved by the fifty-eighth legislative assembly, the legislative council shall ensure that two of the members represent the minority party in the house of representatives and two of the members represent the minority party in the senate.

**SECTION 44. SPECIFIED EXEMPT COMMODITIES AND SERVICES - REPORT TO THE BUDGET SECTION.** The director of the office of management and budget shall report to the budget section in December of even-numbered years on specified commodities and services exempted by written directive of the director from the procurement requirements of chapter 54-44.4.



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**SECTION 45. LEGISLATIVE INTENT - PRAIRIE PUBLIC BROADCASTING.** It is the intent of the fifty-eighth legislative assembly that prairie public broadcasting funding be included in the executive budget as a separate line item in the office of management and budget's budget request for the 2005-07 biennium.

**SECTION 46.** Section 18 of House Bill No. 1414, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

**SECTION 18. EMERGENCY.** This Act is declared to be an emergency measure.

**SECTION 47.** Section 9 of House Bill No. 1047, as approved by the fifty-eighth legislative assembly is created and enacted to read as follows:

**SECTION 9. EMERGENCY.** Subdivision f of subsection 1 of section 39-09-02 as amended by section 6 of this Act is declared to be an emergency measure.

**SECTION 48.** Section 16 of House Bill No. 1015, as approved by the fifty-eighth legislative assembly is created and enacted as follows:

**SECTION 16. EMERGENCY.** Subdivision 3 of section 1 and sections 12 and 13 are declared to be an emergency measure.

**SECTION 49.** Section 2 of Senate Bill No. 2176, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

**SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure.

**SECTION 50. TAX COMMISSIONER - TAX AMNESTY PROGRAM.** The state tax commissioner shall conduct a one-time tax amnesty program for all state tax types beginning before December 31, 2003.

**SECTION 51. EMERGENCY.** Sections 41, 43, 46, 47, 48, 49, and 50 of this Act are declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2015 - Summary of House Action**

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Office of Management and Budget | | | | | | |
| Total all funds | $27,626,739 | $27,778,694 | ($269,707) | $27,508,987 | $27,873,847 | ($364,860) |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 | 7,888,476 | |
| General fund | $19,907,975 | $19,886,946 | ($266,435) | $19,620,511 | $19,985,371 | ($364,860) |
| Legislative Council - System upgrade and study | | | | | | |
| Total all funds | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| Less estimated income | | | | | | |
| General fund | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| All agencies - Contingent salary increases | | | | | | |
| Total all funds | $0 | $0 | $0 | $0 | $8,460,097 | ($8,460,097) |
| Less estimated income | | | | | 4,125,075 | (4,125,075) |
| General fund | $0 | $0 | $0 | $0 | $4,335,022 | ($4,335,022) |
| Bill Total | | | | | | |
| Total all funds | $27,626,739 | $27,778,694 | ($239,707) | $27,538,987 | $36,713,944 | ($9,174,957) |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 | 12,013,551 | (4,125,075) |
| General fund | $19,907,975 | $19,886,946 | ($236,435) | $19,650,511 | $24,700,393 | ($5,049,882) |



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## Senate Bill No. 2015 - Office of Management and Budget - Conference Committee Action

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Salaries and wages | $15,549,754 | $15,404,949 | ($16,718) | $15,388,231 | $15,388,231 | |
| Operating expenses | 11,364,985 | 11,461,745 | (252,989) | 11,208,756 | 10,573,616 | $635,140 |
| Capital assets | 733,000 | 733,000 | | 733,000 | 733,000 | |
| Grants | 179,000 | 179,000 | | 179,000 | 179,000 | |
| Technology critical needs pool | | | | | 1,000,000 | (1,000,000) |
| Total all funds | $27,826,739 | $27,778,694 | ($269,707) | $27,508,987 | $27,873,847 | ($364,860) |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 | 7,888,476 | |
| General fund | $19,907,975 | $19,886,946 | ($266,435) | $19,620,511 | $19,985,371 | ($364,860) |
| FTE | 162.00 | 162.00 | 0.00 | 162.00 | 162.00 | 0.00 |

## Dept. 110 - Office of Management and Budget - Detail of Conference Committee Changes

| | REMOVES FUNDING FOR WASHINGTON LOBBYIST [1] | REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE [2] | REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS [3] | TOTAL CONFERENCE COMMITTEE CHANGES |
|---|---|---|---|---|
| Salaries and wages | | ($16,718) | | ($16,718) |
| Operating expenses | ($120,000) | | ($132,989) | (252,989) |
| Capital assets | | | | |
| Grants | | | | |
| Technology critical needs pool | | | | |
| Total all funds | ($120,000) | ($16,718) | ($132,989) | ($269,707) |
| Less estimated income | | (3,272) | | (3,272) |
| General fund | ($120,000) | ($13,446) | ($132,989) | ($266,435) |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 |

1 This amendment removes $120,000 from the general fund for funding a lobbyist in Washington, D.C.

2 This amendment reduces funding for state employee health insurance premiums from $493 to $488.70 per month.

3 This amendment reduces funding for information technology by $132,989 from the general fund, which represents a reduction in information technology funding from the general fund of approximately 5 percent, adjusted for salaries included in the information technology plan.

The House amendment reduces the 2003-05 biennium transfer from the lands and minerals trust fund to the general fund from $3 million to $2 million and limits the transfer from the permanent oil tax trust fund to the general fund to $14.3 million. The Conference Committee agreed to this amendment.

The House provided a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers. The Conference Committee agreed to this amendment.

The House changed the membership and continued the Electric Industry Competition Committee through August 1, 2007. The Conference Committee agreed to this amendment.

The House amended North Dakota Century Code (NDCC) Section 54-44.1-06 to provide for the budget data presented by the director of the budget to include in the general fund budget status any deficiency appropriation relating to general fund expenditures for the current biennium. The Conference Committee agreed to this amendment.

The House removed the section in the bill providing for a contingent transfer of up to $25 million of earnings and accumulated and undivided profits of the Bank of North Dakota to the general fund if general fund revenue collections will not meet revenues as forecasted in the March 2003 legislative forecast for the 2003-05 biennium. The Conference Committee agreed to this amendment.

The House amended NDCC Section 57-51.1-07.2 to provide that at the end of any biennium oil and gas production and extraction tax collections during any biennium in excess of $66,641,000, rather than $62 million, be transferred from the general fund to the permanent oil



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tax trust fund. This amendment would be effective starting with the 2003-05 biennium. The Conference Committee agreed to this amendment.

The House amended NDCC Section 54-44.1-12 to provide that any allotment ordered by the Governor must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving moneys from the fund. The Conference Committee agreed to this amendment.

The House added a section providing for the Tax Commissioner to examine all mineral production from lands under the ownership or control of federal or quasi-federal entities to assure mineral severance taxes are being imposed, collected, and reported as required by law. The Tax Commissioner is to report the findings and recommendations from the examination to a committee designated by the Legislative Council. The Conference Committee agreed to this amendment.

The House added a section requiring the Governor to submit any proposal to spend or transfer moneys from the student loan trust fund included as part of the 2005-07 biennium budget in a separate bill. The Conference Committee agreed to this amendment.

The House added a section requiring executive branch agencies to report to the Appropriations Committees during the 2005 legislative session regarding expenditures made pursuant to continuing appropriations and justification for needing the continuing appropriation authority. The Conference Committee agreed to this amendment.

The House provided that the 2005-07 budgets for four agencies--the Department of Public Instruction, Department of Corrections and Rehabilitation, State Treasurer, and Secretary of State--be prepared based on the 2003-05 biennium budget as approved by the Legislative Assembly. The Conference Committee agreed to this amendment.

The House added sections providing for a reduction of 176.6 FTE positions during the 2003-05 biennium and providing for contingent state employee salary increases of 1 percent in January 2004 and 2 percent in January 2005. The Conference Committee provided for the establishment of employee compensation pools resulting from savings from employee reductions, and funding of state employee salary increases from the pool contingent on a reduction of 176 FTE positions.

The House added a section for a Legislative Council study of public employee health insurance benefits. The Conference Committee agreed to this amendment.

The House added a section for a report to the Budget Section on specified exempt commodities and services relating to procurement requirements in NDCC Chapter 54-44.4. The Conference Committee agreed to this amendment.

The House added sections providing for the establishment of an information technology advisory committee, to provide for an information technology consolidation study, to provide for consolidation of information technology positions and functions, and to recognize general fund revenue related to accumulated information technology savings of $4 million from the Information Technology Department and $2 million from the North Dakota University System to be transferred to the general fund. The Conference Committee version provides for a transfer of $1.4 million from the Information Technology Department to the general fund from realized efficiencies from consolidation, provides for reports to the Budget Section on consolidation, and defines services to be provided by the Information Technology Department.

The Conference Committee added a section providing an emergency clause for House Bill No. 1414, relating to infectious disease outbreaks and the ability for the State Department of Health to provide for quarantines.

The Conference Committee added a section providing for contracts for the preparation and provision of meals by institutions of higher education.



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The Conference Committee added sections amending subsection 2 of Section 34-06-01 and Section 34-14-01, providing for the definition of employee for purposes of minimum wages and hours.

The Conference Committee added a section of intent that the 2005-07 executive budget provide for the funding for Prairie Public Broadcasting as a separate line item in the Office of Management and Budget's budget request.

The Conference Committee added a section providing an emergency clause for House Bill No. 1047, relating to the speed limit on paved two-lane county and township highways.

The Conference Committee added a section relating to the legislative membership in the No Child Left Behind Committee.

The Conference Committee added a section providing for additional lodging reimbursement for members of the Legislative Assembly who incur expenses greater than $650 during the month of April 2003.

The Conference Committee added a section requiring part-time state employees to pay a portion of the premium for uniform group insurance coverage based on the percentage basis of actual hours worked in comparison to full-time hours.

The Conference Committee added a section providing for an emergency clause for Subdivision 3 of Section 1 and Sections 12 and 13 of House Bill No. 1015, relating to the partnership in assisting community expansion fund, the agriculture partnership in assisting community expansion fund, and the beginning farmer loan fund.

The Conference Committee added language to the section on the consolidation of information technology positions, providing for each affected state agency to identify the information technology positions to be transferred, after consultation with the Information Technology Department, based on the services to be assumed centrally by the Information Technology Department. In addition, as part of the functional consolidation effort, the Supreme Court and the Attorney General's office will continue to collaborate with the Information Technology Department to implement the criminal justice information sharing program.

The Conference Committee added a section providing for an emergency clause for Senate Bill No. 2176, relating to participation by retired political subdivision employees in the uniform group insurance program.

The Conference Committee provided for the Tax Commissioner to conduct a one-time tax amnesty program beginning before December 31, 2003.

The Conference Committee added a section relating to forwarding payments from the state tuition fund made on behalf of the student to the student's chosen school district.

The Conference Committee added a section relating to legislative membership on the Medical Center Advisory Council.

The Conference Committee added a section relating to legislative membership on the Comprehensive Health Association of North Dakota Board of Directors.

The Conference Committee added a section relating to the lodging reimbursement rate for members of the Legislative Assembly.



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## Senate Bill No. 2015 - Legislative Council - Conference Committee Action

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Operating expenses | _____ | _____ | $30,000 | $30,000 | $380,000 | ($350,000) |
| Total all funds | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| Less estimated income | _____ | _____ | _____ | _____ | _____ | _____ |
| General fund | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

## Dept. 160 - Legislative Council - Detail of Conference Committee Changes

| | PROVIDES FUNDING FOR UPGRADING SOUND SYSTEMS [1] | TOTAL CONFERENCE COMMITTEE CHANGES |
|---|---|---|
| Salaries and wages | | |
| Operating expenses | $30,000 | $30,000 |
| Total all funds | $30,000 | $30,000 |
| Less estimated income | _____ | _____ |
| General fund | $30,000 | $30,000 |
| FTE | 0.00 | 0.00 |

1 This amendment adds a section to the bill providing a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers.



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Operator's Signature Date

Date 4-24-03
Roll Call Vote #: 1

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO. SB 2015**

Senate **APPROPRIATIONS** Committee

[X] Check here for Conference Committee

Legislative Council Amendment Number .0288

Action Taken Sect 13 of amendment

Motion Made By Berg Seconded By

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Senator Holmberg | ✓ | | Representative Svedjan | ✓ | |
| Senator Stenehjem | ✓ | | Representative Berg | ✓ | |
| Senator O'Connell | | ✓ | Representative Boucher | | ✓ |
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Total (Yes) 4 No 2

Absent Adopt Sect 13 passed

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

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Operator's Signature Date

Date: 4-24-03
Roll call vote # 2

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.** 2015

Senate APPROPRIATIONS Committee

☑ Check here for Conference Committee

Legislative Council Amendment Number .0288

Action Taken ~~[illegible]~~ Sect 15 - failed

Motion Made By _____ Seconded By _____

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Holmberg | | | Berg | | |
| Stenehjem | | | Svedjan | | |
| O' Connell | | | Boucher | | |
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Total (Yes) _____ No _____

Absent voice vote failed - take out

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

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Operator's Signature Date

Date: 4-24-03
Roll call vote # 3

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.** 2015

Senate APPROPRIATIONS Committee

☑ Check here for Conference Committee

Legislative Council Amendment Number .0288

Action Taken remove Take out Sec 19-20-21

Motion Made By Boucher Seconded By O Connell

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Holmberg | | ✓ | Berg | | ✓ |
| Stenehjem | | ✓ | Svedjan | | ✓ |
| O Connell | ✓ | | Boucher | ✓ | |
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| [redacted] | | | | | |
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Total (Yes) 2 No 4

Absent 19-20-21 Amend stays in bill

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

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LaCosta Rickford 10/15/03
Operator's Signature Date

Date:
Roll call vote # 4

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☑ Check here for Conference Committee

Legislative Council Amendment Number .0288

Action Taken to put in Sect 22

Motion Made By _____ Seconded By _____

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Holmberg | ✓ | | Berg | ✓ | |
| Sterkjen | ✓ | | | ✓ | |
| O'Connell | | ✓ | | | ✓ |
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Total (Yes) 4 No 2

Absent passed

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

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Date: 4-24-03
Roll call vote # 5

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☑ Check here for Conference Committee

Legislative Council Amendment Number .0288

Action Taken Stay in Sec 23

Motion Made By _____ Seconded By _____

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| H | ✓ | | ~~Berg~~ | ✓ | |
| S | ✓ | | Svedjan | ✓ | |
| O'Connell | | ✓ | Boucher | | ✓ |
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Total (Yes) 4 No 2

Absent pass

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

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Operator's Signature Date

Date: 4-24-03
Roll call vote # 6

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☑ Check here for Conference Committee

Legislative Council Amendment Number 0288

Action Taken to keep Sec 24

Motion Made By Berg Seconded By Svedjan

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Holmberg | | ✓ | Berg | ✓ | |
| Stenehjem | | ✓ | Svedjan | ✓ | |
| O'Connell | ✓ | | Boucher | ✓ | |

Total (Yes) 4 No 2

Absent failed Sec. 24 out

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-24-03
Roll call vote # 7

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☑ Check here for Conference Committee

Legislative Council Amendment Number .0288

Action Taken Hay in 37-38-39-40

Motion Made By Berg Seconded By Svedjan

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Holmberg | ✓ | | Berg | ✓ | |
| Stenehjem | ✓ | | Svedjan | ✓ | |
| O Connell | | ✓ | Boucher | | ✓ |
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Total (Yes) 4 No 2

Absent passed

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

tape 1 side B

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Rickford 10/15/03
Operator's Signature Date

Date 4-24-03
Roll call vote # 8

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number 25-26-27

Action Taken stay in Sec 28.

Motion Made By Berg Seconded By Holmberg

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | ✓ | | BERG | ✓ | |
| STENEHJEM | ✓ | | SVEDJAN | ✓ | |
| O'CONNELL | | ✓ | BOUCHER | | ✓ |

Total (Yes) 4 No 2

Absent amendment pass

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0292
Title.

Prepared by the Legislative Council staff for
Senator O'Connell
April 24, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 8, after the semicolon insert "to provide an appropriation for project safe send;"

Page 5, after line 14, insert:

"**SECTION 16. APPROPRIATION.** There is appropriated out of any moneys in the environment and rangeland protection fund, not otherwise appropriated, the sum of $309,000, or so much of the sum as may be necessary, to the department of agriculture for the purpose of project safe send, for the biennium beginning July 1, 2003, and ending June 30, 2005."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment provides an appropriation to the Department of Agriculture from the environment and rangeland protection fund for Project Safe Send.



The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Rickford
Operator's Signature

10/15/03
Date

Date: 4-24-03
Roll call vote # 9

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.** 2015

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number .0292

Action Taken Amendment add to project safe send

Motion Made By O'Connell Seconded By Boucher

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | ✓ | | BERG | | ✓ |
| | | | | | |
| STENEHJEM | ✓ | | SVEDJAN | | ✓ |
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| O'CONNELL | ✓ | | BOUCHER | ✓ | |
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Total (Yes) 4 No 2

Absent

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0296
Title.

Prepared by the Legislative Council staff for
Senator O'Connell
April 24, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 8, after the semicolon insert "to provide an appropriation for ag in the classroom;"

Page 5, after line 14, insert:

"**SECTION 16. APPROPRIATION.** There is appropriated out of any moneys in the general fund, not otherwise appropriated, the sum of $45,000, or so much of the sum as may be necessary, to the department of agriculture for the purpose of ag in the classroom, for the biennium beginning July 1, 2003, and ending June 30, 2005."

Renumber accordingly



The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-24-03
Roll call vote # 10

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number voice vote passed

Action Taken 296

Motion Made By Berg Seconded By Stenehjem

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | | | BERG | | |
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| STENEHJEM | | | SVEDJAN | | |
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| O'CONNELL | | | BOUCHER | | |
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Total (Yes) No

Absent passed voice vote

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0293
Title.

Prepared by the Legislative Council staff for
Representative Boucher
April 24, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 4, after the semicolon insert "to create and enact a new subsection to section 53-06.2-04 of the North Dakota Century Code, relating to the duties of the racing commission;"

Page 4, after line 2, insert:

"**SECTION 13.** A new subsection to section 53-06.2-04 of the North Dakota Century Code is created and enacted as follows:

Reinstate race dates and funding at the 2002 levels and issue a license under the certificate system to any racetrack in the state which was operational after December 31, 2000."

Page 5, line 15, replace "13" with "14"

Renumber accordingly



The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-24-03
Roll call vote # 11

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.** 2015

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number .0293

Action Taken to put in bill .0293

Motion Made By Boucher Seconded By O'Connell

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | | ✓ | BERG | | ✓ |
| STENEHJEM | ✓ | | SVEDJAN | ✓ | |
| O'CONNELL | ✓ | | BOUCHER | ✓ | |

Total (Yes) 4 No 2

Absent

Floor Assignment passed

If the vote is on an amendment, briefly indicate intent:

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-24-03
Roll call vote # 12

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.** 2015

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken remove Sec 14 from Bill .0200

Motion Made By Seconded By

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | | | BERG | | |
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| STENEHJEM | | | SVEDJAN | | |
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| O'CONNELL | | | BOUCHER | | |
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Total (Yes) No

Absent Voice vote to remove

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-24-03
Roll call vote # 13

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken add into WA lobbist

Motion Made By Berg Seconded By Svedjan

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | ✓ | | BERG | ✓ | |
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| STENEHJEM | ✓ | | SVEDJAN | ✓ | |
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| O'CONNELL | | ✓ | BOUCHER | | ✓ |
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Total (Yes) 4 No 2

Absent passed

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

see copy of memo from
Craig Patten

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-24-03
Roll call vote # 14

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number page 4 .288

Action Taken pg 13 (page 19) 66,4 + 68m LOC #68.6 mill

Motion Made By Berg Seconded By Svedjan

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | ✓ | | BERG | ✓ | |
| STENEHJEM | ✓ | | SVEDJAN | ✓ | |
| O'CONNELL | | ✓ | BOUCHER | ✓ | |

Total (Yes) 5 No 1

Absent passed

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

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LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-24-03
Roll call vote # 15

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.** 2015

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee refer to Bill 200

Legislative Council Amendment Number ~~(remotate sect 10 in bill~~

Action Taken Change pag 3, line 9 25 million → 9 million

Motion Made By Berg Seconded By Svedjan

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | ✓ | | BERG | ✓ | |
| STENEHJEM | ✓ | | SVEDJAN | ✓ | |
| O'CONNELL | | ✓ | BOUCHER | | ✓ |

Total (Yes) 4 No 2

Absent passed

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

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LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0282
Title.

Prepared by the Legislative Council staff for
Senator J. Lee
April 23, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 6, after the semicolon insert "to amend and reenact the new section to chapter 55-02 of the North Dakota Century Code as created by section 2 of Senate Bill No. 2249, as approved by the fifty-eighth legislative assembly, relating to the powers of the state historical board;"

Page 5, after line 14, insert:

"**SECTION 16. AMENDMENT.** The new section to chapter 55-02 of the North Dakota Century Code as created by section 2 of Senate Bill No. 2249, as approved by the fifty-eighth legislative assembly, is amended and reenacted as follows:

**Protection of public health and safety on sites having a public function.** Notwithstanding any other provision of law, if the state or a political subdivision has a property interest in real property and that property has an existing public function in addition to any historical site registration or historical significance determination, the governing body of the agency or political subdivision owning the property interest may, subject to the following provisions, improve, alter, modify, or destroy that property if the agency or governing body determines that action is necessary to protect public health or safety, to provide access for disabled persons, or to ensure structural integrity. If an action is to be taken by an agency or governing body under this section, notice of intent to take the action must be given to the director at the onset of the planning process. At the director's request, the agency or governing body shall inform the director of each meeting at which planning or decisions on a project are on the agenda. At each meeting, the agency or governing body shall provide the director with an opportunity to comment or provide preservation funding for the proposed project and the agency or governing body shall consider the director's comments or offers of funding in the development and implementation of the project. If the agency or governing body and the director do not agree on the action to be taken, the differences must be submitted to a mediator selected by the governor to facilitate a consensus between the parties. The cost of the mediator must be shared equally by the parties. The mediator shall issue a report within sixty days of appointment by the governor. The report of the mediator must be sent to the director and must be published once in the official newspaper of the ~~state and~~ political subdivision. Although the agency or governing body may take the action it deems necessary, the agency or governing body shall make all reasonable effort to preserve the historical characteristics of a site taking into consideration economic and technical feasibility. The ~~decision of the~~ agency or governing body must ~~be published~~ notify the director of its decision and must publish it once in the official newspaper of the ~~state and~~ political subdivision. After mediation, if any, if the governing body of a political subdivision determines to proceed with actions that will result in completely demolishing, removing, or significantly degrading the historical characteristics of a building or real property, a resident of the political subdivision where the building or real property is located may submit a written notice to the county auditor of intention to petition for a public vote. The notice must be filed with the county auditor within fourteen days of the publication of the decision of the governing body. A petition for a public vote must contain the names of at least ten percent of the qualified electors from that governing body's jurisdiction who voted in the last general election and must



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LaCosta Rickford 10/15/03
Operator's Signature Date

be filed with the county auditor within one hundred twenty days of the governing body's publication of notice of its final action. If a petition is filed, the matter must be submitted for a vote of the qualified electors at the next special, primary, or general election held in that jurisdiction. All actions to remove, demolish, or significantly degrade the historical characteristics of a building or real property are stayed for fourteen days after the governing body's publication of notice of its final action, and if notice of intention to seek a public vote is filed, actions are stayed until either the petition fails or the public vote is held. If the political subdivision is a home rule jurisdiction with its own referendum procedures, however, the home rule referendum procedures apply to the action of the governing body."

Renumber accordingly



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LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-24-03
Roll call vote #

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number .0282

Action Taken Voice vote

Motion Made By _____ Seconded By _____

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | | | BERG | | |
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| STENEHJEM | | | SVEDJAN | | |
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Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-25-03
Roll call vote # 1

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee voice vote

Legislative Council Amendment Number ,0299

Action Taken Sec 16 as

Motion Made By Berg Seconded By Svedjan

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | | | BERG | | |
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| STENEHJEM | | | SVEDJAN | | |
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| O'CONNELL | | | BOUCHER | | |
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Total (Yes) No

Absent passed

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

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LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-25-03
Roll call vote # 2

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number voice vote

Action Taken SC 44

Motion Made By Berg Seconded By Svedjan

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | | | BERG | | |
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| STENEHJEM | | | SVEDJAN | | |
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Total (Yes) _____ No _____

Absent pass

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-25-03
Roll call vote # 3

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken reconsider Sec 18 (to remove Sec 18)

Motion Made By P Svedjan Seconded By Berg

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | | | BERG | | |
| STENEHJEM | | | SVEDJAN | | |
| O'CONNELL | | | BOUCHER | | |

Total (Yes) No

Absent motion passed

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

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LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-25-03
Roll call vote # 4

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee voice vote

Legislative Council Amendment Number

Action Taken move to reinstate Sec 18 w/sunset clause Dec 31, 2004

Motion Made By Boucher Seconded By O'Connell

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | | | BERG | | |
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| STENEHJEM | | | SVEDJAN | | |
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| O'CONNELL | | | BOUCHER | | |
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Total (Yes) No

Absent passed

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Rickford 10/15/03
Operator's Signature Date

Date: 4-25-03
Roll call vote # 5

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number voice vote

Action Taken reconsider Sect 19 (to remove)

Motion Made By Berg Seconded By Stenehjem

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | | | BERG | | |
| STENEHJEM | | | SVEDJAN | | |
| O'CONNELL | | | BOUCHER | | |
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Total (Yes) _____ No _____

Absent passed

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

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LaCosta Rickford 10/15/03
Operator's Signature Date

38038.0299
Title.
Fiscal No. 3

Prepared by the Legislative Council staff for
Conference Committee
April 25, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 3, replace "an exemption" with "exemptions" and remove "the provisions of"

Page 1, line 4, after the semicolon insert "to create and enact a new section to chapter 15-10, a new subsection to section 53-06.2-04, and a new section to chapter 54-59 of the North Dakota Century Code, relating to contracts for the provision of meals by institutions of higher education, the duties of the racing commission, and required information technology services from the information technology department; to create and enact section 18 of House Bill No. 1414, section 9 of House Bill No. 1012, section 16 of House Bill No. 1015, and section 2 of Senate Bill No. 2176 as approved by the fifty-eighth legislative assembly, relating to reporting disease outbreaks and quarantine of individuals and declaring that Act an emergency measure, to the speed limit on paved two-lane county and township highways and declaring that Act an emergency measure, to the partnership in assisting community expansion fund, the agriculture partnership in assisting community expansion fund, and the beginning farmer loan fund and declaring that Act an emergency measure, and to participation by retired political subdivision employees in the uniform group insurance program and declaring that Act an emergency measure;" and after "reenact" insert "sections 15-52-03, 15.1-31-07, 26.1-21-09, 34-06-04.1, 54-03-20, 54-35-18, 54-35-18.1, and 54-35-18.2, subsection 2 of section 54-44.1-06, section 54-44.1-12, the new section to chapter 55-02 as created by section 2 of Senate Bill No. 2249 as approved by the fifty-eighth legislative assembly, and"

Page 1, line 5, replace "suspending" with "tuition apportionment payments, the membership of the medical center advisory council, the reserve amount in the bonding fund, overtime or work-period claims, lodging reimbursement for members of the legislative assembly, the expiration date and membership of the electric industry competition committee, preparation of budget data, budget allotments, the powers of the state historical board, and"

Page 1, line 6, remove "to prohibit the payment of bonuses or temporary salary"

Page 1, line 7, remove "adjustments for extra working hours because of the legislative session;" and replace "a statement" with "statements"

Page 1, line 8, after "intent" insert "; to require reports to the legislative assembly; to provide an exception to section 54-44.1-06 of the North Dakota Century Code, relating to the preparation of certain appropriation bills; to provide for reports to the budget section; to provide for a legislative council study; to provide for additional lodging reimbursement for members of the legislative assembly; to provide for state employee reductions and compensation pools; to provide for the transfer of state agency information technology positions; to provide an appropriation; to provide for a tax amnesty program;" and replace "provide an expiration date" with "declare an emergency"

Page 1, line 16, replace "15,404,949" with "15,388,231"

Page 1, line 17, replace "11,461,745" with "11,328,756"

Page 1, line 20, replace "27,778,694" with "27,628,987"



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Page 1, line 21, replace "7,891,748" with "7,888,476"

Page 1, line 22, replace "19,886,946" with "19,740,511"

Page 2, line 20, replace "special funds" with "$2,000,000", replace "land" with "lands", and remove "in the amount of"

Page 2, line 21, remove "$3,000,000"

Page 2, line 23, after "transfer" insert "$11,910,000"

Page 2, line 24, replace "any balance remaining in" with "from" and remove "as of July 1, 2003"

Page 2, line 30, replace "$2,000,000" with "$2,800,000"

Page 3, line 19, replace "$25,000,000" with "$9,000,000"

Page 3, line 28, replace "$9,000,000" with "$11,000,000"

Page 4, after line 2, insert:

"**SECTION 13.** A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

**Contract - Preparation and provision of meals - Policy.** An institution under the control of the state board of higher education may enter a contract to prepare and provide meals, snacks, or other food services for persons or programs not affiliated with the institution, provided the institution first establishes a policy regarding such contracts and specifically addressing issues related to competition with private sector entities. An institution under the control of the state board of higher education may not advertise to the general public its willingness to provide meals, snacks, or other food services for persons or programs not affiliated with the institution.

**SECTION 14. AMENDMENT.** Section 15-52-03 of the North Dakota Century Code as amended in section 1 of Senate Bill No. 2282, as approved by the fifty-eighth legislative assembly, is amended and reenacted as follows:

**15-52-03. Medical center advisory council - Members, terms, meetings.**

1. To assure the proper coordination and integration of the North Dakota state medical center with all other health and welfare activities of the state, a permanent medical center advisory council is established to advise, consult, and make recommendations to the university administration, and to the several agencies represented on the council concerning the program of the North Dakota state medical center, the adaptation of the medical center to the needs of the state and to the requirements and facilities of the several agencies involved, and the use of the North Dakota state medical center and its facilities by the various institutions and agencies of the state and its political subdivisions.

2. The council consists of fourteen members:

   a. (1) Two members of the senate ~~and two~~, one of whom must be from the majority party and one of whom must be from the



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minority party, selected by the chairman of the legislative council; and

(2) Two members of the house of representatives, one of whom must be from the majority party and one of whom must be from the minority party, to be selected by the chairman of the legislative council;

b. One member selected by each of the following:

(1) The department of human services;

(2) The state board of higher education;

(3) The state department of health;

(4) The North Dakota medical association;

(5) The North Dakota healthcare association; and

(6) The veterans administration hospital in Fargo; and

c. One member selected by the dean of the university of North Dakota medical school from each of the four campus areas of the medical school with headquarters in Bismarck, Fargo, Grand Forks, and Minot.

3. The representatives named by the state agencies and boards must be selected to serve as members of the medical center advisory council for periods of at least one year, but may not serve longer than their term of office on the public agency. The representatives from the North Dakota state medical association and the North Dakota healthcare association serve a term of three years or until their successors are named and qualified.

4. The council shall name its own chairman and the dean of the university of North Dakota medical school shall serve as executive secretary of the council. The council shall meet not less than twice each year, and, from time to time, on its own motion or upon request of the university administration, to consider plans and programs of action for the North Dakota state medical center and make its recommendations to the several agencies of the state and political subdivisions involved and to the legislative assembly.

**SECTION 15. AMENDMENT.** Section 15.1-31-07 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-31-07. Students not subject to this chapter.** If a student, as a result of a school district dissolution or reorganization, resides in a district other than the one the student chooses to attend at the time of the dissolution or reorganization, the student is not subject to ~~the provisions of~~ this chapter and may attend school in the chosen school district. Notwithstanding section 15.1-28-03, the superintendent of public instruction shall forward payments from the state tuition fund made on behalf of the student to the student's chosen school district. The student may not be considered a student in average daily membership in the student's school district of residence for purposes of section 15.1-31-02.

**SECTION 16. AMENDMENT.** Section 26.1-21-09 of the North Dakota Century Code is amended and reenacted as follows:



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**26.1-21-09. Premiums - Amount to whom paid - Minimum.** The premium for a blanket bond must be determined by the commissioner. Premiums must be paid in advance by the proper authority of the state, or of the political subdivision of the state, from its treasury, to the state treasurer who shall keep the same in the fund. The state treasurer shall issue receipts in triplicate. The treasurer shall file one of such receipts in the treasurer's office, and shall mail one to the official making such payment and one to the commissioner. The minimum premium for each bond must be two dollars and fifty cents per year. Payments must be made for one year or for such longer terms as the commissioner may prescribe. From and after July 1, 1953, the premiums referred to in this section must be waived until the reserve fund of the state bonding fund has been depleted below the sum of two ~~and one-half~~ million dollars. The collection of premiums must be resumed on the bonds, at the rates ~~herein set forth~~ provided under this section, whenever the reserve fund is depleted below the sum of two ~~and one-half~~ million dollars. The premiums must continue to be collected until the reserve fund reaches a total of three million dollars, at which time all premiums must again be waived until the reserve fund has been depleted below the sum of two ~~and one-half~~ million dollars.

**SECTION 17. AMENDMENT.** Section 34-06-04.1 of the North Dakota Century Code is amended and reenacted as follows:

**34-06-04.1. Compensatory time, overtime, and work-period claims.** The state or a political subdivision of the state may provide for compensatory time and for a work period for compensatory time and overtime calculation for its employees if the state or political subdivision complies with the requirements of the Fair Labor Standards Act of 1938, as amended, [Pub. L. 75-718; 52 Stat. 1060; 29 U.S.C. ~~206~~ 201 et seq. ] and any rules and interpretations adopted by the United States department of labor. The authority provided in this section applies in any proceeding brought after June 30, 2003, with respect to compensatory time or overtime earned regardless of when the work in question was performed.

**SECTION 18.** A new subsection to section 53-06.2-04 of the North Dakota Century Code is created and enacted as follows:

Reinstate race dates and funding at the 2002 levels and issue a license under the certificate system to any racetrack in the state which was operational after December 31, 2000.

**SECTION 19. AMENDMENT.** Section 54-03-20 of the North Dakota Century Code is amended and reenacted as follows:

**54-03-20. Compensation and expense reimbursement of members of the legislative assembly.** Each member of the legislative assembly of the state of North Dakota is entitled to receive as compensation for services the sum of one hundred twenty-five dollars for each calendar day during any organizational, special, or regular legislative session and for each day that member attends a meeting of a legislative committee between the organizational session and the regular session as authorized by legislative rule. Each member of the legislative assembly is entitled to receive reimbursement for lodging, which may not exceed ~~a maximum of six hundred fifty dollars per~~ fifty percent of the daily per diem lodging rate for the city of Bismarck as established by rule for federal employees by the United States general services administration for up to thirty days in any calendar month ~~for lodgi .g in state, at the rates and in the manner provided in section 44-08-04 for each calendar day~~ during the period of any organizational, special, or regular session, provided that reimbursement for lodging during any month of a regular session may not exceed one hundred dollars over the maximum allowed for lodging per month during the last regular session. Members of the legislative assembly who receive reimbursement for lodging are also entitled to reimbursement for travel for not to exceed one round trip taken during any calendar week, or portion of a week, the legislative assembly is in session, between their residences and the place of meeting of the legislative assembly, at the rate provided for state employees with the additional limitation that reimbursement for travel



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by common carrier may be only at the cost of coach fare and may not exceed one and one-half times the amount the member would be entitled to receive as mileage reimbursement for travel by motor vehicle. A member of the legislative assembly who does not receive reimbursement for lodging and whose place of residence in the legislative district that the member represents is not within the city of Bismarck is entitled to reimbursement at the rate provided for state employees for necessary travel for not to exceed one round trip taken per day between the residence and the place of meeting of the legislative assembly when it is in session and may receive reimbursement for lodging at the place of meeting of the legislative assembly as provided in section 44-08-04 for each calendar day for which round trip travel reimbursement is not claimed, provided that the total reimbursement may not exceed ~~six hundred fifty dollars~~ fifty percent of the daily per diem lodging rate for the city of Bismarck as established by rule for federal employees by the United States general services administration for thirty days per month and reimbursement for lodging during any month of a regular session may not exceed one hundred dollars over the maximum allowed for lodging per month during the last regular session. The amount to which each legislator is entitled must be paid following the organizational session in December and following each month during a regular or special session.

A day, or portion of a day, spent in traveling to or returning from an organizational, special, or regular session or a legislative committee meeting must be included as a calendar day during a legislative session or as a day of a legislative committee meeting for the purposes of this section.

In addition, each member is entitled to receive during the term for which the member was elected, as compensation for the execution of public duties during the biennium, the sum of two hundred fifty dollars a month, which is payable every six months or monthly, at the member's option. If a member dies or resigns from office during the member's term, the member may be paid only the allowances provided for in this section for the period for which the member was actually a member. The majority and minority leaders of the house and senate and the chairman of the legislative council, if the chairman is not a majority or minority leader, are each entitled to receive as compensation, in addition to any other compensation or expense reimbursement provided by law, the sum of two hundred fifty dollars per month during the biennium for their execution of public duties.

Attendance at any organizational, special, or regular session of the legislative assembly by any member is a conclusive presumption of entitlement as set out in this section and compensation and expense allowances must be excluded from gross income for income tax purposes to the extent permitted for federal income tax purposes under section 127 of the Economic Recovery Tax Act of 1981 [Pub. L. 97-34; 95 Stat. 202; 26 U.S.C. 162(l)].

**SECTION 20. AMENDMENT.** Section 54-35-18 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18. (Effective through August 1, ~~2003~~ 2007) Electric industry competition - Need for study.** The legislative council shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state. The legislative assembly finds that the economy of this state depends on the availability of reliable, low cost, electric energy. There is a national trend toward competition in the generation, transmission, and distribution of electric energy and the legislative assembly acknowledges that this competition has both potential benefits and adverse impacts on this state's electric suppliers as well as on their shareholders and customers and the citizens of this state. The legislative assembly determines that it is in the best interests of the citizens of this state to study the effects of competition on the generation, transmission, and distribution of electric energy.

**SECTION 21. AMENDMENT.** Section 54-35-18.1 of the North Dakota Century Code is amended and reenacted as follows:



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**54-35-18.1. (Effective through August 1, ~~2003~~ 2007) Electric industry competition committee - Composition.**

1. The legislative council shall appoint a committee to study electric industry competition.

2. The committee shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state and on the state's electric suppliers.

3. As used in sections 54-35-18 through 54-35-18.2, "electric suppliers" means public utilities regulated under title 49, rural electric cooperatives organized under chapter 10-13, municipal electric utilities organized under chapters 40-33 and 40-33.2, and power marketers.

4. The committee consists of:

   a. ~~Three or four~~ Six members of the house of representatives, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority political party and two of whom must be from the minority political party.

   b. ~~Three or four~~ Six members of the senate, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority political party and two of whom must be from the minority political party.

5. The chairman of the legislative council shall name one of the members as chairman.

**SECTION 22. AMENDMENT.** Section 54-35-18.2 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18.2. (Effective through August 1, ~~2003~~ 2007) Electric industry competition committee - Study areas.** The electric industry competition committee shall study this state's electric industry competition and electric suppliers and shall report to the legislative council in the same manner as do other interim legislative council committees, concerning the following issues:

1. Financial issues, including:

   a. The interests of residential customers, including:

      (1) Fairness of rates, terms, and conditions of service for services chosen.

      (2) Affordability of rates, bills, and services.

      (3) Stability and predictability of rates and bills.

      (4) Reliability and quality of power supply.

      (5) Assurance that rates, terms, and conditions are nondiscriminatory.

      (6) Ability of customers to understand potential energy choices.

      (7) Importance of a fair dispute resolution process.



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(8) Potential for rates to reflect the customer's desired level of energy reliability and availability.

b. The interests of small business customers, large business customers, shareholders, and other stakeholders, including:

(1) Fairness of rates, terms, and conditions of service for the services chosen by customers.

(2) Affordability of rates, bills, and services for customers.

(3) Stability and predictability of customers' rates and bills.

(4) Assurance that rates, terms, and conditions are nondiscriminatory for all customers.

(5) Ability of customers to understand potential energy choices and the implications of these choices.

(6) Importance of a fair dispute resolution process for customers.

(7) Potential for rates to reflect the customer's desired level of energy reliability and availability.

c. Financial integrity of and cost of capital to electric power suppliers.

d. Taxes paid by electric suppliers, including franchise taxes, excise taxes, income taxes, ad valorem taxes, in lieu taxes, and real and personal property taxes.

e. Tax implications to local governments.

f. Quantification and recovery of stranded investments by electric power suppliers, including those resulting from:

(1) Customers who have a legal obligation to bear certain costs, who find a way to avoid those obligations, and who leave without paying costs incurred on the customer's behalf; and

(2) The costs of investments that exceed their value in the competitive market.

g. Pricing of transmission and distribution services.

h. Pricing and rate subsidies for all classes of customers.

i. Unbundling of costs of services.

2. Legal issues, including:

a. State, tribal, and federal jurisdiction.

b. State statutory and regulatory constraints and oversight of the electric industry.

c. Those related to the federal energy regulatory commission.

d. Commerce clause constraints.



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e. Review of existing state laws, rules, and constitutional provisions that affect the generation, transmission, and distribution of electric energy, including the need and appropriateness of regulatory reforms for services that will continue to be provided by a regulated utility.

f. Interstate reciprocity and the regional nature of the industry.

g. Continuing obligations of an electric supplier to serve customers.

h. Use and protection of proprietary information in a competitive market.

3. Social issues, including:

a. Planning and operation of electric suppliers, including integrated resource planning.

b. Efficiency and sufficiency of an aggregate supply of energy.

c. Environmental impacts.

d. Impact on the development and use of renewable resources.

e. Appropriate and proper method of recovery of the cost of social, low income, and noneconomic renewable energy programs in order to ensure that costs are fairly and equitably shared among all customers of electric energy.

4. Issues related to system planning, operation, and reliability, including:

a. Electric system reliability.

b. Provisions by which customers would be permitted to have a choice of generation providers.

c. Applicability of regulatory reliability criteria to nonutility market participants.

d. Form and requirements of contracts for the sale and purchase of electric energy.

e. Requirements for metering energy usage at the customer's location.

f. Designation and regulation of ancillary services.

5. Identification and review of potential market structures, including:

a. Possible market structures for a deregulated generation market and transmission market and whether these structures should be mandated or allowed to form voluntarily.

b. Formation of market segments in response to customer requirements.

c. Impact on the investment stability of the electric utility industry.

d. Impact on multipurpose entities.

e. Potential to improve economic efficiency.

f. Size of the market and the extent to which its size impacts the level of benefits for customers or groups of customers.



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g. Ability of participants with control over the electricity generation and transmission system to exercise market power over pricing or the need for controls to prevent the exercise of market power.

h. Controls or bans on corporate relationships between regulated utilities and emerging competitive sectors.

i. Barriers to achieving nondiscriminatory competition among electric suppliers, including review of federal and state tax issues, availability of federal subsidies to certain energy suppliers, application of federal laws that impose regulatory requirements on the electric utility industry, and jurisdiction of the federal energy regulatory commission over competitors.

j. Viability of all customers to participate in and benefit from a competitive electricity market, including:

(1) Risks and responsibilities that customers or classes of customers incur by participating in a competitive market.

(2) Costs of gathering, processing, and managing information on the price and quality of electricity.

(3) Benefits to customers or classes of customers from participation in a competitive electricity market.

6. Whether and to what extent power produced by the Garrison dam should be taxed by the state.

7. The source and cost of power supplied to the state's Indian reservations.

8. Other issues related to the generation, transmission, and distribution of electric energy.

**SECTION 23. AMENDMENT.** Subsection 2 of section 54-44.1-06 of the North Dakota Century Code is amended and reenacted as follows:

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statement of unappropriated surplus for the general fund must reflect any projected deficiency appropriations relating to expenditures from the general fund for the present biennium. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

**SECTION 24. AMENDMENT.** Section 54-44.1-12 of the North Dakota Century Code is amended and reenacted as follows:

**54-44.1-12. Control over rate of expenditures.** The director of the budget shall exercise continual control over the execution of the budget affecting the departments and agencies of state government, with the exception of the legislative and judicial branches. Execution means the analysis and approval of all commitments for conformity with the program provided in the budget, frequent comparison of actual revenues and budget estimates, and on the basis of these analyses and comparisons control the rate of expenditures through a system of allotments. The allotment must be made by specific fund and all departments and agencies that receive moneys from that



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fund must be allotted on a uniform percentage basis, except that appropriations to the department of public instruction for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund. Any allotment must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving moneys from the fund. Before an allotment is made which will reduce the amount of funds which can be disbursed pursuant to an appropriation or before an allotment disallowing a specific expenditure is made, the director shall find one or more of the following circumstances to exist:

1. The moneys and estimated revenues in a specific fund from which the appropriation is made are insufficient to meet all legislative appropriations from the fund.

2. The payment or the obligation incurred is not authorized by law.

3. The expenditure or obligation is contrary to legislative intent as recorded in any reliable legislative records, including:

   a. Statements of legislative intent expressed in enacted appropriation measures or other measures enacted by the legislative assembly; and

   b. Statements of purpose of amendment explaining amendments to enacted appropriation measures, as recorded in the journals of the legislative assembly.

4. Circumstances or availability of facts not previously known or foreseen by the legislative assembly which make possible the accomplishment of the purpose of the appropriation at a lesser amount than that appropriated.

**SECTION 25.** A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

**Required use of electronic mail, file and print server administration, data base administration, and application server and hosting services.** Each state agency and institution, excluding the legislative and judicial branches, the institutions under the control of the board of higher education, the public employees retirement system, the retirement and investment office, and the attorney general, which desires electronic mail, file and print server administration, data base administration, storage, and application server and hosting services shall obtain those services from the department. The chief information officer may exempt from the application of this section any agency that demonstrates its current services are more appropriate for the specific needs of that agency than the services available from the department.

**SECTION 26. AMENDMENT.** The new section to chapter 55-02 of the North Dakota Century Code as created by section 2 of Senate Bill No. 2249, as approved by the fifty-eighth legislative assembly, is amended and reenacted as follows:

**Protection of public health and safety on sites having a public function.** Notwithstanding any other provision of law, if the state or a political subdivision has a property interest in real property and that property has an existing public function in addition to any historical site registration or historical significance determination, the governing body of the agency or political subdivision owning the property interest may, subject to the following provisions, improve, alter, modify, or destroy that property if the agency or governing body determines that action is necessary to protect public health or safety, to provide access for disabled persons, or to ensure structural integrity. If an action is to be taken by an agency or governing body under this section, notice of intent to take the action must be given to the director at the onset of the planning process. At the director's request, the agency or governing body shall inform the director of each meeting at which planning or decisions on a project are on the agenda. At each



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meeting, the agency or governing body shall provide the director with an opportunity to comment or provide preservation funding for the proposed project and the agency or governing body shall consider the director's comments or offers of funding in the development and implementation of the project. If the agency or governing body and the director do not agree on the action to be taken, the differences must be submitted to a mediator selected by the governor to facilitate a consensus between the parties. The cost of the mediator must be shared equally by the parties. The mediator shall issue a report within sixty days of appointment by the governor. The report of the mediator must be sent to the director and must be published once in the official newspaper of the ~~state and~~ political subdivision. Although the agency or governing body may take the action it deems necessary, the agency or governing body shall make all reasonable effort to preserve the historical characteristics of a site taking into consideration economic and technical feasibility. The ~~decision of the~~ agency or governing body must ~~be published~~ notify the director of its decision and must publish it once in the official newspaper of the ~~state and~~ political subdivision. After mediation, if any, if the governing body of a political subdivision determines to proceed with actions that will result in completely demolishing, removing, or significantly degrading the historical characteristics of a building or real property, a resident of the political subdivision where the building or real property is located may submit a written notice to the county auditor of intention to petition for a public vote. The notice must be filed with the county auditor within fourteen days of the publication of the decision of the governing body. A petition for a public vote must contain the names of at least ten percent of the qualified electors from that governing body's jurisdiction who voted in the last general election and must be filed with the county auditor within one hundred twenty days of the governing body's publication of notice of its final action. If a petition is filed, the matter must be submitted for a vote of the qualified electors at the next special, primary, or general election held in that jurisdiction. All actions to remove, demolish, or significantly degrade the historical characteristics of a building or real property are stayed for fourteen days after the governing body's publication of notice of its final action, and if notice of intention to seek a public vote is filed, actions are stayed until either the petition fails or the public vote is held. If the political subdivision is a home rule jurisdiction with its own referendum procedures, however, the home rule referendum procedures apply to the action of the governing body."

Page 4, line 8, overstrike "sixty-two" and insert immediately thereafter "seventy-one"

Page 4, line 10, overstrike "At the end of the 1995-97 biennium all revenue deposited in the"

Page 4, overstrike lines 11 through 13

Page 4, line 14, overstrike "permanent oil tax trust fund."

Page 4, line 19, overstrike "sixty-two" and insert immediately thereafter "seventy-one"

Page 4, remove lines 29 and 30

Page 5, remove lines 1 through 4

Page 5, replace lines 15 through 17 with:

"**SECTION 29. TRANSFER OF STATE AGENCY INFORMATION TECHNOLOGY EMPLOYEE POSITIONS - CONSOLIDATION OF INFORMATION TECHNOLOGY FUNCTIONS.** On November 1, 2003, the following number of authorized full-time equivalent employee positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, and application server and hosting services must be reduced and transferred from the named agencies to the information technology department,



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except as otherwise provided under this section or unless exempted by the chief information officer pursuant to section 25 of this Act:

| AGENCY | FULL-TIME EQUIVALENT EMPLOYEE POSITIONS |
|---|---|
| Office of management and budget | 1 |
| Tax department | 2 |
| Department of public instruction | 1 |
| State department of health | 1 |
| Department of human services | 5 |
| Job service North Dakota | 3 |
| Industrial commission | 1 |
| Bank of North Dakota | 1 |
| Housing finance agency | 1 |
| Workers compensation bureau | 2 |
| Highway patrol | 1 |
| Department of corrections and rehabilitation | 2 |
| Game and fish department | 1 |
| State water commission | 1 |
| Department of transportation | 2 |

After consultation with the information technology department, each affected agency shall identify the specific positions for reduction and transfer. An agency may retain any of the identified positions providing that funding for the position is available from internal savings of the agency. The agency shall conduct any reduction-in-force analysis that may be required. Each agency shall limit its consideration to information technology related positions and shall identify for reduction and transfer those positions most closely associated with services assumed centrally by the information technology department.

The agencies shall retain funding relating to the employee positions identified in this section and related costs, which is contained in the agencies' respective appropriations bill. Each of the agencies shall establish an information technology services line item consisting of funding related to the salaries and wages for the identified employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs totaling at least $13,000 per employee for electronic mail, file and print server administration, data base administration, storage, and application server and hosting services. Agencies shall develop documentation supporting the related funding transferred to the information technology services line item. Any line item transfer must be reported to the office of management and budget. Each of the agencies must use the funding contained in the information technology services line item to purchase information technology services from the information technology department. Each of the agencies shall make arrangements with the information technology department for the transfer of equipment and material related to the transferred employee positions and services from the respective agency to the department. The information technology department is authorized to receive any funding relating to the purchase of information technology services under this section, which is hereby appropriated. Each agency is entitled to receive from the information technology department the equivalent in services that would have been performed by employees in the transferred positions at a cost not exceeding the amounts transferred to the agency's information technology services line item.

The information technology department shall determine the number of full-time equivalent positions necessary to provide the related information technology functions to state agencies. The department is authorized to employ the number of necessary employees and require all persons interested in filling the employee positions to apply with the department. In filling the employee positions, the department shall give preference to current state employees working in information technology. The



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department may make arrangements with the agency from which an employee was transferred to transfer any leave accrued by that employee.

In furtherance of the consolidation of information technology functions under this section, the supreme court and the attorney general shall continue to collaborate with the information technology department to implement the criminal justice information sharing program.

**SECTION 30. INFORMATION TECHNOLOGY FUNCTION CONSOLIDATION - ACCUMULATED SAVINGS - TRANSFER TO THE GENERAL FUND.** The information technology department shall achieve efficiencies during the biennium beginning July 1, 2003, and ending June 30, 2005, relating to the required consolidation of information technology functions, including electronic mail, file and print server administration, data base administration, storage, and application server and hosting services. The information technology department through efficiencies resulting from this consolidation shall achieve accumulated net savings totaling $1,400,000 for the 2003-05 biennium. The director of the office of management and budget shall transfer the savings accumulated as a result of these efficiencies in the amount of $1,400,000 to the general fund by June 30, 2005.

**SECTION 31. INFORMATION TECHNOLOGY SERVICE - REPORTS TO THE INFORMATION TECHNOLOGY COMMITTEE AND THE BUDGET SECTION.** The information technology department shall document information relating to the delivery of the consolidated services to agencies, including service dependability, agency complaints, and information technology department responsiveness, and shall report that information and the status of the accumulated savings to the information technology committee and the budget section as requested. Any agency receiving consolidated services may provide information to the information technology committee with respect to service availability, service dependability, complaints of the agency or of persons receiving services from the agency or the department, department responsiveness, and any additional costs incurred by the agency as a result of the consolidated services.

**SECTION 32. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $30,000, or so much of the sum as may be necessary, to the legislative council for the purpose of upgrading sound systems in the house and senate chambers, for the biennium beginning July 1, 2003, and ending June 30, 2005.

**SECTION 33. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $45,000, or so much of the sum as may be necessary, to the department of agriculture for the purpose of agriculture in the classroom, for the biennium beginning July 1, 2003, and ending June 30, 2005.

**SECTION 34. 2005-07 EXECUTIVE BUDGET - STUDENT LOAN TRUST FUND.** Any proposal to transfer or spend moneys from the student loan trust fund included as part of the 2005-07 biennium executive budget must be included in a separate bill introduced for consideration by the fifty-ninth legislative assembly.

**SECTION 35. STATE AGENCY CONTINUING APPROPRIATIONS - REPORTS TO FIFTY-NINTH LEGISLATIVE ASSEMBLY.** The head of each executive branch agency or institution shall report during the budget presentation to the appropriations committees of the fifty-ninth legislative assembly on statutory provisions authorizing the agency or institution to spend funds pursuant to a continuing appropriation. The summary report must include justification for continuing the authority, expenditures made pursuant to the continuing appropriation and related revenues and fund balances for the 1999-2001 biennium, the 2001-03 biennium, the 2003-05 biennium to date, and projections for the 2005-07 biennium.



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**SECTION 36. CERTAIN APPROPRIATION BILLS - EXECUTIVE BUDGET RECOMMENDATION.** Notwithstanding North Dakota Century Code section 54-44.1-06, the legislative council shall submit for introduction to the fifty-ninth legislative assembly the 2005-07 appropriation bills for the department of public instruction, department of corrections and rehabilitation, state treasurer, and secretary of state based on the same funding amounts, line items, and employee levels authorized by the fifty-eighth legislative assembly for the 2003-05 biennium. Any budget changes recommended by the office of the budget for these departments for the 2005-07 biennium must be presented to the appropriations committees of the fifty-ninth legislative assembly as a recommendation for amendment to the bill as introduced.

**SECTION 37. STATE EMPLOYEE REDUCTIONS - BUDGET SECTION REPORT.** The number of full-time equivalent state employees must be reduced by employee retirements, employee turnover, and vacant employee positions during the biennium beginning July 1, 2003, and ending June 30, 2005, as follows:

| | |
|---|---|
| Executive branch agencies and the office of the governor, excluding other offices of state elected officials and higher education | 155 |
| State elected officials, excluding the governor | 13 |
| Judicial branch | 8 |

One-half of this total reduction must be accomplished by December 31, 2003. The additional reductions must be accomplished by December 31, 2004. Agencies shall report employee positions eliminated and related salary and wages and fringe benefit savings for the remainder of the 2003-05 biennium to the office of management and budget. The office of management and budget shall reduce each respective agency's appropriation authority by the amount of reported agency budgetary savings. The office of management and budget shall provide periodic reports on the employee positions eliminated by agencies and reported agency budgetary savings to the budget section of the legislative council.

**SECTION 38. STATE EMPLOYEE REDUCTIONS - STATE EMPLOYEE COMPENSATION POOLS.** The office of management and budget shall establish a state employee compensation pool for executive branch agencies other than elected officials as provided in section 37 of this Act from agency savings resulting from employee reductions, a state employee compensation pool for state elected officials from those agency savings resulting from employee reductions, and a state employee compensation pool for the judicial branch from agency savings resulting from employee reductions.

**SECTION 39. STATE EMPLOYEE COMPENSATION POOL ALLOCATIONS - APPROPRIATION - REPORT TO THE BUDGET SECTION.** By January 1, 2004, the office of management and budget shall allocate any available funds to entities in the executive branch agency state employee compensation pool and the state elected official employee compensation pool established in section 38 of this Act for providing state employee compensation adjustments effective January 1, 2004, to be paid in February 2004. The funds must be allocated on a pro rata basis for remaining employee positions. The office of management and budget shall increase agencies' appropriation authority by the amount of funding allocated and the funds are appropriated to the agencies for the purpose of providing state employee compensation adjustments for the period January 1, 2004, through June 30, 2005. The funds in the judicial branch state employee compensation pool established in section 38 of this Act are appropriated to the judicial branch for providing state employee compensation adjustments for the period January 1, 2004, through June 30, 2005. It is the intent of the fifty-eighth legislative assembly that the compensation adjustments effective January 1, 2004, to be paid in February 2004, may not exceed increases of one percent. The office of management and budget and the judicial branch shall provide a report on the state employee compensation pool allocations to the budget section of the legislative council.



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**SECTION 40. STATE EMPLOYEE COMPENSATION POOL ALLOCATIONS - APPROPRIATION - REPORT TO THE BUDGET SECTION.** By January 1, 2005, the office of management and budget shall allocate any available funds resulting from savings related to the employee reductions to be accomplished by December 31, 2004, to entities in the executive branch agency state employee compensation pool and the state elected official state employee compensation pool established in section 38 of this Act for providing state employee compensation adjustments effective January 1, 2005, to be paid in February 2005. The funds must be allocated on a pro rata basis for remaining employee positions. The office of management and budget shall increase agencies' appropriation authority by the amount of funding allocated and the funds are appropriated to the agencies for the purpose of providing state employee compensation adjustments for the period January 1, 2005, through June 30, 2005. The funds in the judicial branch state employee compensation pool established in section 38 of this Act are appropriated to the judicial branch for providing state employee compensation adjustments for the period January 1, 2005, through June 30, 2005. It is the intent of the fifty-eighth legislative assembly that the compensation adjustments effective January 1, 2005, to be paid February 1, 2005, may not exceed increases of two percent. The office of management and budget and the judicial branch shall provide a report on the state employee compensation pool allocations to the budget section of the legislative council.

**SECTION 41. ADDITIONAL LODGING REIMBURSEMENT FOR APRIL 2003 - LEGISLATIVE ASSEMBLY.** Notwithstanding the $650 per calendar month lodging maximum provided in section 54-03-20 for members of the legislative assembly during a legislative session, a member of the fifty-eighth legislative assembly is entitled to lodging reimbursement as provided in section 44-08-04 for state officers and employees for each calendar day the fifty-eighth legislative assembly is in session during the month of April 2003.

**SECTION 42. LEGISLATIVE COUNCIL STUDY - PUBLIC EMPLOYEE HEALTH INSURANCE BENEFITS.** The legislative council shall consider studying, during the 2003-05 interim, public employee health insurance benefits, including options for providing health insurance for state employees, the availability of other health insurance plans, single versus family coverage, employee contributions, and utilization of premium rates for budgeting purposes. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly.

**SECTION 43. SPECIFIED EXEMPT COMMODITIES AND SERVICES - REPORT TO THE BUDGET SECTION.** The director of the office of management and budget shall report to the budget section in December of even-numbered years on specified commodities and services exempted by written directive of the director from the procurement requirements of chapter 54-44.4.

**SECTION 44. EXEMPTION.** The funds appropriated in the grants line item in section 1 of chapter 44 of the 2001 Session Laws are not subject to section 54-44.1-11 in an amount of up to $850,000 and any unexpended funds from this amount may be spent during the biennium beginning July 1, 2003, and ending June 30, 2005.

**SECTION 45. LEGISLATIVE INTENT - PRAIRIE PUBLIC BROADCASTING.** It is the intent of the fifty-eighth legislative assembly that prairie public broadcasting funding be included in the executive budget as a separate line item in the office of management and budget's budget request for the 2005-07 biennium.

**SECTION 46.** Section 18 of House Bill No. 1414, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

**SECTION 18. EMERGENCY.** This Act is declared to be an emergency measure.



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**SECTION 47.** Section 9 of House Bill No. 1012, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

**SECTION 9. EMERGENCY.** Subdivision f of subsection 1 of section 39-09-02 as amended by section 6 of this Act is declared to be an emergency measure.

**SECTION 48.** Section 16 of House Bill No. 1015, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

**SECTION 16. EMERGENCY.** Subdivision 3 of section 1 and sections 12 and 13 are declared to be an emergency measure.

**SECTION 49.** Section 2 of Senate Bill No. 2176, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

**SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure.

**SECTION 50. TAX COMMISSIONER - TAX AMNESTY PROGRAM.** The state tax commissioner shall conduct a one-time tax amnesty program for all state tax types beginning before December 31, 2003.

**SECTION 51. EMERGENCY.** Sections 41, 44, 46, 47, 48, 49, and 50 of this Act are declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2015 - Summary of House Action**

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Office of Management and Budget | | | | | | |
| Total all funds | $27,826,739 | $27,778,694 | ($149,707) | $27,628,987 | $27,873,847 | ($244,860) |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 | 7,888,476 | |
| General fund | $19,907,975 | $19,886,946 | ($146,435) | $19,740,511 | $19,985,371 | ($244,860) |
| Legislative Council - System upgrade and study | | | | | | |
| Total all funds | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| Less estimated income | | | | | | |
| General fund | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| Department of Agriculture | | | | | | |
| Total all funds | $0 | $0 | $45,000 | $45,000 | $0 | $45,000 |
| Less estimated income | | | | | | |
| General fund | $0 | $0 | $45,000 | $45,000 | $0 | $45,000 |
| All agencies - Contingent salary increases | | | | | | |
| Total all funds | $0 | $0 | $0 | $0 | $8,460,097 | ($8,460,097) |
| Less estimated income | | | | | 4,125,075 | (4,125,075) |
| General fund | $0 | $0 | $0 | $0 | $4,335,022 | ($4,335,022) |
| Bill Total | | | | | | |
| Total all funds | $27,826,739 | $27,778,694 | ($74,707) | $27,703,987 | $36,713,944 | ($9,009,957) |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 | 12,013,551 | (4,125,075) |
| General fund | $19,907,975 | $19,886,946 | ($71,435) | $19,815,511 | $24,700,393 | ($4,884,882) |

**Senate Bill No. 2015 - Office of Management and Budget - Conference Committee Action**

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Salaries and wages | $15,549,754 | $15,404,949 | ($16,718) | $15,388,231 | $15,388,231 | |
| Operating expenses | 11,364,985 | 11,461,745 | (132,989) | 11,328,756 | 10,573,616 | $755,140 |
| Capital assets | 733,000 | 733,000 | | 733,000 | 733,000 | |
| Grants | 179,000 | 179,000 | | 179,000 | 179,000 | |
| Technology critical needs pool | | | | | 1,000,000 | (1,000,000) |



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| | | | | | | |
|---|---|---|---|---|---|---|
| Total all funds | $27,826,739 | $27,778,694 | ($149,707) | $27,628,987 | $27,873,847 | ($244,860) |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 | 7,888,476 | |
| General fund | $19,907,975 | $19,886,946 | ($146,435) | $19,740,511 | $19,985,371 | ($244,860) |
| FTE | 162.00 | 162.00 | 0.00 | 162.00 | 162.00 | 0.00 |

## Dept. 110 - Office of Management and Budget - Detail of Conference Committee Changes

| | REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE [1] | REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS [2] | TOTAL CONFERENCE COMMITTEE CHANGES |
|---|---|---|---|
| Salaries and wages | ($16,718) | | ($16,718) |
| Operating expenses | | ($132,989) | (132,989) |
| Capital assets | | | |
| Grants | | | |
| Technology critical needs pool | | | |
| Total all funds | ($16,718) | ($132,989) | ($149,707) |
| Less estimated income | (3,272) | | (3,272) |
| General fund | ($13,446) | ($132,989) | ($146,435) |
| FTE | 0.00 | 0.00 | 0.00 |

1 This amendment reduces funding for state employee health insurance premiums from $493 to $488.70 per month.

2 This amendment reduces funding for information technology by $132,989 from the general fund, which represents a reduction in information technology funding from the general fund of approximately 5 percent, adjusted for salaries included in the information technology plan.

Section 5 - The House amendment reduces the 2003-05 biennium transfer from the lands and minerals trust fund to the general fund from $3 million to $2 million and limits the transfer from the permanent oil tax trust fund to the general fund to $11,910,000. The Conference Committee agreed to this amendment, increased the transfer from the bonding fund to $2,800,000, and increased the cap on oil revenues to $71,000,000.

Section 32 - The House provided a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers. The Conference Committee agreed to this amendment.

Sections 20, 21, 22 - The House changed the membership and continued the Electric Industry Competition Committee through August 1, 2007. The Conference Committee agreed to this amendment.

Section 23 - The House amended North Dakota Century Code (NDCC) Section 54-44.1-06 to provide for the budget data presented by the director of the budget to include in the general fund budget status any deficiency appropriation relating to general fund expenditures for the current biennium. The Conference Committee agreed to this amendment.

Section 10 - The House removed the section in the bill providing for a contingent transfer of up to $25 million of earnings and accumulated and undivided profits of the Bank of North Dakota to the general fund if general fund revenue collections will not meet revenues as forecasted in the March 2003 legislative forecast for the 2003-05 biennium. The Conference Committee reinstated this section; however, it decreased the contingent transfer to $9 million.

Section 27 - The House amended NDCC Section 57-51.1-07.2 to provide that at the end of any biennium oil and gas production and extraction tax collections during any biennium in excess of $66,641,000, rather than $62 million, be transferred from the general fund to the permanent oil tax trust fund. This amendment would be effective starting with the 2003-05 biennium. The Conference Committee increased the amount at which funding is transferred to the permanent oil tax trust fund to $71,000,000.

Section 24 - The House amended NDCC Section 54-44.1-12 to provide that any allotment ordered by the Governor must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving moneys from the fund. The Conference Committee agreed to this amendment.



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Section 34 - The House added a section requiring the Governor to submit any proposal to spend or transfer moneys from the student loan trust fund included as part of the 2005-07 biennium budget in a separate bill. The Conference Committee agreed to this amendment.

Section 35 - The House added a section requiring executive branch agencies to report to the Appropriations Committees during the 2005 legislative session regarding expenditures made pursuant to continuing appropriations and justification for needing the continuing appropriation authority. The Conference Committee agreed to this amendment.

Section 36 - The House provided that the 2005-07 budgets for four agencies--the Department of Public Instruction, Department of Corrections and Rehabilitation, State Treasurer, and Secretary of State--be prepared based on the 2003-05 biennium budget as approved by the Legislative Assembly. The Conference Committee agreed to this amendment.

Sections 37, 38, 39, 40 - The House added sections providing for a reduction of 176.6 FTE positions during the 2003-05 biennium and providing for contingent state employee salary increases of 1 percent in January 2004 and 2 percent in January 2005. The Conference Committee provided for the establishment of employee compensation pools resulting from savings from employee reductions, and funding of state employee salary increases from the pool contingent on a reduction of 176 FTE positions.

Section 42 - The House added a section for a Legislative Council study of public employee health insurance benefits. The Conference Committee agreed to this amendment.

Section 43 - The House added a section for a report to the Budget Section on specified exempt commodities and services relating to procurement requirements in NDCC Chapter 54-44.4. The Conference Committee agreed to this amendment.

Sections 25, 29, 30, 31 - The House added sections providing for the establishment of an information technology advisory committee, to provide for an information technology consolidation study, to provide for consolidation of information technology positions and functions, and to recognize general fund revenue related to accumulated information technology savings of $4 million from the Information Technology Department and $2 million from the North Dakota University System to be transferred to the general fund. The Conference Committee version provides for a transfer of $1.4 million from the Information Technology Department to the general fund from realized efficiencies from consolidation, provides for reports to the Budget Section on consolidation, and defines services to be provided by the Information Technology Department.

The Conference Committee added language to the section on the consolidation of information technology positions, providing for each affected state agency to identify the information technology positions to be transferred, after consultation with the Information Technology Department, based on the services to be assumed centrally by the Information Technology Department. In addition, as part of the functional consolidation effort, the Supreme Court and the Attorney General's office will continue to collaborate with the Information Technology Department to implement the criminal justice information sharing program.

Section 46 - The Conference Committee added a section providing an emergency clause for House Bill No. 1414, relating to infectious disease outbreaks and the ability for the State Department of Health to provide for quarantines.

Section 13 - The Conference Committee added a section providing for contracts for the preparation and provision of meals by institutions of higher education.

Section 17 - The Conference Committee added a section amending Section 34-06-01 relating to overtime and work-period claims.

Section 45 - The Conference Committee added a section of intent that the 2005-07 executive budget provide for the funding for Prairie Public Broadcasting as a separate line item in the Office of Management and Budget's budget request.



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Section 47 - The Conference Committee added a section providing an emergency clause for House Bill No. 1012, relating to the speed limit on paved two-lane county and township highways.

Section 41 - The Conference Committee added a section providing for additional lodging reimbursement for members of the Legislative Assembly who incur expenses greater than $650 during the month of April 2003.

Section 48 - The Conference Committee added a section providing for an emergency clause for subdivision 3 of Section 1 and Sections 12 and 13 of House Bill No. 1015, relating to the partnership in assisting community expansion fund, the agriculture partnership in assisting community expansion fund, and the beginning farmer loan fund.

Section 49 - The Conference Committee added a section providing for an emergency clause for Senate Bill No. 2176, relating to participation by retired political subdivision employees in the uniform group insurance program.

Section 50 - The Conference Committee provided for the Tax Commissioner to conduct a one-time tax amnesty program beginning before December 31, 2003. The authorizing language is intended to grant the Tax Commissioner discretionary authority to implement the program.

Section 15 - The Conference Committee added a section relating to forwarding payments from the state tuition fund made on behalf of the student to the student's chosen school district.

Section 14 - The Conference Committee added a section relating to legislative membership on the Medical Center Advisory Council.

Section 19 - The Conference Committee added a section relating to the lodging reimbursement rate for members of the Legislative Assembly.

Section 33 - The Conference Committee provided an appropriation of $45,000 from the general fund to the Department of Agriculture for the agriculture in the classroom program.

Section 18 - The Conference Committee provided that the Racing Commission reinstate race dates and funding at 2002 levels and issue a license to any racetrack in the state which was operational after December 31, 2000.

Section 26 - The Conference Committee added a section requiring the report of the mediator relating to historical significance determinations be published in the state newspaper and the notice of the decision be given directly to the director of the State Historical Society.

Section 16 - A section is added reducing the reserve amount in the bonding fund from $2.5 million to $2 million.

Section 44 - A section is added allowing the Department of Commerce to carry over up to $850,000 of its 2001-03 biennium grants appropriation.

The Conference Committee reinstated funding of $120,000 for a lobbyist in Washington, D.C.

The Conference Committee removed the section from Engrossed House Bill No. 2015, which prohibited bonuses or temporary salary adjustments to state employees for extra working hours incurred as a result of the legislative session.

**Senate Bill No. 2015 - Legislative Council - Conference Committee Action**

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Operating expenses | _____ | _____ | $30,000 | $30,000 | $380,000 | ($350,000) |
| Total all funds | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |



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| | | | | | | |
|---|---|---|---|---|---|---|
| Less estimated income | | | | | | |
| General fund | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

## Dept. 160 - Legislative Council - Detail of Conference Committee Changes

| | PROVIDES FUNDING FOR UPGRADING SOUND SYSTEMS [1] | TOTAL CONFERENCE COMMITTEE CHANGES |
|---|---|---|
| Operating expenses | $30,000 | $30,000 |
| Total all funds | $30,000 | $30,000 |
| Less estimated income | | |
| General fund | $30,000 | $30,000 |
| FTE | 0.00 | 0.00 |

[1] This amendment adds a section to the bill providing a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers.

## Senate Bill No. 2015 - Department of Agriculture - Conference Committee Action

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Agriculture in the classroom | | | $45,000 | $45,000 | | $45,000 |
| Total all funds | $0 | $0 | $45,000 | $45,000 | $0 | $45,000 |
| Less estimated income | | | | | | |
| General fund | $0 | $0 | $45,000 | $45,000 | $0 | $45,000 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

## Dept. 602 - Department of Agriculture - Detail of Conference Committee Changes

| | PROVIDES FUNDING FOR AGRICULTURE IN THE CLASSROOM [1] | TOTAL CONFERENCE COMMITTEE CHANGES |
|---|---|---|
| Agriculture in the classroom | $45,000 | $45,000 |
| Total all funds | $45,000 | $45,000 |
| Less estimated income | | |
| General fund | $45,000 | $45,000 |
| FTE | 0.00 | 0.00 |

[1] This amendment adds a section to the bill providing a $45,000 general fund appropriation to the Department of Agriculture for agriculture in the classroom.



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Date: 4-25-03
Roll call vote # 6

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.**

Senate APPROPRIATIONS Committee

☒ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Adopt amendments .299

Motion Made By Berg Seconded By Svedjan

| Senators | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| HOLMBERG | ✓ | | BERG | ✓ | |
| | | | | | |
| STENEHJEM | ✓ | | SVEDJAN | ✓ | |
| | | | | | |
| O'CONNELL | | ✓ | BOUCHER | | ✓ |
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Total (Yes) 4 No 2

Absent passed

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

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## REPORT OF CONFERENCE COMMITTEE

**SB 2015, as engrossed:** Your conference committee (Sens. Holmberg, Stenehjem, O'Connell and Reps. Berg, Svedjan, Boucher) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1235-1251, adopt amendments as follows, and place SB 2015 on the Seventh order:

That the House recede from its amendments as printed on pages 1235-1251 of the Senate Journal and pages 1402-1419 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 3, replace "an exemption" with "exemptions" and remove "the provisions of"

Page 1, line 4, after the semicolon insert "to create and enact a new section to chapter 15-10, a new subsection to section 53-06.2-04, and a new section to chapter 54-59 of the North Dakota Century Code, relating to contracts for the provision of meals by institutions of higher education, the duties of the racing commission, and required information technology services from the information technology department; to create and enact section 18 of House Bill No. 1414, section 9 of House Bill No. 1012, section 16 of House Bill No. 1015, and section 2 of Senate Bill No. 2176 as approved by the fifty-eighth legislative assembly, relating to reporting disease outbreaks and quarantine of individuals and declaring that Act an emergency measure, to the speed limit on paved two-lane county and township highways and declaring that Act an emergency measure, to the partnership in assisting community expansion fund, the agriculture partnership in assisting community expansion fund, and the beginning farmer loan fund and declaring that Act an emergency measure, and to participation by retired political subdivision employees in the uniform group insurance program and declaring that Act an emergency measure;" and after "reenact" insert "sections 15-52-03, 15.1-31-07, 26.1-21-09, 34-06-04.1, 54-35-18, 54-35-18.1, and 54-35-18.2, subsection 2 of section 54-44.1-06, section 54-44.1-12, the new section to chapter 55-02 as created by section 2 of Senate Bill No. 2249 as approved by the fifty-eighth legislative assembly, and"

Page 1, line 5, replace "suspending" with "tuition apportionment payments, the membership of the medical center advisory council, the reserve amount in the bonding fund, overtime or work-period claims, the expiration date and membership of the electric industry competition committee, preparation of budget data, budget allotments, the powers of the state historical board, and"

Page 1, line 6, remove "to prohibit the payment of bonuses or temporary salary"

Page 1, line 7, remove "adjustments for extra working hours because of the legislative session;" and replace "a statement" with "statements"

Page 1, line 8, after "intent" insert "; to require reports to the legislative assembly; to provide an exception to section 54-44.1-06 of the North Dakota Century Code, relating to the preparation of certain appropriation bills; to provide for reports to the budget section; to provide for a legislative council study; to provide for additional lodging reimbursement for members of the legislative assembly; to provide for state employee reductions and compensation pools; to provide for the transfer of state agency information technology positions; to provide an appropriation; to provide for a tax amnesty program;", remove "and", and after "date" insert "; and to declare an emergency"

Page 1, line 16, replace "15,404,949" with "15,388,231"

Page 1, line 17, replace "11,461,745" with "11,328,756"

Page 1, line 20, replace "27,778,694" with "27,628,987"



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**REPORT OF CONFERENCE COMMITTEE (420)**
**April 25, 2003 5:03 p.m.**

**Module No: SR-76-8439**

**Insert LC: 38038.9201**

Page 1, line 21, replace "7,891,748" with "7,888,476"

Page 1, line 22, replace "19,886,946" with "19,740,511"

Page 2, line 20, replace "special funds" with "$2,000,000", replace "land" with "lands", and remove "in the amount of"

Page 2, line 21, remove "$3,000,000"

Page 2, line 23, after "transfer" insert "$11,910,000"

Page 2, line 24, replace "any balance remaining in" with "from" and remove "as of July 1, 2003"

Page 2, line 30, replace "$2,000,000" with "$2,800,000"

Page 3, line 19, replace "$25,000,000" with "$9,000,000"

Page 3, line 28, replace "$9,000,000" with "$11,000,000"

Page 4, after line 2, insert:

"**SECTION 13.** A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Contract - Preparation and provision of meals - Policy. An institution under the control of the state board of higher education may enter a contract to prepare and provide meals, snacks, or other food services for persons or programs not affiliated with the institution, provided the institution first establishes a policy regarding such contracts and specifically addressing issues related to competition with private sector entities. An institution under the control of the state board of higher education may not advertise to the general public its willingness to provide meals, snacks, or other food services for persons or programs not affiliated with the institution.

**SECTION 14. AMENDMENT.** Section 15-52-03 of the North Dakota Century Code as amended in section 1 of Senate Bill No. 2282, as approved by the fifty-eighth legislative assembly, is amended and reenacted as follows:

**15-52-03. Medical center advisory council - Members, terms, meetings.**

1. To assure the proper coordination and integration of the North Dakota state medical center with all other health and welfare activities of the state, a permanent medical center advisory council is established to advise, consult, and make recommendations to the university administration, and to the several agencies represented on the council concerning the program of the North Dakota state medical center, the adaptation of the medical center to the needs of the state and to the requirements and facilities of the several agencies involved, and the use of the North Dakota state medical center and its facilities by the various institutions and agencies of the state and its political subdivisions.

2. The council consists of fourteen members:

   a. (1) Two members of the senate ~~and two~~, one of whom must be from the majority party and one of whom must be from the



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minority party, selected by the chairman of the legislative council; and

(2) Two members of the house of representatives, one of whom must be from the majority party and one of whom must be from the minority party, to be selected by the chairman of the legislative council;

b. One member selected by each of the following:

(1) The department of human services;

(2) The state board of higher education;

(3) The state department of health;

(4) The North Dakota medical association;

(5) The North Dakota healthcare association; and

(6) The veterans administration hospital in Fargo; and

c. One member selected by the dean of the university of North Dakota medical school from each of the four campus areas of the medical school with headquarters in Bismarck, Fargo, Grand Forks, and Minot.

3. The representatives named by the state agencies and boards must be selected to serve as members of the medical center advisory council for periods of at least one year, but may not serve longer than their term of office on the public agency. The representatives from the North Dakota state medical association and the North Dakota healthcare association serve a term of three years or until their successors are named and qualified.

4. The council shall name its own chairman and the dean of the university of North Dakota medical school shall serve as executive secretary of the council. The council shall meet not less than twice each year, and, from time to time, on its own motion or upon request of the university administration, to consider plans and programs of action for the North Dakota state medical center and make its recommendations to the several agencies of the state and political subdivisions involved and to the legislative assembly.

**SECTION 15. AMENDMENT.** Section 15.1-31-07 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-31-07. Students not subject to this chapter.** If a student, as a result of a school district dissolution or reorganization, resides in a district other than the one the student chooses to attend at the time of the dissolution or reorganization, the student is not subject to ~~the provisions of~~ this chapter and may attend school in the chosen school district. Notwithstanding section 15.1-28-03, the superintendent of public instruction shall forward payments from the state tuition fund made on behalf of the student to the student's chosen school district. The student may not be considered a student in average daily membership in the student's school district of residence for purposes of section 15.1-31-02.



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**SECTION 16. AMENDMENT.** Section 26.1-21-09 of the North Dakota Century Code is amended and reenacted as follows:

**26.1-21-09. Premiums - Amount to whom paid - Minimum.** The premium for a blanket bond must be determined by the commissioner. Premiums must be paid in advance by the proper authority of the state, or of the political subdivision of the state, from its treasury, to the state treasurer who shall keep the same in the fund. The state treasurer shall issue receipts in triplicate. The treasurer shall file one of such receipts in the treasurer's office, and shall mail one to the official making such payment and one to the commissioner. The minimum premium for each bond must be two dollars and fifty cents per year. Payments must be made for one year or for such longer terms as the commissioner may prescribe. From and after July 1, 1953, the premiums referred to in this section must be waived until the reserve fund of the state bonding fund has been depleted below the sum of two ~~and one-half~~ million dollars. The collection of premiums must be resumed on the bonds, at the rates ~~herein set forth~~ provided under this section, whenever the reserve fund is depleted below the sum of two ~~and one-half~~ million dollars. The premiums must continue to be collected until the reserve fund reaches a total of three million dollars, at which time all premiums must again be waived until the reserve fund has been depleted below the sum of two ~~and one-half~~ million dollars.

**SECTION 17. AMENDMENT.** Section 34-06-04.1 of the North Dakota Century Code is amended and reenacted as follows:

**34-06-04.1. Compensatory time**, overtime, and work-period claims. The state or a political subdivision of the state may provide for compensatory time and for a work period for compensatory time and overtime calculation for its employees if the state or political subdivision complies with the requirements of the Fair Labor Standards Act of 1938, as amended, [Pub. L. 75-718; 52 Stat. 1060; 29 U.S.C. ~~206~~ 201 et seq. ] and any rules and interpretations adopted by the United States department of labor. The authority provided in this section applies in any proceeding brought after June 30, 2003, with respect to compensatory time or overtime earned regardless of when the work in question was performed.

**SECTION 18.** A new subsection to section 53-06.2-04 of the North Dakota Century Code is created and enacted as follows:

Reinstate race dates and issue a license under the certificate system to any racetrack in the state which was operational after December 31, 2000.

**SECTION 19. AMENDMENT.** Section 54-35-18 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18. (Effective through August 1, ~~2003~~2007) Electric industry competition - Need for study.** The legislative council shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state. The legislative assembly finds that the economy of this state depends on the availability of reliable, low cost, electric energy. There is a national trend toward competition in the generation, transmission, and distribution of electric energy and the legislative assembly acknowledges that this competition has both potential benefits and adverse impacts on this state's electric suppliers as well as on their shareholders and customers and the citizens of this state. The legislative assembly determines that it is in the best interests of the citizens of this state to study the effects of competition on the generation, transmission, and distribution of electric energy.

**SECTION 20. AMENDMENT.** Section 54-35-18.1 of the North Dakota Century Code is amended and reenacted as follows:



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**54-35-18.1. (Effective through August 1, ~~2003~~2007) Electric industry competition committee - Composition.**

1. The legislative council shall appoint a committee to study electric industry competition.

2. The committee shall study the impact of competition on the generation, transmission, and distribution of electric energy within this state and on the state's electric suppliers.

3. As used in sections 54-35-18 through 54-35-18.2, "electric suppliers" means public utilities regulated under title 49, rural electric cooperatives organized under chapter 10-13, municipal electric utilities organized under chapters 40-33 and 40-33.2, and power marketers.

4. The committee consists of:

   a. ~~Three or four~~ Six members of the house of representatives, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority political party and two of whom must be from the minority political party.

   b. ~~Three or four~~ Six members of the senate, ~~no more than two of whom may be from the same political party~~ four of whom must be from the majority political party and two of whom must be from the minority political party.

5. The chairman of the legislative council shall name one of the members as chairman.

**SECTION 21. AMENDMENT.** Section 54-35-18.2 of the North Dakota Century Code is amended and reenacted as follows:

**54-35-18.2. (Effective through August 1, ~~2003~~2007) Electric industry competition committee - Study areas.** The electric industry competition committee shall study this state's electric industry competition and electric suppliers and shall report to the legislative council in the same manner as do other interim legislative council committees, concerning the following issues:

1. Financial issues, including:

   a. The interests of residential customers, including:

      (1) Fairness of rates, terms, and conditions of service for services chosen.

      (2) Affordability of rates, bills, and services.

      (3) Stability and predictability of rates and bills.

      (4) Reliability and quality of power supply.

      (5) Assurance that rates, terms, and conditions are nondiscriminatory.

      (6) Ability of customers to understand potential energy choices.



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(7) Importance of a fair dispute resolution process.

(8) Potential for rates to reflect the customer's desired level of energy reliability and availability.

b. The interests of small business customers, large business customers, shareholders, and other stakeholders, including:

(1) Fairness of rates, terms, and conditions of service for the services chosen by customers.

(2) Affordability of rates, bills, and services for customers.

(3) Stability and predictability of customers' rates and bills.

(4) Assurance that rates, terms, and conditions are nondiscriminatory for all customers.

(5) Ability of customers to understand potential energy choices and the implications of these choices.

(6) Importance of a fair dispute resolution process for customers.

(7) Potential for rates to reflect the customer's desired level of energy reliability and availability.

c. Financial integrity of and cost of capital to electric power suppliers.

d. Taxes paid by electric suppliers, including franchise taxes, excise taxes, income taxes, ad valorem taxes, in lieu taxes, and real and personal property taxes.

e. Tax implications to local governments.

f. Quantification and recovery of stranded investments by electric power suppliers, including those resulting from:

(1) Customers who have a legal obligation to bear certain costs, who find a way to avoid those obligations, and who leave without paying costs incurred on the customer's behalf; and

(2) The costs of investments that exceed their value in the competitive market.

g. Pricing of transmission and distribution services.

h. Pricing and rate subsidies for all classes of customers.

i. Unbundling of costs of services.

2. Legal issues, including:

a. State, tribal, and federal jurisdiction.

b. State statutory and regulatory constraints and oversight of the electric industry.



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c. Those related to the federal energy regulatory commission.

d. Commerce clause constraints.

e. Review of existing state laws, rules, and constitutional provisions that affect the generation, transmission, and distribution of electric energy, including the need and appropriateness of regulatory reforms for services that will continue to be provided by a regulated utility.

f. Interstate reciprocity and the regional nature of the industry.

g. Continuing obligations of an electric supplier to serve customers.

h. Use and protection of proprietary information in a competitive market.

3. Social issues, including:

a. Planning and operation of electric suppliers, including integrated resource planning.

b. Efficiency and sufficiency of an aggregate supply of energy.

c. Environmental impacts.

d. Impact on the development and use of renewable resources.

e. Appropriate and proper method of recovery of the cost of social, low income, and noneconomic renewable energy programs in order to ensure that costs are fairly and equitably shared among all customers of electric energy.

4. Issues related to system planning, operation, and reliability, including:

a. Electric system reliability.

b. Provisions by which customers would be permitted to have a choice of generation providers.

c. Applicability of regulatory reliability criteria to nonutility market participants.

d. Form and requirements of contracts for the sale and purchase of electric energy.

e. Requirements for metering energy usage at the customer's location.

f. Designation and regulation of ancillary services.

5. Identification and review of potential market structures, including:

a. Possible market structures for a deregulated generation market and transmission market and whether these structures should be mandated or allowed to form voluntarily.

b. Formation of market segments in response to customer requirements.



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c. Impact on the investment stability of the electric utility industry.

d. Impact on multipurpose entities.

e. Potential to improve economic efficiency.

f. Size of the market and the extent to which its size impacts the level of benefits for customers or groups of customers.

g. Ability of participants with control over the electricity generation and transmission system to exercise market power over pricing or the need for controls to prevent the exercise of market power.

h. Controls or bans on corporate relationships between regulated utilities and emerging competitive sectors.

i. Barriers to achieving nondiscriminatory competition among electric suppliers, including review of federal and state tax issues, availability of federal subsidies to certain energy suppliers, application of federal laws that impose regulatory requirements on the electric utility industry, and jurisdiction of the federal energy regulatory commission over competitors.

j. Viability of all customers to participate in and benefit from a competitive electricity market, including:

(1) Risks and responsibilities that customers or classes of customers incur by participating in a competitive market.

(2) Costs of gathering, processing, and managing information on the price and quality of electricity.

(3) Benefits to customers or classes of customers from participation in a competitive electricity market.

6. Whether and to what extent power produced by the Garrison dam should be taxed by the state.

7. The source and cost of power supplied to the state's Indian reservations.

8. Other issues related to the generation, transmission, and distribution of electric energy.

**SECTION 22. AMENDMENT.** Subsection 2 of section 54-44.1-06 of the North Dakota Century Code is amended and reenacted as follows:

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statement of unappropriated surplus for the general fund must reflect any projected deficiency appropriations relating to expenditures from the general fund for the present biennium. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue



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must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

**SECTION 23. AMENDMENT.** Section 54-44.1-12 of the North Dakota Century Code is amended and reenacted as follows:

**54-44.1-12. Control over rate of expenditures.** The director of the budget shall exercise continual control over the execution of the budget affecting the departments and agencies of state government, with the exception of the legislative and judicial branches. Execution means the analysis and approval of all commitments for conformity with the program provided in the budget, frequent comparison of actual revenues and budget estimates, and on the basis of these analyses and comparisons control the rate of expenditures through a system of allotments. The allotment must be made by specific fund and all departments and agencies that receive moneys from that fund must be allotted on a uniform percentage basis, except that appropriations to the department of public instruction for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund. Any allotment must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving moneys from the fund. Before an allotment is made which will reduce the amount of funds which can be disbursed pursuant to an appropriation or before an allotment disallowing a specific expenditure is made, the director shall find one or more of the following circumstances to exist:

1. The moneys and estimated revenues in a specific fund from which the appropriation is made are insufficient to meet all legislative appropriations from the fund.

2. The payment or the obligation incurred is not authorized by law.

3. The expenditure or obligation is contrary to legislative intent as recorded in any reliable legislative records, including:

   a. Statements of legislative intent expressed in enacted appropriation measures or other measures enacted by the legislative assembly; and

   b. Statements of purpose of amendment explaining amendments to enacted appropriation measures, as recorded in the journals of the legislative assembly.

4. Circumstances or availability of facts not previously known or foreseen by the legislative assembly which make possible the accomplishment of the purpose of the appropriation at a lesser amount than that appropriated.

**SECTION 24.** A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

Required use of electronic mail, file and print server administration, data base administration, and application server and hosting services. Each state agency and institution, excluding the legislative and judicial branches, the institutions under the control of the board of higher education, the public employees retirement system, the retirement and investment office, and the attorney general, which desires electronic mail, file and print server administration, data base administration, storage, and application server and hosting services shall obtain those services from the department. The chief information officer may exempt from the application of this



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section any agency that demonstrates its current services are more appropriate for the specific needs of that agency than the services available from the department.

**SECTION 25. AMENDMENT.** The new section to chapter 55-02 of the North Dakota Century Code as created by section 2 of Senate Bill No. 2249, as approved by the fifty-eighth legislative assembly, is amended and reenacted as follows:

**Protection of public health and safety on sites having a public function.** Notwithstanding any other provision of law, if the state or a political subdivision has a property interest in real property and that property has an existing public function in addition to any historical site registration or historical significance determination, the governing body of the agency or political subdivision owning the property interest may, subject to the following provisions, improve, alter, modify, or destroy that property if the agency or governing body determines that action is necessary to protect public health or safety, to provide access for disabled persons, or to ensure structural integrity. If an action is to be taken by an agency or governing body under this section, notice of intent to take the action must be given to the director at the onset of the planning process. At the director's request, the agency or governing body shall inform the director of each meeting at which planning or decisions on a project are on the agenda. At each meeting, the agency or governing body shall provide the director with an opportunity to comment or provide preservation funding for the proposed project and the agency or governing body shall consider the director's comments or offers of funding in the development and implementation of the project. If the agency or governing body and the director do not agree on the action to be taken, the differences must be submitted to a mediator selected by the governor to facilitate a consensus between the parties. The cost of the mediator must be shared equally by the parties. The mediator shall issue a report within sixty days of appointment by the governor. The report of the mediator must be sent to the director and must be published once in the official newspaper of the ~~state and~~ political subdivision. Although the agency or governing body may take the action it deems necessary, the agency or governing body shall make all reasonable effort to preserve the historical characteristics of a site taking into consideration economic and technical feasibility. The~~decision of the~~ agency or governing body must ~~be published~~ notify the director of its decision and must publish it once in the official newspaper of the ~~state and~~ political subdivision. After mediation, if any, if the governing body of a political subdivision determines to proceed with actions that will result in completely demolishing, removing, or significantly degrading the historical characteristics of a building or real property, a resident of the political subdivision where the building or real property is located may submit a written notice to the county auditor of intention to petition for a public vote. The notice must be filed with the county auditor within fourteen days of the publication of the decision of the governing body. A petition for a public vote must contain the names of at least ten percent of the qualified electors from that governing body's jurisdiction who voted in the last general election and must be filed with the county auditor within one hundred twenty days of the governing body's publication of notice of its final action. If a petition is filed, the matter must be submitted for a vote of the qualified electors at the next special, primary, or general election held in that jurisdiction. All actions to remove, demolish, or significantly degrade the historical characteristics of a building or real property are stayed for fourteen days after the governing body's publication of notice of its final action, and if notice of intention to seek a public vote is filed, actions are stayed until either the petition fails or the public vote is held. If the political subdivision is a home rule jurisdiction with its own referendum procedures, however, the home rule referendum procedures apply to the action of the governing body."

Page 4, line 8, overstrike "sixty-two" and insert immediately thereafter "seventy-one"

Page 4, line 10, overstrike "At the end of the 1995-97 biennium all revenue deposited in the"



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Page 4, overstrike lines 11 through 13

Page 4, line 14, overstrike "permanent oil tax trust fund."

Page 4, line 19, overstrike "sixty-two" and insert immediately thereafter "seventy-one"

Page 4, remove lines 29 and 30

Page 5, remove lines 1 through 4

Page 5, replace lines 15 through 17 with:

"**SECTION 28. TRANSFER OF STATE AGENCY INFORMATION TECHNOLOGY EMPLOYEE POSITIONS - CONSOLIDATION OF INFORMATION TECHNOLOGY FUNCTIONS.** On November 1, 2003, the following number of authorized full-time equivalent employee positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, and application server and hosting services must be reduced and transferred from the named agencies to the information technology department, except as otherwise provided under this section or unless exempted by the chief information officer pursuant to section 24 of this Act:

| AGENCY | FULL-TIME EQUIVALENT EMPLOYEE POSITIONS |
|---|---|
| Office of management and budget | 1 |
| Tax department | 2 |
| Department of public instruction | 1 |
| State department of health | 1 |
| Department of human services | 5 |
| Job service North Dakota | 3 |
| Industrial commission | 1 |
| Bank of North Dakota | 1 |
| Housing finance agency | 1 |
| Workers compensation bureau | 2 |
| Highway patrol | 1 |
| Department of corrections and rehabilitation | 2 |
| Game and fish department | 1 |
| State water commission | 1 |
| Department of transportation | 2 |

After consultation with the information technology department, each affected agency shall identify the specific positions for reduction and transfer. An agency may retain any of the identified positions providing that funding for the position is available from internal savings of the agency. The agency shall conduct any reduction-in-force analysis that may be required. Each agency shall limit its consideration to information technology related positions and shall identify for reduction and transfer those positions most closely associated with services assumed centrally by the information technology department.

The agencies shall retain funding relating to the employee positions identified in this section and related costs, which is contained in the agencies' respective appropriations bill. Each of the agencies shall establish an information technology services line item consisting of funding related to the salaries and wages for the identified employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs totaling at least $13,000 per employee for electronic mail, file and print server administration, data base



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administration, storage, and application server and hosting services. Agencies shall develop documentation supporting the related funding transferred to the information technology services line item. Any line item transfer must be reported to the office of management and budget. Each of the agencies must use the funding contained in the information technology services line item to purchase information technology services from the information technology department. Each of the agencies shall make arrangements with the information technology department for the transfer of equipment and material related to the transferred employee positions and services from the respective agency to the department. The information technology department is authorized to receive any funding relating to the purchase of information technology services under this section, which is hereby appropriated. Each agency is entitled to receive from the information technology department the equivalent in services that would have been performed by employees in the transferred positions at a cost not exceeding the amounts transferred to the agency's information technology services line item.

The information technology department shall determine the number of full-time equivalent positions necessary to provide the related information technology functions to state agencies. The department is authorized to employ the number of necessary employees and require all persons interested in filling the employee positions to apply with the department. In filling the employee positions, the department shall give preference to current state employees working in information technology. The department may make arrangements with the agency from which an employee was transferred to transfer any leave accrued by that employee.

In furtherance of the consolidation of information technology functions under this section, the supreme court and the attorney general shall continue to collaborate with the information technology department to implement the criminal justice information sharing program.

**SECTION 29. INFORMATION TECHNOLOGY FUNCTION CONSOLIDATION - ACCUMULATED SAVINGS - TRANSFER TO THE GENERAL FUND.** The information technology department shall achieve efficiencies during the biennium beginning July 1, 2003, and ending June 30, 2005, relating to the required consolidation of information technology functions, including electronic mail, file and print server administration, data base administration, storage, and application server and hosting services. The information technology department through efficiencies resulting from this consolidation shall achieve accumulated net savings totaling $1,400,000 for the 2003-05 biennium. The director of the office of management and budget shall transfer the savings accumulated as a result of these efficiencies in the amount of $1,400,000 to the general fund by June 30, 2005.

**SECTION 30. INFORMATION TECHNOLOGY SERVICE - REPORTS TO THE INFORMATION TECHNOLOGY COMMITTEE AND THE BUDGET SECTION.** The information technology department shall document information relating to the delivery of the consolidated services to agencies, including service dependability, agency complaints, and information technology department responsiveness, and shall report that information and the status of the accumulated savings to the information technology committee and the budget section as requested. Any agency receiving consolidated services may provide information to the information technology committee with respect to service availability, service dependability, complaints of the agency or of persons receiving services from the agency or the department, department responsiveness, and any additional costs incurred by the agency as a result of the consolidated services.

**SECTION 31. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $30,000,



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or so much of the sum as may be necessary, to the legislative council for the purpose of upgrading sound systems in the house and senate chambers, for the biennium beginning July 1, 2003, and ending June 30, 2005.

**SECTION 32. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $45,000, or so much of the sum as may be necessary, to the department of agriculture for the purpose of agriculture in the classroom, for the biennium beginning July 1, 2003, and ending June 30, 2005.

**SECTION 33. 2005-07 EXECUTIVE BUDGET - STUDENT LOAN TRUST FUND.** Any proposal to transfer or spend moneys from the student loan trust fund included as part of the 2005-07 biennium executive budget must be included in a separate bill introduced for consideration by the fifty-ninth legislative assembly.

**SECTION 34. STATE AGENCY CONTINUING APPROPRIATIONS - REPORTS TO FIFTY-NINTH LEGISLATIVE ASSEMBLY.** The head of each executive branch agency or institution shall report during the budget presentation to the appropriations committees of the fifty-ninth legislative assembly on statutory provisions authorizing the agency or institution to spend funds pursuant to a continuing appropriation. The summary report must include justification for continuing the authority, expenditures made pursuant to the continuing appropriation and related revenues and fund balances for the 1999-2001 biennium, the 2001-03 biennium, the 2003-05 biennium to date, and projections for the 2005-07 biennium.

**SECTION 35. CERTAIN APPROPRIATION BILLS - EXECUTIVE BUDGET RECOMMENDATION.** Notwithstanding North Dakota Century Code section 54-44.1-06, the legislative council shall submit for introduction to the fifty-ninth legislative assembly the 2005-07 appropriation bills for the department of public instruction, department of corrections and rehabilitation, state treasurer, and secretary of state based on the same funding amounts, line items, and employee levels authorized by the fifty-eighth legislative assembly for the 2003-05 biennium. Any budget changes recommended by the office of the budget for these departments for the 2005-07 biennium must be presented to the appropriations committees of the fifty-ninth legislative assembly as a recommendation for amendment to the bill as introduced.

**SECTION 36. STATE EMPLOYEE REDUCTIONS - BUDGET SECTION REPORT.** The number of full-time equivalent state employees must be reduced by employee retirements, employee turnover, and vacant employee positions during the biennium beginning July 1, 2003, and ending June 30, 2005, as follows:

| | |
|---|---|
| Executive branch agencies and the office of the governor, excluding other offices of state elected officials and higher education | 155 |
| State elected officials, excluding the governor | 13 |
| Judicial branch | 8 |

One-half of this total reduction must be accomplished by December 31, 2003. The additional reductions must be accomplished by December 31, 2004. Agencies shall report employee positions eliminated and related salary and wages and fringe benefit savings for the remainder of the 2003-05 biennium to the office of management and budget. The office of management and budget shall reduce each respective agency's appropriation authority by the amount of reported agency budgetary savings. The office of management and budget shall provide periodic reports on the employee positions eliminated by agencies and reported agency budgetary savings to the budget section of the legislative council.



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**SECTION 37. STATE EMPLOYEE REDUCTIONS - STATE EMPLOYEE COMPENSATION POOLS.** The office of management and budget shall establish a state employee compensation pool for executive branch agencies other than elected officials as provided in section 36 of this Act from agency savings resulting from employee reductions, a state employee compensation pool for state elected officials from those agency savings resulting from employee reductions, and a state employee compensation pool for the judicial branch from agency savings resulting from employee reductions.

**SECTION 38. STATE EMPLOYEE COMPENSATION POOL ALLOCATIONS - APPROPRIATION - REPORT TO THE BUDGET SECTION.** By January 1, 2004, the office of management and budget shall allocate any available funds to entities in the executive branch agency state employee compensation pool and the state elected official employee compensation pool established in section 37 of this Act for providing state employee compensation adjustments effective January 1, 2004, to be paid in February 2004. The funds must be allocated on a pro rata basis for remaining employee positions. The office of management and budget shall increase agencies' appropriation authority by the amount of funding allocated and the funds are appropriated to the agencies for the purpose of providing state employee compensation adjustments for the period January 1, 2004, through June 30, 2005. The funds in the judicial branch state employee compensation pool established in section 37 of this Act are appropriated to the judicial branch for providing state employee compensation adjustments for the period January 1, 2004, through June 30, 2005. It is the intent of the fifty-eighth legislative assembly that the compensation adjustments effective January 1, 2004, to be paid in February 2004, may not exceed increases of one percent. The office of management and budget and the judicial branch shall provide a report on the state employee compensation pool allocations to the budget section of the legislative council.

**SECTION 39. STATE EMPLOYEE COMPENSATION POOL ALLOCATIONS - APPROPRIATION - REPORT TO THE BUDGET SECTION.** By January 1, 2005, the office of management and budget shall allocate any available funds resulting from savings related to the employee reductions to be accomplished by December 31, 2004, to entities in the executive branch agency state employee compensation pool and the state elected official state employee compensation pool established in section 37 of this Act for providing state employee compensation adjustments effective January 1, 2005, to be paid in February 2005. The funds must be allocated on a pro rata basis for remaining employee positions. The office of management and budget shall increase agencies' appropriation authority by the amount of funding allocated and the funds are appropriated to the agencies for the purpose of providing state employee compensation adjustments for the period January 1, 2005, through June 30, 2005. The funds in the judicial branch state employee compensation pool established in section 37 of this Act are appropriated to the judicial branch for providing state employee compensation adjustments for the period January 1, 2005, through June 30, 2005. It is the intent of the fifty-eighth legislative assembly that the compensation adjustments effective January 1, 2005, to be paid February 1, 2005, may not exceed increases of two percent. The office of management and budget and the judicial branch shall provide a report on the state employee compensation pool allocations to the budget section of the legislative council.

**SECTION 40. ADDITIONAL LODGING REIMBURSEMENT FOR APRIL 2003 - LEGISLATIVE ASSEMBLY.** Notwithstanding the $650 per calendar month lodging maximum provided in section 54-03-20 for members of the legislative assembly during a legislative session, a member of the fifty-eighth legislative assembly is entitled to lodging reimbursement as provided in section 44-08-04 for state officers and



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employees for each calendar day the fifty-eighth legislative assembly is in session during the month of April 2003.

**SECTION 41. LEGISLATIVE COUNCIL STUDY - PUBLIC EMPLOYEE HEALTH INSURANCE BENEFITS.** The legislative council shall consider studying, during the 2003-05 interim, public employee health insurance benefits, including options for providing health insurance for state employees, the availability of other health insurance plans, single versus family coverage, employee contributions, and unitization of premium rates for budgeting purposes. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly.

**SECTION 42. SPECIFIED EXEMPT COMMODITIES AND SERVICES - REPORT TO THE BUDGET SECTION.** The director of the office of management and budget shall report to the budget section in December of even-numbered years on specified commodities and services exempted by written directive of the director from the procurement requirements of chapter 54-44.4.

**SECTION 43. EXEMPTION.** The funds appropriated in the grants line item in section 1 of chapter 44 of the 2001 Session Laws are not subject to section 54-44.1-11 in an amount of up to $850,000 and any unexpended funds from this amount may be spent during the biennium beginning July 1, 2003, and ending June 30, 2005.

**SECTION 44. LEGISLATIVE INTENT - PRAIRIE PUBLIC BROADCASTING.** It is the intent of the fifty-eighth legislative assembly that prairie public broadcasting funding be included in the executive budget as a separate line item in the office of management and budget's budget request for the 2005-07 biennium.

**SECTION 45.** Section 18 of House Bill No. 1414, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

**SECTION 18. EMERGENCY.** This Act is declared to be an emergency measure.

**SECTION 46.** Section 9 of House Bill No. 1012, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

**SECTION 9. EMERGENCY.** Subdivision f of subsection 1 of section 39-09-02 as amended by section 6 of this Act is declared to be an emergency measure.

**SECTION 47.** Section 16 of House Bill No. 1015, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

**SECTION 16. EMERGENCY.** Subdivision 3 of section 1 and sections 12 and 13 are declared to be an emergency measure.

**SECTION 48.** Section 2 of Senate Bill No. 2176, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

**SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure.

**SECTION 49. TAX COMMISSIONER - TAX AMNESTY PROGRAM.** The state tax commissioner shall conduct a one-time tax amnesty program for all state tax types beginning before December 31, 2003.



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**SECTION 50. EXPIRATION DATE.** Section 18 of this Act is effective through December 31, 2004, and after that date is ineffective.

**SECTION 51. EMERGENCY.** Sections 18, 40, 43, 45, 46, 47, 48, and 49 of this Act are declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2015 - Summary of House Action**

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Office of Management and Budget | | | | | | |
| Total all funds | $27,826,739 | $27,778,694 | ($149,707) | $27,628,987 | $27,873,847 | ($244,860) |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 | 7,888,476 | |
| General fund | $19,907,975 | $19,886,946 | ($146,435) | $19,740,511 | $19,985,371 | ($244,860) |
| Legislative Council - System upgrade and study | | | | | | |
| Total all funds | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| Less estimated income | | | | | | |
| General fund | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| Department of Agriculture | | | | | | |
| Total all funds | $0 | $0 | $45,000 | $45,000 | $0 | $45,000 |
| Less estimated income | | | | | | |
| General fund | $0 | $0 | $45,000 | $45,000 | $0 | $45,000 |
| All agencies - Contingent salary increases | | | | | | |
| Total all funds | $0 | $0 | $0 | $0 | $8,460,097 | ($8,460,097) |
| Less estimated income | | | | | 4,125,075 | (4,125,075) |
| General fund | $0 | $0 | $0 | $0 | $4,335,022 | ($4,335,022) |
| Bill Total | | | | | | |
| Total all funds | $27,826,739 | $27,778,694 | ($74,707) | $27,703,987 | $36,713,944 | ($9,009,957) |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 | 12,013,551 | (4,125,075) |
| General fund | $19,907,975 | $19,886,946 | ($71,435) | $19,815,511 | $24,700,393 | ($4,884,882) |

**Senate Bill No. 2015 - Office of Management and Budget - Conference Committee Action**

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Salaries and wages | $15,549,754 | $15,404,949 | ($16,718) | $15,388,231 | $15,388,231 | |
| Operating expenses | 11,364,985 | 11,461,745 | (132,989) | 11,328,756 | 10,573,616 | $755,140 |
| Capital assets | 733,000 | 733,000 | | 733,000 | 733,000 | |
| Grants | 179,000 | 179,000 | | 179,000 | 179,000 | |
| Technology critical needs pool | | | | | 1,000,000 | (1,000,000) |
| Total all funds | $27,826,739 | $27,778,694 | ($149,707) | $27,628,987 | $27,873,847 | ($244,860) |
| Less estimated income | 7,918,764 | 7,891,748 | (3,272) | 7,888,476 | 7,888,476 | |
| General fund | $19,907,975 | $19,886,946 | ($146,435) | $19,740,511 | $19,985,371 | ($244,860) |
| FTE | 162.00 | 162.00 | 0.00 | 162.00 | 162.00 | 0.00 |

**Dept. 110 - Office of Management and Budget - Detail of Conference Committee Changes**

| | REDUCES RECOMMENDED FUNDING FOR HEALTH | REDUCES FUNDING FOR INFORMATION TECHNOLOGY | TOTAL CONFERENCE COMMITTEE |
|---|---|---|---|



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| | INSURANCE [1] | COSTS [2] | CHANGES |
|---|---|---|---|
| Salaries and wages | ($16,718) | | ($16,718) |
| Operating expenses | | ($132,989) | (132,989) |
| Capital assets | | | |
| Grants | | | |
| Technology critical needs pool | | | |
| Total all funds | ($16,718) | ($132,989) | ($149,707) |
| Less estimated income | (3,272) | | (3,272) |
| General fund | ($13,446) | ($132,989) | ($146,435) |
| FTE | 0.00 | 0.00 | 0.00 |

1 This amendment reduces funding for state employee health insurance premiums from $493 to $488.70 per month.

2 This amendment reduces funding for information technology by $132,989 from the general fund, which represents a reduction in information technology funding from the general fund of approximately 5 percent, adjusted for salaries included in the information technology plan.

Section 5 - The House amendment reduces the 2003-05 biennium transfer from the lands and minerals trust fund to the general fund from $3 million to $2 million and limits the transfer from the permanent oil tax trust fund to the general fund to $11,910,000. The Conference Committee agreed to this amendment, increased the transfer from the bonding fund to $2,800,000, and increased the cap on oil revenues to $71,000,000.

Section 10 - The House removed the section in the bill providing for a contingent transfer of up to $25 million of earnings and accumulated and undivided profits of the Bank of North Dakota to the general fund if general fund revenue collections will not meet revenues as forecasted in the March 2003 legislative forecast for the 2003-05 biennium. The Conference Committee reinstated this section; however, it decreased the contingent transfer to $9 million.

Section 13 - The Conference Committee added a section providing for contracts for the preparation and provision of meals by institutions of higher education.

Section 14 - The Conference Committee added a section relating to legislative membership on the Medical Center Advisory Council.

Section 15 - The Conference Committee added a section relating to forwarding payments from the state tuition fund made on behalf of the student to the student's chosen school district.

Section 16 - A section is added reducing the reserve amount in the bonding fund from $2.5 million to $2 million.

Section 17 - The Conference Committee added a section amending Section 34-06-01 relating to overtime and work-period claims.

Section 18 - The Conference Committee provided that until December 31, 2004, the Racing Commission reinstate race dates and issue a license to any racetrack in the state which was operational after December 31, 2000.

Sections 19, 20, 21 - The House changed the membership and continued the Electric Industry Competition Committee through August 1, 2007. The Conference Committee agreed to this amendment.

Section 22 - The House amended North Dakota Century Code (NDCC) Section 54-44.1-06 to provide for the budget data presented by the director of the budget to include in the general fund budget status any deficiency appropriation relating to general fund expenditures for the current biennium. The Conference Committee agreed to this amendment.

Section 23 - The House amended NDCC Section 54-44.1-12 to provide that any allotment ordered by the Governor must be made to the extent necessary to address any projected



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deficiency appropriations for agencies receiving moneys from the fund. The Conference Committee agreed to this amendment.

Sections 24, 28, 29, 30 - The House added sections providing for the establishment of an information technology advisory committee, to provide for an information technology consolidation study, to provide for consolidation of information technology positions and functions, and to recognize general fund revenue related to accumulated information technology savings of $4 million from the Information Technology Department and $2 million from the North Dakota University System to be transferred to the general fund. The Conference Committee version provides for a transfer of $1.4 million from the Information Technology Department to the general fund from realized efficiencies from consolidation, provides for reports to the Budget Section on consolidation, and defines services to be provided by the Information Technology Department.

The Conference Committee added language to the section on the consolidation of information technology positions, providing for each affected state agency to identify the information technology positions to be transferred, after consultation with the Information Technology Department, based on the services to be assumed centrally by the Information Technology Department. In addition, as part of the functional consolidation effort, the Supreme Court and the Attorney General's office will continue to collaborate with the Information Technology Department to implement the criminal justice information sharing program.

Section 25 - The Conference Committee added a section requiring the report of the mediator relating to historical significance determinations be published in the state newspaper and the notice of the decision be given directly to the director of the State Historical Society.

Section 26 - The House amended NDCC Section 57-51.1-07.2 to provide that at the end of any biennium oil and gas production and extraction tax collections during any biennium in excess of $66,641,000, rather than $62 million, be transferred from the general fund to the permanent oil tax trust fund. This amendment would be effective starting with the 2003-05 biennium. The Conference Committee increased the amount at which funding is transferred to the permanent oil tax trust fund to $71,000,000.

Section 31 - The House provided a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers. The Conference Committee agreed to this amendment.

Section 32 - The Conference Committee provided an appropriation of $45,000 from the general fund to the Department of Agriculture for the agriculture in the classroom program.

Section 33 - The House added a section requiring the Governor to submit any proposal to spend or transfer moneys from the student loan trust fund included as part of the 2005-07 biennium budget in a separate bill. The Conference Committee agreed to this amendment.

Section 34 - The House added a section requiring executive branch agencies to report to the Appropriations Committees during the 2005 legislative session regarding expenditures made pursuant to continuing appropriations and justification for needing the continuing appropriation authority. The Conference Committee agreed to this amendment.

Section 35 - The House provided that the 2005-07 budgets for four agencies--the Department of Public Instruction, Department of Corrections and Rehabilitation, State Treasurer, and Secretary of State--be prepared based on the 2003-05 biennium budget as approved by the Legislative Assembly. The Conference Committee agreed to this amendment.

Sections 36, 37, 38, 39 - The House added sections providing for a reduction of 176.6 FTE positions during the 2003-05 biennium and providing for contingent state employee salary increases of 1 percent in January 2004 and 2 percent in January 2005. The Conference



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Committee provided for the establishment of employee compensation pools resulting from savings from employee reductions, and funding of state employee salary increases from the pool contingent on a reduction of 176 FTE positions.

Section 40 - The Conference Committee added a section providing for additional lodging reimbursement for members of the Legislative Assembly who incur expenses greater than $650 during the month of April 2003.

Section 41 - The House added a section for a Legislative Council study of public employee health insurance benefits. The Conference Committee agreed to this amendment.

Section 42 - The House added a section for a report to the Budget Section on specified exempt commodities and services relating to procurement requirements in NDCC Chapter 54-44.4. The Conference Committee agreed to this amendment.

Section 43 - A section is added allowing the Department of Commerce to carry over up to $850,000 of its 2001-03 biennium grants appropriation.

The Conference Committee reinstated funding of $120,000 for a lobbyist in Washington, D.C.

The Conference Committee removed the section from Engrossed House Bill No. 2015, which prohibited bonuses or temporary salary adjustments to state employees for extra working hours incurred as a result of the legislative session.

Section 44 - The Conference Committee added a section of intent that the 2005-07 executive budget provide for the funding for Prairie Public Broadcasting as a separate line item in the Office of Management and Budget's budget request.

Section 45 - The Conference Committee added a section providing an emergency clause for House Bill No. 1414, relating to infectious disease outbreaks and the ability for the State Department of Health to provide for quarantines.

Section 46 - The Conference Committee added a section providing an emergency clause for House Bill No. 1012, relating to the speed limit on paved two-lane county and township highways.

Section 47 - The Conference Committee added a section providing for an emergency clause for subdivision 3 of Section 1 and Sections 12 and 13 of House Bill No. 1015, relating to the partnership in assisting community expansion fund, the agriculture partnership in assisting community expansion fund, and the beginning farmer loan fund.

Section 48 - The Conference Committee added a section providing for an emergency clause for Senate Bill No. 2176, relating to participation by retired political subdivision employees in the uniform group insurance program.

Section 49 - The Conference Committee provided for the Tax Commissioner to conduct a one-time tax amnesty program beginning before December 31, 2003. The authorizing language is intended to grant the Tax Commissioner discretionary authority to implement the program.

**Senate Bill No. 2015 - Legislative Council - Conference Committee Action**

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Operating expenses | _____ | _____ | $30,000 | $30,000 | $380,000 | ($350,000) |
| Total all funds | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |



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| | | | | | | |
|---|---|---|---|---|---|---|
| Less estimated income | | | | | | |
| General fund | $0 | $0 | $30,000 | $30,000 | $380,000 | ($350,000) |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

## Dept. 160 - Legislative Council - Detail of Conference Committee Changes

| | PROVIDES FUNDING FOR UPGRADING SOUND SYSTEMS [1] | TOTAL CONFERENCE COMMITTEE CHANGES |
|---|---|---|
| Operating expenses | $30,000 | $30,000 |
| Total all funds | $30,000 | $30,000 |
| Less estimated income | | |
| General fund | $30,000 | $30,000 |
| FTE | 0.00 | 0.00 |

[1] This amendment adds a section to the bill providing a $30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers.

## Senate Bill No. 2015 - Department of Agriculture - Conference Committee Action

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | COMPARISON TO HOUSE |
|---|---|---|---|---|---|---|
| Agriculture in the classroom | | | $45,000 | $45,000 | | $45,000 |
| Total all funds | $0 | $0 | $45,000 | $45,000 | $0 | $45,000 |
| Less estimated income | | | | | | |
| General fund | $0 | $0 | $45,000 | $45,000 | $0 | $45,000 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

## Dept. 602 - Department of Agriculture - Detail of Conference Committee Changes

| | PROVIDES FUNDING FOR AGRICULTURE IN THE CLASSROOM [1] | TOTAL CONFERENCE COMMITTEE CHANGES |
|---|---|---|
| Agriculture in the classroom | $45,000 | $45,000 |
| Total all funds | $45,000 | $45,000 |
| Less estimated income | | |
| General fund | $45,000 | $45,000 |
| FTE | 0.00 | 0.00 |

[1] This amendment adds a section to the bill providing a $45,000 general fund appropriation to the Department of Agriculture for agriculture in the classroom.

Engrossed SB 2015 was placed on the Seventh order of business on the calendar.



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Operator's Signature Date

2003 TESTIMONY

SB 2015

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Prepared by the North Dakota Legislative Council
staff for House Appropriations
March 3, 2003

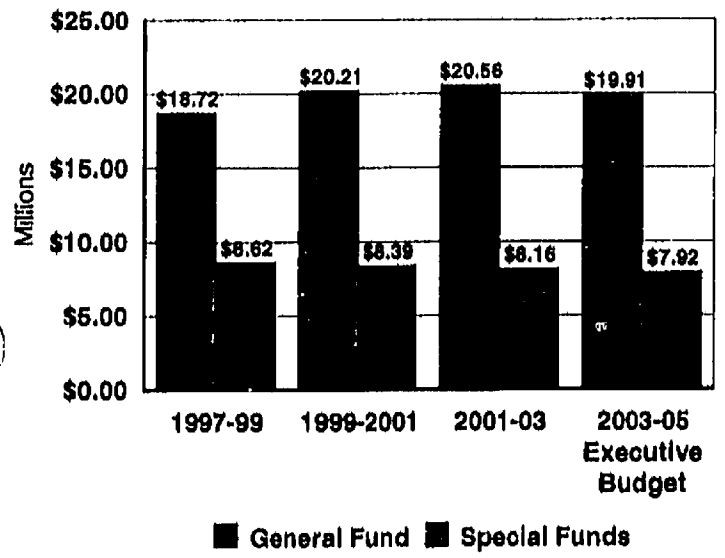
## Department 110 - Office of Management and Budget
## Senate Bill No. 2015

| | FTE Positions | General Fund | Other Funds | Total |
|---|---|---|---|---|
| 2003-05 Executive Budget | 162.00 | $19,907,975 | $7,918,764 | $27,826,739 |
| 2001-03 Legislative Appropriations | 163.00 | 20,564,017[1] | 8,163,741 | 28,727,758[2] |
| Increase (Decrease) | (1.00) | ($656,042) | ($244,977) | ($901,019) |

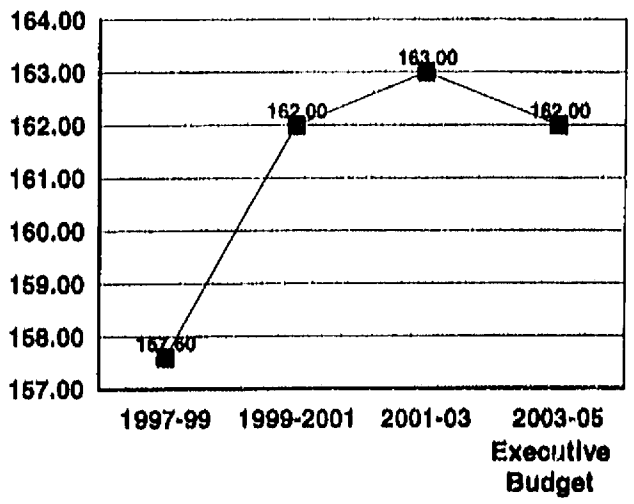
[1] The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of $215,922 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

[2] The 2001-03 appropriation amounts include $72,009, $50,282 of which is from the general fund, for the agency's share of the $5 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees. The 2001-03 appropriation amounts do not include $1,291,616 of 1999-2001 carryover authority and $90,000 of additional special funds authority resulting from Emergency Commission action during the 2001-03 biennium.

### Agency Funding




### FTE Positions




### First House Action

Attached is a summary of the first house changes.

### Executive Budget Highlights
### (With First House Changes Noted)

| | General Fund | Other Funds | Total |
|---|---|---|---|
| **Administration** | | | |
| 1. Increases funding for statewide unemployment compensation benefits to $1.5 million | | $300,000 | $300,000 |
| **Facility Management** | | | |
| 2. Increases operating expenses for building, grounds, and vehicle maintenance for higher fuel prices, inflation, and increase in repairs and improvements by facility staff rather than hiring outside contractors | $95,000 | | $95,000 |
| 3. Increases funding for insurance costs to reflect higher insurance rates | $33,475 | | $33,475 |
| 4. Decreases funding for extraordinary repairs from $1,320,620 to $663,000 on a priority basis to meet the 95 percent budget | ($657,620) | | ($657,620) |

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| | | | |
|---|---|---|---|
| 5. Increases funding for equipment to purchase a Toro mower (total cost of $30,000) | $6,000 | | $6,000 |
| 6. Removes funding for projects from the preliminary planning revolving fund for the 2003-05 biennium | | ($142,000) | ($142,000) |
| **Fiscal Management** | | | |
| 7. Unfunds continued development and operating costs of the state's accounting, management, and payroll systems, which were carried over from the 1999-2001 biennium | ($1,291,616) | | ($1,291,616) |
| **Central Personnel** | | | |
| 8. Removes funding for a statewide compensation plan, which was not provided for in 2003-05 biennium executive budget recommendation | ($9,291) | ($316,700) | ($325,991) |
| **Risk Management** | | | |
| 9. Decreases operations primarily to information technology costs to comply with the 95 percent budget | | ($91,700) | ($91,700) |
| **Central Services** | | | |
| 10. Provides funding for equipment over $5,000 to purchase a printing press | | $40,000 | $40,000 |
| 11. Decreases funding for operations to meet 95 percent budget | ($106,998) | ($267,008) | ($374,006) |
| **State Radio** | | | |
| 12. Consolidates State Radio Communications budget into the Office of Management and Budget. Previously, State Radio was funded with a separate appropriation. | | | |
| 13. Provides funding to purchase and install an emergency 911 wireless mapping system (the Emergency Commission and Budget Section approved a line item transfer of $290,000 to begin implementation of the system during the 2001-03 biennium) | $182,168 | | $182,168 |
| 14. Increases special funds spending authority for 911 mapping services. The special funds will be generated from fees charged to the political subdivision receiving the services. | | $102,000 | $102,000 |
| 15. Deletes 1 FTE business manager | | ($131,005) | ($131,005) |
| 16. Removes funding for capital assets | ($300,000) | | ($300,000) |

The following is a comparison of funding for dues and memberships:

| | 2001-03 | 2003-05 |
|---|---|---|
| Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.) | $55,000 | $66,000 |
| Council of State Governments | 132,000 | 138,500 |
| Government Accounting Standards Board | 4,000 | 4,000 |
| Western Governors Association | 7,200 | 74,300 |
| National Governors Association | 69,000 | 69,000 |
| Midwest Governors Association | | 200 |
| National Lieutenant Governors Conference | 1,200 | 1,200 |
| Total dues and memberships | $333,200 | $353,200 |

The Senate added $96,760 of general fund spending authority for the 2003-05 biennium membership in the Education Commission of the States.

## Major Related Legislation

Section 6 of Engrossed Senate Bill No. 2015 authorizes the director of the Office of Management and Budget to transfer the July 1, 2003, balance in the permanent oil tax trust fund, estimated to be $14.3 million, to the general fund.

Section 9 of Engrossed Senate Bill No. 2015 provides for a transfer of up to $60 million from the current earnings and the accumulated undivided profits of the Bank of North Dakota to the general fund. No more than $15 million of the amount transferred may come from accumulated undivided profits.

Section 10 of Engrossed Senate Bill No. 2015 provides for a contingent transfer of up to $25 million of earnings and accumulated and undivided profits of the Bank of North Dakota to the general fund, if general fund revenue collections will not meet the revenues as forecasted in the March 2003 legislative forecast for the 2003-05 biennium. The amount transferred may not exceed the lesser of $25 million or the revenue shortfall.

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Section 11 of Engrossed Senate Bill No. 2015 provides that any transfer from the Bank of North Dakota may be made only to the extent the transfer does not reduce the Bank's capital structure below $140 million.

Section 12 of Engrossed Senate Bill No. 2015 provides for a $9 million transfer from the North Dakota student loan trust to the general fund during the 2003-05 biennium.

Section 13 of Engrossed Senate Bill No. 2015 provides for a 2003-05 biennium suspension of North Dakota Century Code Section 57-51.1-07.2, requiring revenue received during a biennium from taxes imposed on oil and gas production and extraction tax collections in excess of $62 million to be transferred from the general fund to the permanent oil tax trust fund. These collections are estimated to be $3.4 million for the 2003-05 biennium.

Section 14 of Engrossed Senate Bill No 2015 prohibits state agencies, departments, and institutions from paying bonuses or temporary salary adjustments to employees for extra working hours incurred as a result of the legislative session.

Section 15 of Engrossed Senate Bill No. 2015 provides intent for state agencies to implement telecommuting by locating state employees away from a central office setting and for the Central Personnel Division to include information on the availability of telecommuting in job advertisements.

**House Bill No. 1093** - This bill removes the expiration date of the employee recruitment and retention bonus pilot program and provides that nonclassified employees may participate in the program.

**House Bill No. 1180** - This bill requires all purchases made by the Office of Management and Budget, higher education institutions, or a state agency to which authority to purchase has been delegated, to follow the Office of Management and Budget's guidelines for contracts for services.

**Senate Bill No. 2064** - This bill authorizes State Radio to charge political subdivisions a fee for digital mapping services of at least 20 cents per wireless access line for 911 wireless services.

**Senate Bill No. 2075** - This bill provides that proceeds from all surplus property sold for less than $3,000 must be retained in the surplus property operating fund unless the Office of Management and Budget determines the sale proceeds are subject to special requirements for distribution. At the end of each biennium the Office of Management and Budget is to transfer all funds in the surplus operating fund that exceed the amount needed for operating the surplus property function for one year to the general fund.

**Senate Bill No. 2092** - This bill changes the name of the Central Personnel Division to North Dakota Human Resource Management Services.

**Senate Bill No. 2107** - This bill provides that an employee may not be discharged, disciplined, or penalized concerning the employee's compensation, conditions, location, or other privileges or employment because of the employee's request for or participation in the mediation services provided by the Central Personnel Division.

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02/21/03

## STATEMENT OF PURPOSE OF AMENDMENT:

**Senate Bill No. 2015 - Funding Summary**

| | Executive Budget | Senate Changes | Senate Version |
|---|---|---|---|
| Office of Management and Budget | | | |
| Salaries and wages | $15,549,754 | ($144,805) | $15,404,949 |
| Operating expenses | 11,364,985 | 96,760 | 11,461,745 |
| Capital assets | 733,000 | | 733,000 |
| Grants | 179,000 | | 179,000 |
| Total all funds | $27,826,739 | ($48,045) | $27,778,694 |
| Less estimated income | 7,918,764 | (27,016) | 7,891,748 |
| General fund | $19,907,975 | ($21,029) | $19,886,946 |
| FTE | 162.00 | 0.00 | 162.00 |
| Bill Total | | | |
| Total all funds | $27,826,739 | ($48,045) | $27,778,694 |
| Less estimated income | 7,918,764 | (27,016) | 7,891,748 |
| General fund | $19,907,975 | ($21,029) | $19,886,946 |
| FTE | 162.00 | 0.00 | 162.00 |

**Senate Bill No. 2015 - Office of Management and Budget - Senate Action**

| | Executive Budget | Senate Changes | Senate Version |
|---|---|---|---|
| Salaries and wages | $15,549,754 | ($144,805) | $15,404,949 |
| Operating expenses | 11,364,985 | 96,760 | 11,461,745 |
| Capital assets | 733,000 | | 733,000 |
| Grants | 179,000 | | 179,000 |
| Total all funds | $27,826,739 | ($48,045) | $27,778,694 |
| Less estimated income | 7,918,764 | (27,016) | 7,891,748 |
| General fund | $19,907,975 | ($21,029) | $19,886,946 |
| FTE | 162.00 | 0.00 | 162.00 |

**Department No. 110 - Office of Management and Budget - Detail of Senate Changes**

| | Removes Recommended Salary Increase[1] | Increases Funding For State Dues[2] | Total Senate Changes |
|---|---|---|---|
| Salaries and wages | ($144,805) | | ($144,805) |
| Operating expenses | | 96,760 | 96,760 |
| Capital assets | | | |
| Grants | | | |
| Total all funds | ($144,805) | $96,760 | ($48,045) |
| Less estimated income | (27,016) | 0 | (27,016) |
| General fund | ($117,789) | $96,760 | ($21,029) |
| FTE | 0.00 | 0.00 | 0.00 |

[1] This amendment removes the Governor's recommendation for state employee salary increases and retains the recommended state payment for health insurance premiums.



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[2] Increases funding for the operating line item for the state's membership in the Education Commission of the States.

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A section is added prohibiting bonuses or temporary salary adjustments to state employees for extra working hours because of the legislative session.

A section is added to provide language for a transfer from the bonding fund to the general fund.



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# OFFICE OF MANAGEMENT AND BUDGET

600 East Boulevard Ave, Dept 110 • Bismarck, North Dakota 58505-0400
FAX - (701) 328-3230

**TO:** Senator Bob Stenehjem
Representative Rick Berg

**FROM:** Pam Sharp, Interim Director

**SUBJECT:** Agency's Purpose

**DATE:** January 20, 2003

Detailed below is OMB's response to the questions contained in your letter dated January 8, 2003.

**What is the main purpose of your agency?**
OMB's purpose is to provide a range of products and services resulting in a well-run government that meets the needs of North Dakota citizens.

OMB has six divisions and while the overall purpose of all the divisions together is stated above, each of the divisions have a unique purpose that I would like to address separately.

Division of Fiscal Management. The purpose of the Division of Fiscal Management is to produce a comprehensive annual financial report (CAFR) and the governor's biennial budget recommendation, and provide timely, quality support to state agencies and institutions in all financial and budget transactions.

Division of Central Personnel. The purpose of the Division of Central Personnel is to promote effective management in North Dakota state government by providing leadership and expertise in human resource services.

Division of Central Services. The purpose of the Division of Central Services is to provide agencies with economical and timely centralized services through the administration of Central Duplicating , Central Supply, the State Procurement Office and Surplus Property.

Division of Facility Management. The purpose of Facility Management is to provide a clean, safe, and friendly environment to all who use the capitol complex resulting in a positive public image.

Division of Risk Management. The purpose of the Division of Risk Management is to promote safety and reduce loss resulting from tort liability and employee injury claims.

State Radio. The purpose of State Radio is to provide each person in need with professional safety communication services through coordinating 9-1-1 services, emergency medical services, fire, law enforcement and related public safety information.



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**How do you measure the achievement of your agency?**
The divisions of OMB send out surveys on a regular basis to our customers, which are primarily state agencies, to get feedback as to how we are meeting their needs and fulfilling the purposes of the divisions. Informal feedback from agencies also provides a measurement of how we are doing.

In addition, some of the divisions have more specific measures. Fiscal Management knows they have been doing things right if they receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting and the GFOA Effective Budget Presentation Award. The CAFR award has been received every year since 1991 and the budget award has been received every biennium since 1993.

Facility Management uses a work order system that tracks the progress and time of completion of all work orders submitted by agencies.

Risk Management benchmarks against loss history and compares North Dakota's cost of risk with other state government entities. 2002 records show North Dakota risk costs for property/casualty represent about 0.30% of state revenues as compared with 0.823% for other state governmental entities.

**What can the legislature do, financially, and otherwise, to help you achieve your purpose.**
There are two main areas in which the Legislature can assist OMB in achieving our purpose. The first one is to continue to provide adequate staffing levels for OMB and to provide adequate compensation for OMB staff so we can continue to employ the best staff possible.

Secondly, to achieve a well-run government, we need statewide tools. It is important that the Legislature financially support a state compensation plan that maintains a relationship between salary range midpoints and the relevant employment market, and continue to allow flexibility in the human resource system as you have done with the pilot bonus programs.

Continued financial support of ConnectND is imperative for state government. The state's payroll system and accounting system are outdated and the state does not currently have a human resource management system. ConnectND will provide these as an integrated system and will keep state government and higher education up-to-date with the latest technology for many years to come.

Finally, it would be extremely helpful if the Legislature would promote to agencies the necessity of implementing practices to qualify for the maximum discounts for the risk management programs.

**How can you report (measure) your results so the public can easily understand your purpose and evaluate your effectiveness?**
The two GFOA awards show that Fiscal Management is achieving its purpose. In addition, by providing the proper tools to agencies in the areas of accounting, budgeting, and human resource services, the rest of state government can more easily achieve their purpose.

The reduced cost of risk for the state as a result of the efforts of the Risk Management shows the results of that division. The reduced level of risk that occurs to the state as a result of human resource expertise and consultation services provided to state agencies shows the results of the Division of Central Personnel.

Finally, the results of the surveys that are completed by our customers are a good measure of how we are achieving our purpose.

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Testimony on SB 2015
Pam Sharp, Interim Director
Office of Management and Budget
January 22, 2003

Good morning Chairman Holmberg, and members of the Senate Appropriations Committee. I am Pam Sharp, Interim Director of the Office of Management and Budget.

Today we will cover the narrative sections of the appropriation bill, review the budget requests for OMB's divisions of Administration, Fiscal Management, Central Personnel, Central Services, Facility Management, Risk Management and State Radio. In addition, I have one amendment to present to you for SB 2015.

**SECTION 1** of SB 2015 provides the appropriation by line item for all of OMB. This appropriation includes State Radio. Previously, State Radio had their own agency number and a separate appropriation, although they have been a division of OMB for several years. This request combines State Radio's appropriation with the rest of OMB.

**SECTION 2** allows $25,000 to be spent from the capitol building fund for the Capitol Grounds Planning Commission.

**SECTION 3** allows Fiscal Management to carryover any unexpended funds for continued development and operating costs of accounting, management and payroll systems. At the beginning of the current biennium, $1.2 million was carried over. We have spent $498,000 of that so far this biennium on GASB-34 programming and consultants, SIBR upgrades, and ConnectND.

**SECTION 4** relates to state employee compensation adjustments, The language provides for a 1.0 percent increase beginning January 2004 and a 2.0 percent increase beginning January 2005.

**SECTION 5** relates to the special items included in the Administration budget. These include $53,000 for boys and girls club work, $500,000 for the Emergency Commission use on state contingencies, $353,200 for state memberships and related expenses, $126,000 for the Firemen's Association, $1,500,000 for unemployment insurance, $25,000 for the Capitol Grounds Planning Commission and $120,000 for a state consultant in Washington DC.

**SECTION 6** provides for a transfer of $3,000,000 from the lands and minerals trust fund to the general fund. This is the estimate given to us by the Land Department. Since the revenue forecast they have revised downwards the transfer to $2,000,000 and are currently working on an accurate projection in time for the March revenue forecast.

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**SECTION 7** provides for a transfer of the balance in the permanent oil tax trust fund. We have estimated this to be $14,300,000 and this is included in the revenue forecast.

**SECTION 8** provides funding to the Firemen's Association from the fire and tornado Fund.

**SECTION 9** provides for the $60,000,000 transfer from the Bank of North Dakota. No more than $15,000,000 of the amount transferred may come from accumulated undivided profits.

**SECTION 10** provides for a contingent Bank of North Dakota transfer. If general fund revenues will not meet the revenue as forecast, then transfers may be made from the Bank of North Dakota to the general fund. The amount transferred may not exceed $25,000,000. In addition, the director of OMB may determine what portion of the shortfall will be covered by the transfer and what portion will be covered by an allotment.

**SECTION 11** provides that any transfer from the Bank of North Dakota may only be made to the extent the transfer doesn't reduce the Bank's capital structure below $140,000,000.

**SECTION 12** provides for the transfer of $9,000,000 from the student loan trust fund to the general fund.

**SECTION 13** is an amendment to Section 57-51.1-07.2, which provides for the permanent oil tax trust fund. This amendment provides for no transfer of revenue to the permanent oil tax trust fund for the 2003-05 biennium.

**SECTION 14** provides for an expiration date for the amendment relating to the permanent oil tax trust fund so the amendment is effective for the 2003-05 biennium only.

Mr. Chairman, I would like to submit an amendment to SB 2015. Included in the governor's recommendation is a transfer to the general fund from the bonding fund. This bill erroneously excluded that transfer language. The attached amendment provides that language.

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Office of Management and Budget
January 22, 2003

PROPOSED AMENDMENT TO SENATE BILL NO. 2015

Page 3, after line 5, insert:

**SECTION 8. BONDING FUND TRANSFER TO STATE GENERAL FUND.** The Insurance Commissioner shall transfer to the general fund in the state treasury, the sum of $2,000,000 from the state bonding fund. The moneys must be transferred in such amounts and at such times as requested by the director of the office of management and budget during the biennium beginning July 1, 2003 and ending June 30, 2005.

Renumber accordingly

**Statement of purpose of amendment:**
To provide language for a transfer from the bonding fund to the general fund.

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Testimony on Engrossed SB 2015
Pam Sharp, Interim Director
Office of Management and Budget
March 10, 2003

Good morning Chairman Carlisle, and members of the House Government Operations Committee. I am Pam Sharp, Interim Director of the Office of Management and Budget.

Today we will cover the narrative sections of the appropriation bill, review the budget requests for OMB's divisions of Administration, Fiscal Management, Central Personnel, Central Services, Facility Management, Risk Management and State Radio. In addition, I have one amendment to present to you for SB 2015.

**SECTION 1** of SB 2015 provides the appropriation by line item for all of OMB. This appropriation includes State Radio. Previously, State Radio had their own agency number and a separate appropriation, although they have been a division of OMB for several years. This request combines State Radio's appropriation with the rest of OMB.

**SECTION 2** allows $25,000 to be spent from the capitol building fund for the Capitol Grounds Planning Commission.

**SECTION 3** allows Fiscal Management to carryover any unexpended funds for continued development and operating costs of accounting, management and payroll systems. At the beginning of the current biennium, $1.2 million was carried over. We have spent $498,000 of that so far this biennium on GASB-34 programming and consultants, SIBR upgrades, and ConnectND.

**SECTION 4** relates to the special items included in the Administration budget. These include $53,000 for boys and girls club work, $500,000 for the Emergency Commission use on state contingencies, $353,200 for state memberships and related expenses, $126,000 for the Firemen's Association, $1,500,000 for unemployment insurance, $25,000 for the Capitol Grounds Planning Commission and $120,000 for a state consultant in Washington D.C.

**SECTION 5** provides for a transfer of $2,000,000 from the lands and minerals trust fund to the general fund. This is the estimate given to us by the Land Department. Since the November revenue forecast, they have revised downwards the transfer from $3,000,000 to $2,000,000, which has been reflected in the revised forecast. We have attached an amendment to reflect this change in the revenue forecast.

**SECTION 6** provides for a transfer of the balance in the permanent oil tax trust fund. Based on the March revenue forecast, we have estimated this to be $22,243,762.

**SECTION 7** provides funding to the Firemen's Association from the fire and tornado fund.

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**SECTION 8** provides for a transfer to the general fund from the bonding fund.

**SECTION 9** provides for the $60,000,000 transfer from the Bank of North Dakota. No more than $15,000,000 of the amount transferred may come from accumulated undivided profits.

**SECTION 10** provides for a contingent Bank of North Dakota transfer. If general fund revenues will not meet the revenue as forecast, then transfers may be made from the Bank of North Dakota to the general fund. The amount transferred may not exceed $25,000,000. In addition, the director of OMB may determine what portion of the shortfall will be covered by the transfer and what portion will be covered by an allotment.

**SECTION 11** provides that any transfer from the Bank of North Dakota may only be made to the extent the transfer doesn't reduce the Bank's capital structure below $140,000,000.

**SECTION 12** provides for the transfer of $9,000,000 from the student loan trust fund to the general fund.

**SECTION 13** is an amendment to Section 57-51.1-07.2, which provides for the permanent oil tax trust fund. This amendment provides for no transfer of revenue to the permanent oil tax trust fund for the 2003-05 biennium.

**SECTION 14** is an amendment that the ~~house~~ Senate added to prevent any agency from giving bonuses or temporary salary adjustments for extra working hours incurred as a result of the legislative session. Our understanding is that this is to address one agency. Our preference would be to address that agency individually instead of globally.

**SECTION 15** was added by ~~House~~ Senate Appropriations to address telecommuting. We have some concerns with the language and have included an amendment that we feel is more workable and still addresses the problem.

**SECTION 16** provides for an expiration date for the amendment relating to the permanent oil tax trust fund so the amendment is effective for the 2003-05 biennium only.

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LaCosta Rickford 10/15/03
Operator's Signature Date

Office of Management and Budget
March 10, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 2, line 21, replace:

"$3,000,000" with "$2,000,000, or so ever much as may be available"

Page 5, replace lines 5 through 17 with:

**"SECTION 15. LEGISLATIVE INTENT – SUPPORT OF TELECOMMUTING.** The fifty-seventh legislative assembly enacted North Dakota Century Code section 54-06-24.1 to encourage state agencies to implement telecommuting by locating state employees away from central office settings. In furtherance of this action, it is the intent of the fifty-eighth legislative assembly, that agencies assess the feasibility of a telecommuting arrangement for vacant positions prior to advertising. When a position is determined to be suitable for telecommuting, the agency will include language in their advertisements to inform applicants that telecommuting will be considered."

Renumber accordingly

Statement of purpose of amendment:

To provide language for a transfer from the bonding fund to the general fund and to provide language in support of telecommuting.

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## ADMINISTRATION

The recommendation for the Administration Division is $3,283,462 including the compensation package. The special lines we discussed while going through the bill, such as the state contingency funds, state memberships, unemployment insurance and the state consultant, account for nearly $2.7 million of the total. The remainder is for the salaries and operating costs of the Administration Division.

This division has 3.00 FTE's which include the director position, deputy director position and an administrative assistant. Included within the operating costs are some of the items for the fourth floor which are not easily categorized into the specific divisions, such as postage, copy machine costs and office supplies.

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Testimony on SB 2015
Sheila Peterson, Director
OMB Fiscal Management Division
January 22, 2003

Good Morning Mr. Chairman and members of the Senate Appropriations Committee.

My name is Sheila Peterson. I am the Director of the Fiscal Management Division of OMB.

The Fiscal Management Division has four major areas of responsibility: budget, accounting, payroll, and financial reporting.

We measure our success in terms of peer evaluation. Our peer evaluations come through the Government Finance Officers Association (GFOA) of the United States and Canada. Our last Comprehensive Annual Financial Report (CAFR) again received the GFOA Certificate of Achievement for Excellence in Financial Reporting and our last budget documents again received the GFOA Distinguished Budget Presentation Award.

I might also add the most recent Comprehensive Annual Financial Report for FY02 was submitted under the new reporting model established by the Governmental Accounting Standards Board. This was a major undertaking by our staff. The other major undertaking of the Fiscal Management Division is ConnectND. ConnectND will replace our current accounting, payroll, and financial reporting systems. Substantial resources from the Fiscal Management Division are devoted to this effort. Those devoted to the project, and those remaining in the office to cover all our work, are really stretched to the limit. We are, however, fully committed to the project.

The Fiscal Management Division has 17.00 FTE. We are requesting $3,778,648 from the general fund, including the compensation package, for next biennium. This is a slight decrease from the budget request two years ago.

Eighty-five percent (85%) of my division's budget falls into two categories - data processing and salaries. All of our functions depend on computers - accounting, payroll, budget, and financial reports - and people. The remainder of our bigger expenses include consultants and printing. Consultants are hired for revenue forecasting, cost allocation, and assisting us in the statewide comprehensive annual financial reports. Printing expenses include the CAFR and all budget documents.

Mr. Chairman, that concludes my remarks. I would be happy to answer any questions.

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10/15/03
Date

Testimony SB 2015
Laurie Sterioti Hammeren, Director
OMB Central Personnel Division
January 22, 2003

Good morning, Chairman Holmberg and members of the Senate Appropriations Committee. My name is Laurie Sterioti Hammeren. I am the Director of the Central Personnel Division of the Office of Management and Budget.

The Central Personnel Division has 11.00 FTE positions and is responsible for maintaining a unified system of human resource management covering more than 40 agencies and 6,587 classified employees. Our mission is to actively promote effective management in North Dakota State government by providing leadership and expertise in human resource services. We provide an array of services in four broad functional areas:

- Classification and Compensation
- Human Resource Consulting
- Employment Services
- Training and Development

Significant accomplishments of the Division include:

- Continued development and maintenance of the CPD web-site. Information on the site includes:

  -Job Openings
  -Supervisor's Guide
  -Administrative Rules
  -Job Class Index & Descriptions
  -Employment Application & other HR Forms
  -Training Course Listings

  Monthly web-site statistics for 2002 average:
  + 365,809 hits
  + 29,351 "hits" on the job announcement index page
  + 1,225 list server subscribers receive each job announcement

- In 2002, forty-one state agencies placed 1,069 "combo ad" job announcements in the 10 major ND newspapers for an approximate savings of $23,800. The "combo ad" combines job ads from state agencies into one ad. The significant savings is a result of 1) contracting for a reduced rate, and 2) using less space to advertise.

- So far during this biennium, Central Personnel has offered 153 training classes in 806 sessions for 6,924 individuals.

- 938 job classifications are currently maintained in the state classification/compensation system. Over 200 job classifications are reviewed and updated each biennium. In addition, approximately 2,404 individual employee positions have been reviewed for appropriate classification assignment over the past two years.

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- Central Personnel Division developed a telecommuting (outstationing) program model for state agencies to use as a guideline for implementing telecommuting in their agency. This included a sample agreement form which the agency and employee would sign. In addition, we developed a telecommuting feasibility worksheet which is intended to assist managers in assessing the feasibility of a telecommuting arrangement for positions/employees. Since October 2002, there have been 228 hits on the telecommuting web site page.

4 calls to C. Pers. re: telecommuting

Our budget request for this next biennium is $1,286,938 from the general fund, including the compensation package for next biennium. Ninety–three percent (93%) of my Division's budget is for salaries and wages. All of the Division's services require human capital. The remaining seven percent (7%) is operating expenses. Our budget request reflects a slight decrease in operating expenses over the past biennium, $27,553, as a part of meeting the Governor's 95% budget request.

Mr. Chairman, members of the Committee, this concludes my remarks. I would be happy to answer any questions.

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10/15/03
Date

Testimony SB 2015
Linda Belisle, Director
OMB Central Services Division
January 22, 2003

Chairman Holmberg and members of the committee, my name is Linda Belisle. I am the Director of the OMB Central Services Division.

Central Services' mission is to provide agencies and departments with economical and timely centralized services through the administration of Central Duplicating Services, Central Supply, the State Procurement Office, and Surplus Property. Our budget request includes continued funding for all operations and for division administration.

Central Services Division requests $4,669,592 in special fund authority for the Division's service operations – Central Duplicating, Central Supply, and Surplus Property. Expenditures for these operations are recovered through billings of all direct and indirect costs for the services performed.

We are requesting $629,762 of general fund appropriation for the State Procurement Office. This appropriation will allow for funding to meet normal operating requirements. We are also asking for $71,000 in additional funding for the following:

1. $32,000 for programming. All on-line applications in the existing procurement system operate on an application called Silverstream. The Silverstream company has informed ITD that as of January 1, 2004, they will no longer support the Silverstream platform. ITD is migrating to a product called Websphere and will need to move the State Procurement Office's on-line applications to it.
2. $9,000 to maintain a website for posting bidding opportunities for vendors.
3. $30,000 for ongoing agency training for the procurement of services.

Additional funding for website maintenance and for agency training will allow the State Procurement Office to further implement recommendations from the audit of state agencies' procurement of services that was conducted in 2000.

This concludes my testimony. I'd be happy to answer any questions you may have.

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Operator's Signature Date

Testimony on Engrossed SB 2015
Linda Belisle, Director
OMB Central Services Division
March 10, 2003

Chairman Carlisle, and members of the House Operations Committee, my name is Linda Belisle. I am the Director of the OMB Central Services Division.

Central Services' mission is to provide agencies and departments with economical and timely centralized services through the administration of Central Duplicating Services, Central Supply, the State Procurement Office, and Surplus Property. Our budget request includes continued funding for all operations and for division administration.

Central Services Division requests $4,669,592 in special fund authority for the Division's service operations – Central Duplicating, Central Supply, and Surplus Property. Expenditures for these operations are recovered through billings of all direct and indirect costs for the services performed.

We are requesting $629,762 of general fund appropriation for the State Procurement Office. This appropriation will allow for funding of 5.0 FTE's and to meet normal operating requirements.

This concludes my testimony. I'd be happy to answer any questions you may have.

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Testimony SB 2015
John Boyle, Director
OMB Facility Management Division
January 22, 2003

Good morning Chairman Holmberg and members of the Senate Appropriations Committee. My name is John Boyle. I am the Director of the Facility Management Division within the Office of Management and Budget. I am a recent transplant to the Bismarck area. My wife and I relocated to Bismarck five months ago from Myrtle Beach, South Carolina and love serving the people of this great state.

The Facility Management Division is comprised of 66.00 FTE. Sixty (60) of these employees provide security, central mailroom and tour guide services as well as work as custodians, grounds & landscaping, maintenance and engineers. These state employees ensure the public, elected officials, appointed officials and other state employees working on the Capitol Complex are provided a safe, clean and welcoming environment.

We are requesting $8,105,530 from the general fund for the next biennium. The amount requested is a six percent (6%) decrease from the budgeted amount requested two years ago. This decrease is attributed to the reduction in the extraordinary repairs and maintenance line item of the budget.

Ninety-one percent (91%) of my Division's budget falls into two categories- operating expenses and salaries. The three largest items within the operating expenses are monthly utilities, daily repairs and daily maintenance. The remaining nine-percent (9%) of the budget accounts for our extraordinary repairs, maintenance and equipment. The two largest items within this category include the replacement of the Capitol Cooling Tower and road and sidewalk repairs.

The Capitol Cooling Tower has two major problems. The first problem is it has exceeded its recommended useful life by five years and the second problem is it is undersized. During the past twenty-five (25) years approximately sixty (60) heat pumps have been added to the system to provide a comfortable working environment during the summer months.

Road and sidewalk repair expenses include a new overlay of asphalt in the Judicial Wing parking lot and the application of chip seal over drive lanes that were overlaid during the current biennium.

Mr. Chairman, that concludes my remarks. At this time, I would be happy to answer any of your questions.

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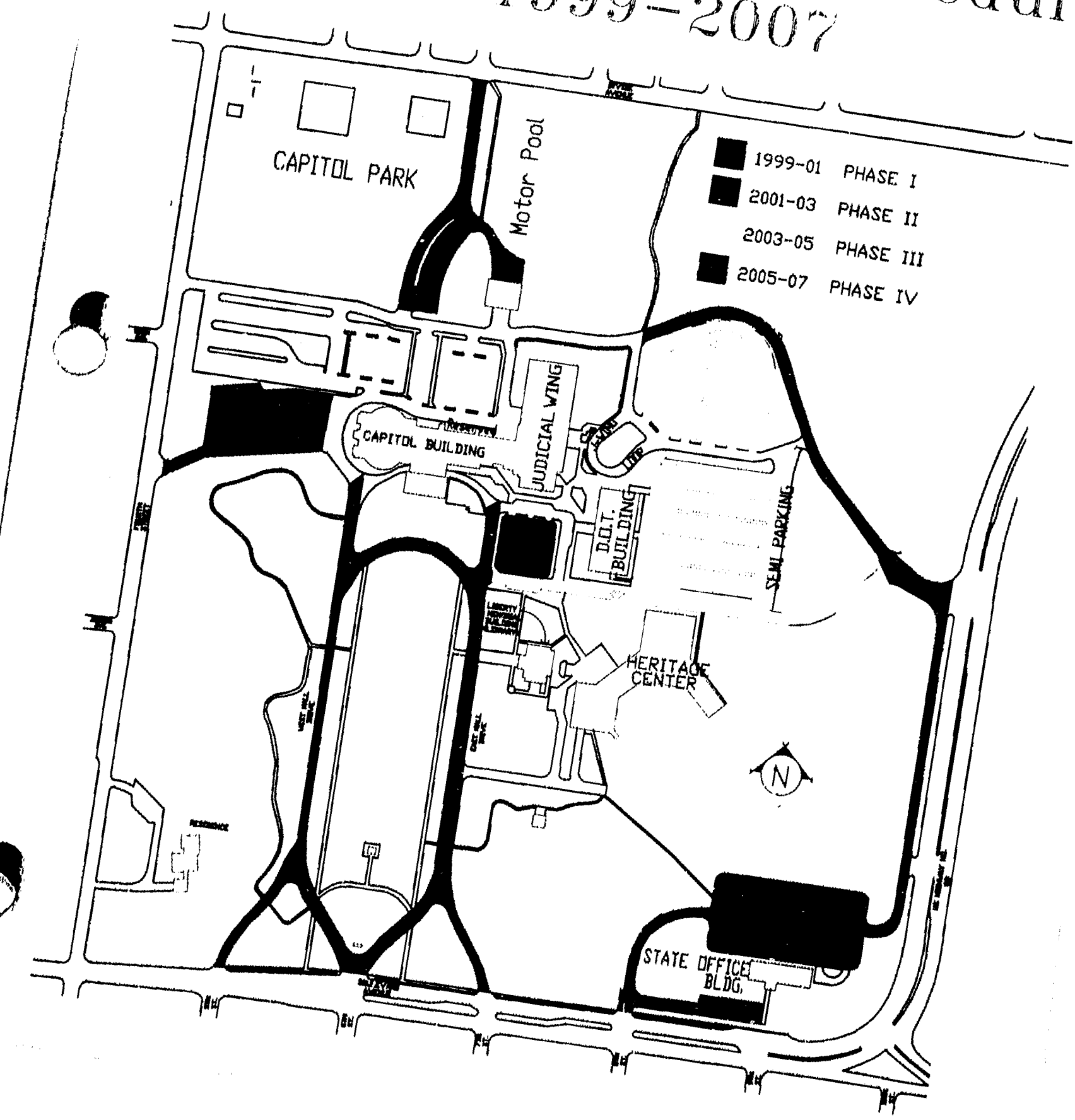
# Asphalt Overlay Schedule
# 1999–2007

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12/15/03

**RISK MANAGEMENT** A Division of the North Dakota Office of Management & Budget

# Memorandum

**To:** Representative Frank Wald

**From:** Jo Zschomler, Director Risk Management Division OMB

**Date:** 1/15/2003

**Re:** Risk Management Fund Contributions and Medical Malpractice Coverage

---

History of cost of tort liability coverage to State agencies since the Risk Management Fund was initiated:

- The 1995 Legislature appropriated new monies to fund the Fund.
- The 1997 Legislature used the NDIRF conferment to fund the Fund.
- Adequate balance in the Fund allowed us to waive funding for the '99-'01 biennium.
- '01-'03 was the first biennium agencies required to fund contribution from budgets;
    1. Agencies had experienced 6 years of tort liability coverage with no impact to their budgets;
    2. Contribution amount was based on agency's loss history with the Fund.
- The '03-'05 contribution was again based on agency's loss history with the Fund;
    1. 64% increase over '01-'03 contribution was still 25% less than the 1995 recommended contribution.
    2. Actuary determined need for 64% increase in contributions primarily due to cost of administering Fund due to:
        - hard market increasing cost of reinsurance and medical malpractice premiums; and
        - required refund of federal dollars as the result of the 1997 NDIRF conferment.

| Premium Cost to Fund for Reinsurance: | Premium Cost to Fund for Medical Malpractice |
|---|---|
| 7/1/97 - $331,230 | 7/1/97 - $258,000 |
| 7/9/98 - $331,230 | 7/1/98 - $269,314 |
| 7/1/99 - $306,400 | 7/1/99 - $292,985 |
| 7/1/00 - $300,000 | 7/1/00 - $336,343 |
| 7/1/01 – $375,000 | 7/1/01 - $497,500 |
| 7/1/02 - $446,000 | 7/1/02 - $703,950* |
| Totals $2,089,860 | $2,358,092 |

*$100,000 deductible; limited to professional liability (general, employer practices, etc. covered by the Risk Management Fund)

400 East Broadway Avenue, Suite 613 • Bismarck, North Dakota 58501
Telephone: 701-328-6514 • Fax: 701-328-6515
Website: www.state.nd.us/risk
ND State Government Website: discovernd.com

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*January 15, 2003*

Cost Allocation Division of the U.S. Department of Health & Human Services performed a review of the financial status of the Risk Management Fund this year. Their determination was that, to offset the federal contribution in the dollars used to pay premium to NDIRF, the Risk Management Fund was required to refund, or give credit against further contributions, to the School of Medicine, Department of Human Services, and State Fleet.

Based on the dollars paid by the Fund for medical malpractice coverage (reported above), the Federal Government determined the Fund has met its obligation to the School of Medicine. However, it determined that State Fleet was entitled to a credit of $710,609 and DHS, $555,377. Accordingly, we are not billing State Fleet or DHS for coverage until those amounts have been used up.

The specialized cost of medical malpractice will become the responsibility of the School of Medicine as of July 1, 2003. It is anticipated that the premium cost will be at least the $703,950 charged for coverage this year, with a $100,000 deductible. However, negotiations have not yet begun to renew this coverage. The Risk Management Fund will continue to be in a position to administer claims on behalf of the School, and will provide all other tort liability coverage for which the school will be assessed $44,306 for the '03-'05 biennium.

Attached to this memo for your information find:

- The actuary's funding analysis for the Risk Management Fund for the 12/31/01 to 7/1/05 period.
- A spreadsheet containing a history of contributions to the Fund since its inception through the '03-'05 biennium.

If, after review of this material, you or any member of the Legislature has any questions, please do not hesitate to contact me at 328-6510 or jzschoml@state.nd.us.



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Exhibit VIII.4

# STATE OF NORTH DAKOTA

**GENERAL LIABILITY AND AUTOMOBILE LIABILITY**
**STATE OF NORTH DAKOTA RISK MANAGEMENT FUND POLICY YEAR FUNDING ANALYSIS**

| | | *EXPECTED LEVEL* UNDISCOUNTED | *75% CONFIDENCE LEVEL* UNDISCOUNTED |
|---|---|---|---|
| A. | FUND BALANCE @ 12/31/01<br>** Obtained from RMF Financial Report as of 12/31/01* | $3,888,343 | $3,888,343 |
| B. | ADDITIONAL ESTIMATED PAYMENTS (CLAIMS & LITIGATION) FOR 12/31/01 THROUGH 6/30/03: | $1,619,802 | $1,619,802 |
| C. | ESTIMATED ADDITIONAL EXPENSES FOR 12/31/01 THROUGH 6/30/03:<br>** Exhibit VII.3:* | $2,333,446 | $2,333,446 |
| D. | ESTIMATED FUND BALANCE @ 6/30/03:<br>*D = A - B - C* | ($64,905) | ($64,905) |
| E. | ESTIMATED RESERVE NEED @ 06/30/03:<br>** Exhibit VII.1* | $2,982,281 | $3,765,000 |
| F. | ESTIMATED EXCESS (DEFICIT) FUND BALANCE @ 06/30/03:<br>*F = D - E* | ($3,047,186) | ($3,829,905) |
| G. | ADDITIONAL FUNDING EXPECTED FOR 1/1/02-6/30/03:<br>** Per State of North Dakota* | $1,260,000 | $1,260,000 |
| H. | ESTIMATED FUND INTEREST @ 3% FOR 1/1/02-6/30/03: | $93,607 | $93,607 |
| I. | **ESTIMATED EXCESS (DEFICIT) FUND BALANCE @ 6/30/03:**<br>*I = F + G+ H* | ($1,693,559) | ($2,476,298) |
| J. | 2003-04 AND 2004-05 ESTIMATED ULTIMATE LLE:<br>** Forecast in Sections IV and VI.* | $2,578,000 | $3,238,000 |
| K. | ESTIMATED EXPENSES FOR BIENNIUM 7/1/03-05:<br>** Exhibit VII.3* | $1,672,012 | $1,672,012 |
| L. | ESTIMATED EXCESS FUND BALANCE @ 6/30/05<br>Assuming no 2003-04 or 2004-05 contributions.<br>*L = I - J - K* | ($5,943,571) | ($7,386,310) |
| M. | **SUGGESTED CONTRIBUTION FOR BIENNIUM 2003-05**<br>*Assuming the goal is to fund slightly above the expected confidence level.* | $6,000,000 | $6,000,000 |
| N. | ESTIMATED FUND INTEREST FOR BIENNIUM 7/1/03-05: | $143,165 | $143,165 |
| O. | **EXPECTED FUND BALANCE AT 6/30/05:**<br>*O = L + M + N* | $199,594 | ($1,243,145) |

NOTES:
*ANNUAL INTEREST ON RMF IS ASSUMED TO BE USED TO PAY LOSSES AND EXPENSES. ANNUAL INTEREST IS ASSUMED TO BE 3%.*

*Aon Risk Services*

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| Ag. # | Agency Name | Total Contributions Required 1995-1997 | Total Contributions Required 1997-1999 *(NDIRF Paid) | Total Contributions Required 1999-2001 | Total Contributions Required 2001-2003 | Total Contributions Required 2003-2005 |
|---|---|---|---|---|---|---|
| | **STATE AGENCIES:** | | | | | |
| 101 | Office of the Governor | $ 5,808.00 | $ 5,807.00 | N/A | $ 3,857.00 | $ 6,446.00 |
| 108 | Office of the Secretary of State | 8,068.00 | 8,065.00 | N/A | 5,429.00 | 8,595.00 |
| 110 | OMB - Administation | 39,238.00 | 39,231.00 | N/A | 454.00 | 700.00 |
| | OMB - Facility Management | | | | 9,816.00 | 15,167.00 |
| | OMB - Fiscal Management | | | | 2,568.00 | 3,967.00 |
| | OMB - Personnel | | | | 1,662.00 | 2,567.00 |
| | OMB - Risk Management | | | | 756.00 | 1,400.00 |
| 112 | Information Services Division | 44,206.00 | 44,199.00 | N/A | 24,430.00 | 54,437.00 |
| 117 | Office of the State Auditor | 16,846.00 | 16,843.00 | N/A | 9,000.00 | 13,609.00 |
| 118 | Central Services | 8,068.00 | 8,065.00 | N/A | 5,143.00 | 7,000.00 |
| 120 | Office of the State Treasurer | 3,442.00 | 3,441.00 | N/A | 1,143.00 | 1,433.00 |
| 125 | Office of the Attorney General | 69,946.00 | 68,782.00 | N/A | 35,573.00 | 55,631.00 |
| 127 | Office of the State Tax Commissioner | 50,342.00 | 50,332.00 | N/A | 21,144.00 | 32,710.00 |
| 140 | Office of Administrative Hearings | 1,742.00 | 1,742.00 | N/A | 1,143.00 | 1,433.00 |
| 160 | Legislative Council | 10,000.00 | 10,001.00 | N/A | 6,143.00 | 9,073.00 |
| 180 | Supreme Court | 20,220.00 | 20,216.00 | N/A | 10,001.00 | 14,564.00 |
| 183 | Judicial Conduct Commission | 2,152.00 | 2,151.00 | N/A | 571.00 | 955.00 |
| 185 | Trial Courts | 81,748.00 | 81,734.00 | N/A | 39,572.00 | 64,226.00 |
| 190 | Retirement and Investment Office | 6,132.00 | 6,129.00 | N/A | 3,000.00 | 5,014.00 |
| 192 | Public Employees Retirement Office | 5,808.00 | 5,807.00 | N/A | 4,572.00 | 7,163.00 |
| 201 | Department of Public Instruction | 42,738.00 | 42,732.00 | N/A | 19,572.00 | 22,205.00 |
| 215 | ND University System Office | 6,390.00 | 6,387.00 | N/A | 3,000.00 | 5,491.00 |
| 226 | State Land Department | 4,393.00 | 5,408.00 | N/A | 3,286.00 | 5,014.00 |
| 227 | Bismarck State College | 53,532.00 | 45,205.00 | N/A | 30,820.00 | 49,671.00 |
| 228 | Lake Region State College | 17,944.00 | 13,657.00 | N/A | 12,546.00 | 17,288.00 |
| 229 | Williston State College | 19,096.00 | 14,984.00 | N/A | 10,238.00 | 14,248.00 |
| 230 | University of North Dakota | 401,806.00 | 332,362.00 | N/A | 211,807.00 | 300,329.00 |
| 232 | UND Medical Center | 169,126.00 | 169,097.00 | N/A | 33,583.00 | 44,306.00 |
| 235 | ND State University | 351,272.00 | 246,740.00 | N/A | 107,829.00 | 163,081.00 |
| 238 | ND State College of Science | 103,738.00 | 80,723.00 | N/A | 46,967.00 | 72,199.00 |
| 239 | Dickinson State University | 51,644.00 | 40,332.00 | N/A | 25,070.00 | 36,113.00 |
| 240 | Mayville State University | 29,592.00 | 23,424.00 | N/A | 11,862.00 | 22,503.00 |
| 241 | Minot State University | 109,968.00 | 99,680.00 | N/A | 49,520.00 | 77,124.00 |
| 242 | Valley City State University | 44,174.00 | 36,719.00 | N/A | 17,244.00 | 25,576.00 |
| 243 | Minot State University-Bottineau | 31,424.00 | 14,988.00 | N/A | 11,701.00 | 11,565.00 |
| 244 | ND Forest Service | 7,026.00 | 7,024.00 | N/A | 3,380.00 | 5,103.00 |
| 250 | State Library | 9,520.00 | 9,517.00 | N/A | 4,857.00 | 7,640.00 |
| 252 | School for the Deaf | 16,866.00 | 16,864.00 | N/A | 10,286.00 | 15,519.00 |
| 253 | School for the Blind | 11,278.00 | 11,275.00 | N/A | 4,857.00 | 7,640.00 |
| 270 | State Brd. for Voc. & Tech. Education | 10,164.00 | 10,162.00 | N/A | 4,857.00 | 7,640.00 |
| 301 | State Department of Health | 171,558.00 | 171,531.00 | N/A | 46,860.00 | 86,908.00 |
| 313 | Veterans Home | 29,932.00 | 29,930.00 | N/A | 13,286.00 | 21,250.00 |
| 316 | Indian Affairs Commission | 1,076.00 | 1,075.00 | N/A | 571.00 | 955.00 |
| 321 | Department of Veterans Affairs | 3,074.00 | 3,075.00 | N/A | 857.00 | 1,433.00 |
| 324 | Children's Svcs. Coordinating Committee | 646.00 | 645.00 | N/A | 286.00 | 478.00 |
| 325 | Department of Human Services* | 717,540.00 | 717,420.00 | N/A | 163,730.00 | 306,976.00 |
| 32590 | State Hospital* | | | | 68,242.00 | 116,275.00 |
| 32595 | Developmental Center | | | | 62,861.00 | 95,503.00 |
| 360 | Protection and Advocacy Project | 13,766.00 | 13,764.00 | N/A | 3,572.00 | 6,446.00 |
| 380 | Job Service North Dakota | 144,662.00 | 144,639.00 | N/A | 53,860.00 | 82,849.00 |
| 401 | Office of the Insurance Commissioner | 16,458.00 | 16,453.00 | N/A | 14,001.00 | 21,727.00 |



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LaCosta Rickford 10/15/03
Operator's Signature Date

| Ag. # | Agency Name | Total Contributions Required 1995-1997 | Total Contributions Required 1997-1999 *(NDIRF Paid) | Total Contributions Required 1999-2001 | Total Contributions Required 2001-2003 | Total Contributions Required 2003-2005 |
|---|---|---|---|---|---|---|
| 405 | Industrial Commission | 24,096.00 | 24,092.00 | N/A | 4,524.20 | 17,191.00 |
| | Oil & Gas Division | | | | 5,761.80 | |
| 406 | Office of the Labor Commissioner | 2,582.00 | 2,581.00 | N/A | 1,143.00 | 2,865.00 |
| 408 | Public Service Commission | 16,136.00 | 16,133.00 | N/A | 7,000.00 | 10,744.00 |
| 412 | Aeronautics Commission | 1,742.00 | 1,742.00 | N/A | 1,714.00 | 2,388.00 |
| 413 | Dept. of Banking & Financial Institutions | 10,324.00 | 10,323.00 | N/A | 3,572.00 | 5,969.00 |
| 414 | Office of the Securities Commissioner | 3,012.00 | 3,011.00 | N/A | 1,429.00 | 1,910.00 |
| 471 | Bank of North Dakota | 67,766.00 | 67,754.00 | N/A | 26,287.00 | 40,350.00 |
| 473 | ND Housing Finance Agency | 16,458.00 | 16,453.00 | N/A | 5,429.00 | 9,550.00 |
| 475 | ND Mill & Elevator Association | 53,350.00 | 53,341.00 | N/A | 41,717.00 | 63,271.00 |
| 485 | Workers Compensation | 50,178.00 | 50,171.00 | N/A | 27,716.00 | 49,662.00 |
| 504 | Highway Patrol | 105,948.00 | 105,931.00 | N/A | 74,290.00 | 113,649.00 |
| 506 | State Radio Communications | 9,680.00 | 9,678.00 | N/A | 5,143.00 | 8,118.00 |
| 512 | Division of Emergency Management | 9,034.00 | 9,033.00 | N/A | 3,286.00 | 5,491.00 |
| 530 | Dept. of Corrections and Rehabilitation | 210,842.00 | 210,807.00 | N/A | 120,578.00 | 233,028.00 |
| 540 | Adjutant General | 73,776.00 | 73,414.00 | N/A | 20,858.00 | 32,710.00 |
| 601 | Department of Commerce | | | | | |
| | Division of Community Services | | | | 3,172.00 | 5,014.00 |
| | Economic Development & Finance | 9,680.00 | 9,678.00 | N/A | 3,857.00 | 6,446.00 |
| | Tourism | 3,226.00 | 3,226.00 | N/A | 1,714.00 | 2,865.00 |
| | Workforce Development | - | - | N/A | - | - |
| 602 | Agriculture Department | 13,956.00 | 13,954.00 | N/A | 9,000.00 | 15,997.00 |
| 612 | ND Ag. Products Utilization Commission | 646.00 | 645.00 | N/A | - | - |
| 616 | State Seed Department | 10,308.00 | 10,307.00 | N/A | 5,429.00 | 8,118.00 |
| 627 | Upper Great Plains Transport. Institute | 3,872.00 | 3,871.00 | N/A | 501.00 | 7,263.00 |
| 630 | NDSU Extension Service | 74,218.00 | 74,204.00 | N/A | 24,597.00 | 56,668.00 |
| 638 | Northern Crops Institute | 2,582.00 | 2,581.00 | N/A | 634.00 | 2,292.00 |
| 640 | NDSU Main Research Center | 109,154.00 | 109,137.00 | N/A | 37,419.00 | 87,375.00 |
| 641 | Dickinson Research Center | 4,116.00 | 4,115.00 | N/A | 3,000.00 | - |
| 642 | Central Grasslands Research Center | 1,616.00 | 1,613.00 | N/A | 1,714.00 | - |
| 643 | Hettinger Research Center | 2,582.00 | 2,581.00 | N/A | 1,229.00 | 2,791.00 |
| 644 | Langdon Research Center | 2,180.00 | 2,179.00 | N/A | 1,429.00 | - |
| 645 | North Central Research Center | 1,936.00 | 1,936.00 | N/A | 1,429.00 | - |
| 646 | Williston Research Center | 2,582.00 | 2,581.00 | N/A | 1,429.00 | - |
| 647 | Carrington Research Center | 4,678.00 | 4,678.00 | N/A | 2,714.00 | 5,231.00 |
| 649 | Agronomy Seed Farm | 970.00 | 968.00 | N/A | - | - |
| 651 | Land Reclamation Research Center | 6,698.00 | 6,696.00 | N/A | - | - |
| 665 | ND State Fair | 2,659.00 | 3,637.00 | N/A | 8,715.00 | 13,609.00 |
| 701 | State Historical Society | 16,782.00 | 16,778.00 | N/A | 9,000.00 | 14,564.00 |
| 709 | Council on the Arts | 1,776.00 | 1,774.00 | N/A | 857.00 | 1,433.00 |
| 710 | Soil Conservation Committee | 1,936.00 | 1,936.00 | N/A | - | - |
| 720 | Game and Fish Department | 40,174.00 | 40,167.00 | N/A | 10,286.00 | 31,755.00 |
| 750 | Department of Parks and Recreation | 11,034.00 | 11,033.00 | N/A | 7,572.00 | 12,177.00 |
| 770 | State Water Commission | 36,572.00 | 36,566.00 | N/A | 62,003.00 | 80,700.00 |
| 801 | Department of Transportation | 1,009,760.00 | 1,095,846.00 | N/A | 440,881.00 | 682,372.00 |
| | Total - State Agencies | $ 4,994,786.00 | $ 4,815,508.00 | N/A | $ 2,226,414.00 | $ 3,590,711.00 |



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Operator's Signature Date

| Ag. # | Agency Name | Total Contributions Required 1995-1997 | Total Contributions Required 1997-1999 *(NDIRF Paid) | Total Contributions Required 1999-2001 | Total Contributions Required 2001-2003 | Total Contributions Required 2003-2005 |
|---|---|---|---|---|---|---|
| | **AUXILIARY SERVICES/ OFF-BUDGET:** | | | | | |
| 227 | Bismarck State College | 5,919.00 | 6,370.33 | N/A | $ 8,063.00 | $ 21,957.00 |
| 228 | UND - Lake Region | 7,049.00 | 7,436.00 | N/A | 8,187.00 | 18,526.00 |
| 229 | UND - Williston | 918.00 | 992.00 | N/A | 1,815.00 | 3,897.00 |
| 230 | University of North Dakota | 277,586.00 | 270,135.28 | N/A | 212,826.00 | 346,706.00 |
| 232 | UND Medical Center | - | - | - | 21,757.00 | 63,135.00 |
| 235 | ND State University | 82,848.00 | 88,742.00 | N/A | 53,360.00 | 98,599.00 |
| 627 | Upper Great Plains Trans Institute | - | - | - | 3,604.00 | 7,302.00 |
| 630 | NDSU Extension Service | - | - | - | 17,390.00 | 27,614.00 |
| 638 | Northern Crops Institute | - | - | - | 484.00 | 1,289.00 |
| 640 | NDSU Main Research Station | - | - | - | 12,118.00 | 22,693.00 |
| 641 | Dickinson Research Center | - | - | - | - | - |
| 642 | Central Grasslands Research Center | - | - | - | - | - |
| 643 | Hettinger Research Center | - | - | - | 463.00 | 790.00 |
| 644 | Langdon Research Center | - | - | - | - | - |
| 645 | North Central Research Center | - | - | - | - | - |
| 646 | Williston Research Center | - | - | - | - | - |
| 647 | Carrington Research Center | - | - | - | 544.00 | 1,932.00 |
| 649 | Agronomy Seed Farm | - | - | - | 544.00 | - |
| 238 | ND State College of Science | 18,889.00 | 20,326.00 | N/A | 15,679.00 | 34,765.00 |
| 239 | Dickinson State University | 4,245.00 | 4,462.00 | N/A | 4,152.00 | 8,296.00 |
| 240 | Mayville State University | 9,019.00 | 9,667.00 | N/A | 5,301.00 | 15,937.00 |
| 241 | Minot State University | 22,188.00 | 23,797.00 | N/A | 12,703.00 | 22,916.00 |
| 242 | Valley City State University | 3,863.00 | 4,214.00 | N/A | 4,394.00 | 8,328.00 |
| 243 | Minot State - Bottineau | 1,718.00 | 1,735.00 | N/A | 3,687.00 | 3,476.00 |
| 244 | ND Forest Service | 2,183.00 | 2,231.00 | N/A | 1,951.00 | 3,493.00 |
| | Total - Auxiliary Services/Off-Budget | $ 436,425.00 | $ 440,107.61 | N/A | $ 389,022.00 | $ 711,651.00 |
| | Total - State Agencies & Auxiliary Services/Off-Budget | $ 5,431,211.00 | $ 5,255,615.61 | N/A | $ 2,615,436.00 | $ 4,302,362.00 |
| | **BOARDS & COMMISSIONS:** | | | | | |
| | Abstractors Board of Examiners | $ - | $ - | N/A | $ - | $ - |
| | Accountancy, State Board of Public | 2,078.00 | 2,120.00 | N/A | 2,120.00 | 1,819.00 |
| | Addiction Counseling Examiners, Brd. of | 1,615.60 | 1,624.00 | N/A | 1,624.00 | 1,564.00 |
| | Architecture, State Board of | 1,500.00 | 1,500.00 | N/A | 1,500.00 | 1,500.00 |
| | Athletic Trainers | - | - | N/A | - | - |
| | Audiology & Speech/Language Pathology, Board of Examiners on | 1,615.60 | 1,624.00 | N/A | 1,624.00 | 1,564.00 |
| | Bar Board, State | 1,962.40 | 1,996.00 | N/A | 1,996.00 | 1,756.00 |
| | Barber Examiners, Board of | 1,500.00 | 1,500.00 | N/A | 1,500.00 | 1,500.00 |
| | Barley Council | 2,193.60 | 2,244.00 | N/A | 2,244.00 | 1,883.00 |
| | Beef Commission | 2,078.00 | 2,120.00 | N/A | 2,120.00 | 1,819.00 |
| | Chiropractic Examiners, State Board of | 1,615.60 | 1,624.00 | N/A | 1,624.00 | 1,564.00 |
| | Clinical Laboratory Practice, Board of | 1,500.00 | 1,500.00 | N/A | 1,500.00 | 1,500.00 |
| | Corn Utilization Council | 1,500.00 | 1,500.00 | N/A | 1,500.00 | 1,500.00 |
| | Cosmetology, State Board of | 1,731.20 | 1,624.00 | N/A | 1,624.00 | 1,564.00 |
| | Counselor Examiners, State Board of | 1,615.60 | 1,624.00 | N/A | 1,624.00 | 1,564.00 |
| | Dairy Promotion Commission | - | - | N/A | - | - |
| | Dental Examiners, Board of | 1,615.60 | 1,624.00 | N/A | 1,624.00 | 1,564.00 |



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Operator's Signature Date

| Ag. # | Agency Name | Total Contributions Required 1995-1997 | Total Contributions Required 1997-1999 *(NDIRF Paid) | Total Contributions Required 1999-2001 | Total Contributions Required 2001-2003 | Total Contributions Required 2003-2005 |
|---|---|---|---|---|---|---|
| | Dietetic Practice, Board of | 1,615.60 | 1,624.00 | N/A | 1,624.00 | 1,564.00 |
| | Edible Bean Council | 1,962.40 | 1,996.00 | N/A | 1,996.00 | 1,756.00 |
| | Education Standards & Practices Board | 1,962.40 | 1,996.00 | N/A | 1,996.00 | 1,756.00 |
| | Electrical Board, State | 3,580.80 | 3,731.00 | N/A | 3,731.00 | 2,650.00 |
| | Engineers & Land Surveyors, State Brd. of Registration for Professional | 1,962.40 | 1,996.00 | N/A | 1,996.00 | 1,756.00 |
| | Fair Board, State | 1,500.00 | 1,500.00 | N/A | 1,500.00 | 1,500.00 |
| | Funeral Service, State Board of | 1,615.60 | 1,624.00 | N/A | 1,624.00 | 1,564.00 |
| | Hearing Instrument Dispensers Board of Examiners | - | - | N/A | - | - |
| | Massage, Board of | - | - | N/A | - | - |
| | Medical Examiners, State Board of | 2,424.80 | 2,492.00 | N/A | 2,492.00 | 2,011.00 |
| | Milk Marketing Board | 2,656.00 | 2,739.00 | N/A | 2,739.00 | 2,139.00 |
| | Nursing, State Board of | 3,210.88 | 3,359.00 | N/A | 3,359.00 | 2,458.00 |
| | Nursing Home Administrators, State Board of Examiners for | 1,500.00 | 1,500.00 | N/A | 1,500.00 | 1,500.00 |
| | Occupational Therapy Practice, Brd. of | 1,615.60 | 1,624.00 | N/A | 1,624.00 | 1,564.00 |
| | Oilseed Council | 1,731.20 | 1,748.00 | N/A | 1,748.00 | 1,628.00 |
| | Optometry, ND State Board of | 1,500.00 | 1,500.00 | N/A | 1,500.00 | 1,500.00 |
| | Peace Officers Standards & Training Brd. | - | - | N/A | - | - |
| | Pharmacy, State Board of | 1,846.80 | 1,872.00 | N/A | 1,872.00 | 1,692.00 |
| | Physical Therapists, State Examining Com | 1,500.00 | 1,500.00 | N/A | 1,500.00 | 1,500.00 |
| | Plumbing, State Board of | 2,193.00 | 2,244.00 | N/A | 2,244.00 | 1,883.00 |
| | Podiatry, Board of Registry | 1,500.00 | 1,500.00 | N/A | 1,500.00 | 1,500.00 |
| | Potato Council | 1,615.60 | 1,624.00 | N/A | 1,624.00 | 1,564.00 |
| | Private Investigative & Security Board | 1,615.60 | 1,624.00 | N/A | 1,624.00 | 1,564.00 |
| | Professional Soil Classifiers, Brd. of Regis. | - | - | N/A | - | - |
| | Psychologist Examiners, State Board of | 1,615.60 | 1,624.00 | N/A | 1,624.00 | 1,564.00 |
| | Real Estate Appraiser Qualifications Brd. | 1,500.00 | 1,500.00 | N/A | 1,500.00 | 1,500.00 |
| | Real Estate Commission, ND | 2,193.60 | 2,244.00 | N/A | 2,244.00 | 1,883.00 |
| | Reflexology Board | - | - | N/A | - | - |
| | Respiratory Care, State Board of | 1,615.60 | 1,624.00 | N/A | 1,624.00 | 1,564.00 |
| | Social Work Examiners, ND Board of | 1,500.00 | 1,500.00 | N/A | 1,500.00 | 1,500.00 |
| | Soybean Council | 1,731.20 | 1,748.00 | N/A | 1,748.00 | 1,628.00 |
| | Veterinary Medical Exmnrs., State Brd. of | 1,615.60 | 1,748.00 | N/A | 1,748.00 | 1,628.00 |
| | Water Well Contractors, Board of | - | - | N/A | - | - |
| | Wheat Commission | 3,118.40 | 3,235.00 | N/A | 3,235.00 | 2,394.00 |
| | Total - Regulatory Boards | $ 78,119.88 | $ 79,240.00 | N/A | $ 79,240.00 | $ 71,371.00 |
| | Total General Liability Contributions | $ 5,509,330.88 | $ 5,334,855.61 | N/A | $ 2,694,676.00 | $ 4,373,733.00 |
| | Vehicle Liability Contributions: | | | | | |
| | Office of the Attorney General | | | | $ 8,066.00 | $ 8,362.00 |
| | Adjutant General | | | | 436.00 | 452.00 |
| | Department of Transportation | | | | 910,760.00 | 1,015,006.00 |
| | Total Vehicle Liability Contributions | | | | $ 919,262.00 | $ 1,023,820.00 |
| | TOTAL CONTRIBUTIONS TO RM FUND | $ 5,509,330.88 | $ 5,334,855.61 | N/A | $ 3,613,938.00 | $ 5,397,553.00 |



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Operator's Signature Date

1/15/2003

# STATE OF NORTH DAKOTA
## SUMMARY OF CLAIM ACTIVITY OF THE RISK MANAGEMENT FUND
### From April 22, 1995 to December 31, 2002

## ADMINISTRATION ACTIVITY

| | | |
|---|---|---|
| Administration Costs | $ | 2,168,975 |
| Paid Premiums | $ | 4,526,996 |
| **Total** | **$** | **6,695,971** |

| | MEDICAL MALPRACTICE | GENERAL LIABILITY | AUTO LIABILITY | TOTAL |
|---|---|---|---|---|
| **CLAIM ACTIVITY** | | | | |
| Total Number of Claims | (RMF) 2<br>(INS) 10 | 970 | 584 | 1,554 |
| Total Amount Paid to Date (Indemnity and Expense) | (RMF) $ 10,347<br>(INS) $61,430 | $ 653,510 | $ 1,055,129 | $ 1,780,416 |
| Amount Reserved (Indemnity and Expense) Open and Pending Claims | (RMF) $ 5,486<br>(INS) $67,752 | $ 441,648 | $ 32,124 | $ 547,010 |
| **Total Amount Paid and Reserved** | **(RMF) $15,833<br>(INS) $129,182** | **$ 1,095,158** | **$ 1,087,253** | **$ 2,327,426** |
| **LITIGATION ACTIVITY** | | | | |
| Total Number of Suits Filed | (RMF) 0<br>(INS) 17 | 162 | 12 | 174 |
| Total Amount Paid to Date (Indemnity and Exepnse) | (RMF) 0<br>(INS) $1,145,498 | $ 1,537,387 | $ 83,030 | $ 2,765,915 |
| Dollar Amount Reserved (Indemnity and Expense) For Open and Pending Suits | $ - | $ 403,788 | $ 202,180 | $ 605,968 |
| **Total Amount Paid and Reserved** | **(INS) $1,145,498** | **$ 1,941,175** | **$ 285,210** | **$ 3,371,883** |
| **Total for Claim and Litigation Activity** | **$ 1,290,513** | **$ 3,036,333** | **$ 1,372,463** | **$ 5,699,309** |



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Testimony SB 2015
Jo Zschomler, Director
OMB Risk Management Division
January 22, 2003

Mr. Chairman, and members of the Senate Appropriations Committee, my name is Jo Zschomler. I am the Director of the Risk Management Division of OMB.

The Risk Management Division was established when the 1995 Legislature passed the tort claims act and assigned the responsibility of administering the risk management program to OMB.

The 2001 Legislature expanded the duties of the Risk Management Division by assigning the Division the duty of administering a single workers' compensation account that consolidated 143 State agency accounts, and authorized a $100,000 deductible per claim and a cross agency return-to-work program.

Significant accomplishments of these two programs during the current biennium include:

1. Basing State entity contribution rates for the Risk Management Fund coverage on an actuarial review of each entity's loss history.
2. Establishing a program whereby entities can reduce their required contributions up to 10% by documenting that they meet criteria established to promote pro-active loss control. The program is progressive in that an entity that qualifies for less than the full 10% in any year may continue to work toward increasing its discount up to the maximum amount.
3. Realizing an estimated savings of $1,469,000 for fiscal year 2002 for state workers compensation coverage under the single workers compensation account.

The Risk Management Division's loss control efforts are directed to promoting safety and reducing loss resulting from claims by identifying and measuring risks of loss for the state and implementing appropriate measures to address those risks.

The Division staff consists of the director, the manager of the risk management workers compensation program, a loss control/claims analyst, a loss control analyst, and one support staff.

The 2001 Legislature appropriated $1,046,304 for the Division's budget. Our requested budget for 2003-2005 biennium is $974,604, a reduction of $71,700.

Thank you.

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# TESTIMONY BY JO ZSCHOMLER, DIRECTOR

## OMB Risk Management Division

## House Appropriations Committee

**February 5, 2003**

Mr. Chairman, and members of the Legislative Management Committee, my name is Jo Zschomler. I am the Director of the Risk Management Division of OMB.

The State Tort Claims Act, N.D.C.C. ch. 32-12.2, enacted by the 1995 Legislature, established and governs the administration of the Risk Management Fund. The Fund pays damages caused by negligence or a wrongful act or omission on the part of the State or a state employee.

Between the period of the inception of the Fund, April 22, 1995, and December 31, 2002, there have been a total of 1,730 claims and lawsuits filed against the Fund. The Fund has paid $4,424,629 to administer and settle those claims and lawsuits.

Prior to July 1997 the UND School of Medicine, State Fleet, and the Department of Human Services purchased liability coverage from the North Dakota Insurance Reserve Fund (NDIRF). When those 3 entities became a part of the Risk Management Fund on July 1, 1997, NDIRF was in the process of granting conferments to its members. The 1997 Legislature and OMB negotiated for NDIRF to pay the conferments to the Risk Management Fund to cover the cost of operating the Fund for the '97-'99 biennium. The Fund was obligated to credit those three members for that consideration.

Because the medical malpractice exposure presented an excessive financial risk to the Risk Management Fund as discussed at N.D.C.C. 32-12.2-06, and because contract employees at the School of Medicine cannot be covered by the Fund, the Fund purchased medical malpractice coverage for the School of Medicine. The Fund has now satisfied the obligation created by the School's share of the NDIRF conferment.

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10/15/03
Date

Due to the fact that medical malpractice coverage is unique to the School, and, similar to the practice of agencies owning state airplanes assuming the cost of insurance for that exposure, the premium cost for medical malpractice coverage will again become an operating expense of the School of Medicine.

A history of the cost of tort liability coverage to State agencies since the Risk Management Fund was initiated shows:

- The 1995 Legislature appropriated new monies to fund the Fund.
- The 1997 Legislature used the NDIRF conferment to fund the Fund.
- There was an adequate balance in the Fund so that funding was waived for the '99-'01 biennium.
- '01-'03 was the first biennium agencies were required to fund contributions from existing budgets based on the agency's loss history with the Fund. Prior to that biennium, agencies had experienced 6 years of tort liability coverage with no impact to their budgets;
- The '03-'05 contribution was again based on agency's loss history with the Fund; the 64% increase over '01-'03 contribution was still 25% less than the 1995 recommended contribution.

The actuary determined a 64% increase in contributions was needed primarily due to cost of administering the Fund because of the hard market increasing the cost of reinsurance and medical malpractice premiums for FY '01 and FY '02.

| | Premium Cost to Fund for Reinsurance: | Premium Cost to Fund for MedMal |
|---|---|---|
| | 7/1/97 - $331,230 | 7/1/97 - $258,000 |
| | 7/9/98 - $331,230 | 7/1/98 - $269,314 |
| | 7/1/99 - $306,400 | 7/1/99 - $292,985 |
| | 7/1/00 - $300,000 | 7/1/00 - $336,343 |
| | 7/1/01 – $375,000 | 7/1/01 - $497,500 |
| | 7/1/02 - $446,000 | 7/1/02 - $703,950* |
| Totals | $2,089,860 | $2,358,092 |

*$100,000 deductible; coverage limited to professional liability; exposures for general, employer practices, etc. liabilities covered by the Risk Management Fund)



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The specialized cost of medical malpractice will become the responsibility of the School of Medicine as of July 1, 2003. It is anticipated that the minimum premium cost will be at least the $703,950 charged for coverage this year, with a $100,000 deductible. However, an increase of 25% is possible based on what is currently happening in the market. Negotiations have not yet begun to renew this coverage.

The Risk Management Fund will continue to be in a position to administer claims on behalf of the School, and will provide all other tort liability coverage for which the School will be assessed $44,306 for the '03-'05 biennium.

Attached for your information find:

- A summary of Claim Activity of the Risk Management Fund from April 22, 1995 to December 31, 2002.
- The actuary's funding analysis for the Risk Management Fund for the 12/31/01 to 7/1/05 period.
- A spreadsheet containing a history of contributions to the Fund since its inception through the '03-'05 biennium.



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Operator's Signature Date

STATE OF NORTH DAKOTA

**SUMMARY OF CLAIM ACTIVITY OF THE RISK MANAGEMENT FUND**

**From April 22, 1995 to December 31, 2002**

## ADMINISTRATION ACTIVITY

| | | |
|---|---|---|
| Administration Costs | $ | 2,168,975 |
| Paid Premiums | $ | 4,526,996 |
| **Total** | **$** | **6,695,971** |

| | MEDICAL MALPRACTICE | GENERAL LIABILITY | AUTO LIABILITY | TOTAL |
|---|---|---|---|---|
| **CLAIM ACTIVITY** | | | | |
| Total Number of Claims | (RMF) 2<br>(INS) 10 | 970 | 584 | 1,556 |
| Total Amount Paid to Date (Indemnity and Expense) | (RMF) $ 10,347<br>(INS) $61,430 | $ 653,510 | $ 1,055,129 | $ 1,718,986 |
| Dollar Amount Reserved (Indemnity and Expense) For Open and Pending Claims | (RMF) $ 5,486<br>(INS) $67,752 | $ 441,648 | $ 32,124 | $ 479,258 |
| **Total Amount Paid and Reserved** | **(RMF) $15,833<br>(INS) $129,182** | **$ 1,095,158** | **$ 1,087,253** | **$ 2,198,244** |
| **LITIGATION ACTIVITY** | | | | |
| Total Number of Suits Filed | (RMF) 0<br>(INS) 17 | 162 | 12 | 174 |
| Total Amount Paid to Date (Indemnity and Expense) | (RMF) 0<br>(INS) $1,145,498 | $ 1,537,387 | $ 83,030 | $ 1,620,417 |
| Dollar Amount Reserved (Indemnity and Expense) For Open and Pending Suits | $ - | $ 403,788 | $ 202,180 | $ 605,968 |
| **Total Amount Paid and Reserved** | **(RMF) 0<br>(INS) $1,145,498** | **$ 1,941,175** | **$ 285,210** | **$ 2,226,385** |
| **Total for Claim and Litigation Activity RMF** | **$ 15,833** | **$ 3,036,333** | **$ 1,372,463** | **$ 4,424,629** |
| **Total for Claim and Litigation Activity Insurance** | **$ 1,274,680** | | | **$ 1,274,680** |



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Testimony on SB 2015
Rick Hessinger, Interim Director
North Dakota State Radio Communications
January 22, 2003

Good Morning Mr. Chairman and members of the Appropriations Committee. My name is Rick Hessinger and I am Interim Director of North Dakota State Radio Communications. I am here to testify on the State Radio section of SB2015.

**Agency Mission Statement**
To provide each person in need with professional public safety communication services by coordinating:

- 9-1-1
- Emergency Medical
- Fire
- Law Enforcement
- Public Safety Information

**Agency Vision**
State Radio's vision is being a leader in delivering quality customer service and managing available resources. State Radio is the leader and nerve center of North Dakota Public Safety Communications. The vision is to ensure that law enforcement, emergency medical and fire communication services are provided on a statewide basis and that the necessary resources are dispatched for the citizens of North Dakota.

**Agency Description**
Provide efficient voice and data public safety communication systems to federal, state and local agencies. These systems rapidly transmit messages and information to aid law enforcement, emergency medical, fire, and disaster services on a 24-hour basis.

The agency has major responsibilities for warning the state's residents in case of floods, tornadoes, blizzards, or attacks. State Radio acts as the Clearinghouse for missing children in disseminating relevant information to appropriate public safety agencies.

State Radio serves as the state coordinating agency to facilitate the orderly and effective development and implementation of 9-1-1 systems within North Dakota. Additionally, State Radio acts as a backup dispatch system in case of county 9-1-1 system failures.

The agency utilizes a variety of communication systems to provide modern communications to all law enforcement, emergency medical services, and public safety agencies. Major communication systems used are the State Radio system, North Dakota Law Enforcement Teletype system, National Crime Information system, National Warning system, Statewide Paging system, Statewide Emergency Telephone system, Statewide Road Block system, Missing

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Children Clearinghouse, Statewide Frequency Coordination system, Computer Aided Dispatch system, 9-1-1 system, and the Mobile Data Computer system.

**Administration**
Responsible for all business, fiscal, secretarial, records administration, and related planning facilitation to ensure the objectives of State Radio are accomplished and services rendered effectively.

**Director**
Responsible for the supervision, operation, and maintenance of State Public Safety Communication Systems.

**Training & Education**
Responsible for providing training and educational materials for State Radio employees and public safety users.

**Radio Operations**
Provides statewide centrally dispatched radio communication systems dedicated to providing immediate access to all public safety emergency resources for all citizens in North Dakota as well as nationwide. This dispatch system includes 9-1-1 dispatch services for twenty-two (22) counties with a population base of less than 20,000 residents. A nationwide computerized teletype system allows North Dakota law enforcement agencies to communicate by teletype, both intrastate and interstate, with other law enforcement agencies. The system provides access to NLETS (National Law Enforcement Telecommunications Systems) for information on motor vehicle records and drivers license records from other states. The system also provides access to NCIC (National Crime Information Center) where records for suspects, stolen property, and other pertinent public safety information are stored.

**Line Items**
Salaries/Wages – Total funding request for Salaries & Wages is $2,677,248 to fund 30.00 FTE's which is 1.00 FTE less than last biennium. This request is based on the executive recommendation.

Operating Expenses – Total funding request for Operating Expenses is $2,178,882 that is based on executive recommendation. Major expenditures in Operating Expenses are $937,160 for IT-Telephone; $408,073 for Repair Services; $394,396 for IT-Data Processing; and $127,886 for IT-Contractual Services.

Capital Assets – State Radio has made no request for Capital Asset Funding in the 2003-2005 Biennium.

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**Comparative Appropriation By Line Item**

| | Executive Recommendation 2003-2005 | Present Budget 2001-2003 | +/(-) From 2001-2003 |
|---|---|---|---|
| Salaries/Wages | $2,677,248 | $2,672,119 | $ 5,129 |
| Operating Expenses | 2,178,882 | 1,884,946 | 293,936 |
| Equipment | -0- | 300,000 | (300,000) |
| Capital Improvements | -0- | -0- | -0- |
| FTE's | 30 | 31 | (1) |
| TOTAL | $4,856,130 | $4,857,065 | $ (935) |

Revenue By Source

| | | | |
|---|---|---|---|
| General Funds | $4,222,516 | $4,331,450 | $(108,934) |
| Federal Funds | -0- | -0- | -0- |
| Special Funds | 633,614 | 525,615 | 107,999 |
| Funding Total | $4,856,130 | $4,857,065 | $ (935) |

State Radio's request for the 2003-2005 biennium is $4,856,130. The entire appropriation is comprised of System Revenue and General Funds.

**North Dakota Emergency Services Communication Status Report**

North Dakota Century Code 57-40.6-12 directs that each governing body, which adopted a fee on wire line or wireless telephone services for 9-1-1 purposes, must make an annual report of the income, expenditures, and status of its emergency services communication system. These reports must be submitted to both North Dakota State Radio Communications, and the North Dakota Public Safety Answering Points Committee. The report has been included for informational purposes regarding 9-1-1 and Emergency Services Communication issues.

Mr. Chairman, members of the Committee that concludes my testimony. I would be happy to answer any questions you may have.

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Testimony on Engrossed SB 2015
Rick Hessinger, Interim Director
North Dakota State Radio Communications
March 10, 2003

Good Morning Mr. Chairman, and members of the House Government Operations Committee. My name is Rick Hessinger and I am Interim Director of the State Radio Communications Division of OMB.

State Radio strives to provide efficient voice and data public safety communication systems to federal, state and local agencies. These systems rapidly transmit messages and information to aid law enforcement, emergency medical, fire, and disaster services on a 24-hour basis.

The agency has major responsibilities for warning the state's residents in case of floods, tornadoes, blizzards, or attacks. State Radio acts as the Clearinghouse for missing children in disseminating relevant information to appropriate public safety agencies.

State Radio serves as the state coordinating agency to facilitate the orderly and effective development and implementation of 9-1-1 systems within North Dakota as well as act as a backup dispatch system in case of county 9-1-1 system failures.

The agency utilizes a variety of communication systems to provide modern communications to all law enforcement, emergency medical services, and public safety agencies.

**Line Items**

Salaries/Wages – Total funding request for Salaries & Wages is $2,677,248 to fund 30.00 FTE's which is 1.00 FTE less than last biennium. This request is based on the executive recommendation.

Operating Expenses – Total funding request for Operating Expenses is $2,178,882 that is based on executive recommendation. Major expenditures in Operating Expenses are $937,160 for IT-Telephone; $408,073 for Repair Services; $394,396 for IT-Data Processing; and $127,886 for IT-Contractual Services.

Capital Assets – State Radio has made no request for Capital Asset Funding in the 2003-2005 Biennium.

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# Emergency Services Communication
# in
# North Dakota

## A Status Report

**Prepared by the**
**Public Safety Answering Points Committee**

**Pursuant to:**
**NDCC 57-40.6-12**

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Appendices

A. Authorizing Statute and Committee Composition
B. Public Safety Answering Points in North Dakota



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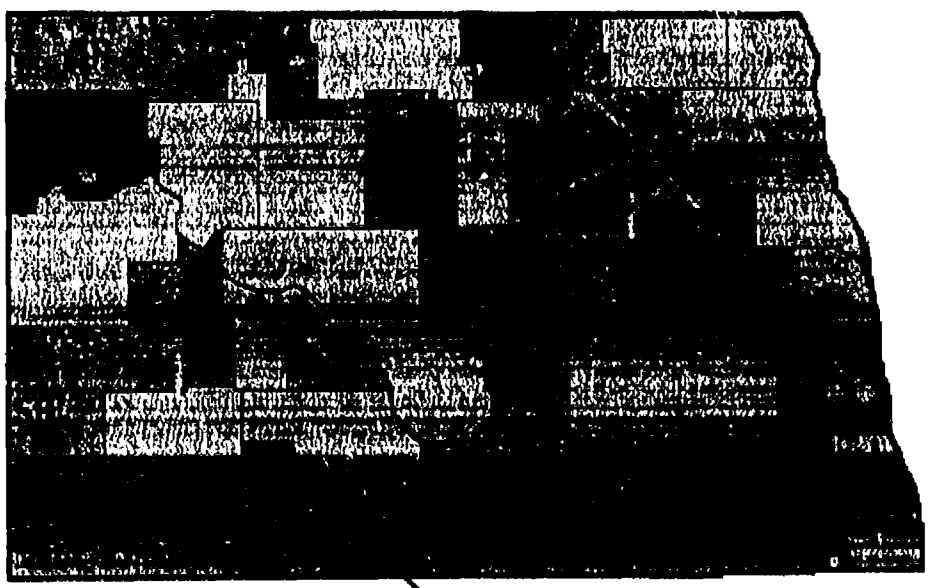
**Purpose**

The Legislature, in 2001, enacted a new section of North Dakota Century Code (57-40.6-12) that establishes a "public safety answering points committee" and creates for the committee a reporting requirement concerning the compiled "income, expenditures, and status" information of the individual emergency services communication systems of the State. Appendix A contains the statute and composition of the committee. This report is the committee's final 2002 report, and updates the preliminary report submitted the Interim Information Technology Committee on September 10, 2002.

**Background**

Emergency services communication is a complex and multi-faceted system of telephones, computers, and radios, that connects every citizen of the State to law enforcement, fire departments, and emergency medical responders through 23 public safety answering points (PSAPs) in North Dakota and one in South Dakota. While from one perspective this network can be viewed as 24 separate systems, it is in reality a single system with 24 points of contact.

Emergency services communication has existed in this State since the development of telephone and radio, however it became more accessible, reliable, and consistent with the advent of E-911. E-911 refers to the policies, procedures, and technologies that allow immediate connection to the appropriate PSAP from almost any phone in the State by dialing the digits 9-1-1, and the ultimate dispatch of the most appropriate and available emergency service. The integration of these policies, procedures, and technologies has been partially funded through a 911 fee levied on phone service in the State. As of July, 2002, 51 counties and 3 cities have imposed such fees.



PSAP Contract No 911



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The voters of the 52nd county, Williams, are scheduled to vote on the establishment of such a fee in November of this year. Should this vote be successful, only Rolette County will not have this fee, and therefore no E-911 services.

Obviously with 54 governing bodies imposing fees but only 24 PSAPs, there is considerable sharing of services. 22 of the counties are served by the PSAP operated by State Radio, five are jointly dispatched by the Lake Region Law Enforcement Center, and five other two-unit PSAPs exist. A complete listing is attached to this report as Appendix B. This Appendix also indicates the jurisdictions and approximate population served by each PSAP.

It is often of interest to compare North Dakota to neighboring states in the area of emergency services communication. The table contrasts the number of PSAPs operated in the surrounding states with their population. North Dakota falls just about in the middle of the group with respect to number of persons served per PSAP.

| Rank | State | Total Number of PSAP's | Population 2000 Census | Persons Served Per PSAP |
|---|---|---|---|---|
| 1 | Wyoming | 34 | 493,782 | 14,523 |
| 2 | Montana | 57 | 902,195 | 15,828 |
| 3 | South Dakota | 33 | 754,844 | 22,874 |
| 4 | Idaho | 55 | 1,293,953 | 23,526 |
| **5** | **North Dakota** | **23** | **642,200** | **27,922** |
| 6 | Kansas | 83 | 2,688,418 | 32,391 |
| 7 | Iowa | 84 | 2,926,324 | 34,837 |
| 8 | Minnesota | 111 | 4,919,479 | 44,320 |

North Dakota law (NDCC 57-40.6) allows city and county governing bodies to impose a 911 "fee that does not exceed one dollar per month per telephone access line and per wireless access line". Additionally, through home rule powers, counties can impose such a fee within the limits of their home rule charter. Two cities have used their home rule authority for this purpose; one currently levies one dollar per month and the other levies 50-cents per month. Of the governing bodies that have imposed a 911 fee through the statutory provisions, all but 5 are currently levying a dollar. The other five are limited by their initial vote to 50-cents, but all five have placed the issue on the November ballot to permit an increase up to the statutory maximum.



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Currently one jurisdiction, Minot/Ward County, operates a PSAP with no 911 fee, using solely local tax revenue. Ward County residents however voted in the June primary election to implement a $1 fee as of January 1, 2003.

It is very important to note that, as this report will show, Emergency Services Communications is much broader than simply E-911. While dialing 911 most often initiates the emergency response, the day-by-day, hour-by-hour communications between dispatchers and responders, the ongoing contact during an emergency, the location information, mapping software, faxes, and everything else make it possible for local emergency services to arrive and deliver services in the shortest time possible.

**Methodology**

To prepare this report, a number of surveys were conducted, and additional information was gathered through the statewide efforts to implement 911 services for wireless (cellular) communications, which is discussed in the final section of this report.

The first (ESCS Cost) survey focused on the revenues and expenditures of the 54 entities that have imposed a 911 fee. This was compiled in a manner that attempted to preclude counting revenue twice in situations where a county contracts with another entity for emergency communication services. Revenue and expenditure data collected was from calendar year 2001. The ESCS Cost Survey forms used for the "PSAP" and "Contract" entities are attached to this report as Appendix C.

The second (PSAP Status) survey was designed to assess the level of activity, staffing, and current operational status of the 23 PSAPs in North Dakota. (The South Dakota PSAP serving Sioux County was not surveyed.) This information is generally more qualitative in nature, and relies much more on averages and estimates. The PSAP Data Survey form is attached as Appendix D.

Another (PSAP Readiness) survey was conducted in early 2002 to assess the 23 North Dakota PSAPs for the implementation of wireless 911. This information is primarily summarized in the final section addressing this specific issue. The PSAP Readiness Survey Form is attached as Appendix E.

**Status**

This report is based on survey responses from 20 of the 23 North Dakota PSAPs and 28 of the 30 "Contract" entities, representing about 90% of the State's population. Although we still have hopes of getting the final few surveys, we believe the current information



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is complete enough to make some very solid conclusions about the status of emergency services communications in North Dakota.

Based on the data complied, we have projected Statewide figures in the following table. This shows that the total cost of operation borne by local government is far in excess of the revenue currently collected as 911 fees. This picture will change somewhat with the addition of the wireless fees and associated expenses authorized by the 2001 Legislature, but they were not in-place in 2001, and are discussed in greater depth in the final section of this report.

| | |
|---|---|
| Annual Operating Costs of 23 PSAPs | $9.1 Million |
| Additional Local Costs - Contract Counties* | $0.4 Million |
| Annual Total of Wireline 911 Fee | $3.3 Million |
| Annual Revenues from other sources | $6.2 Million |

* Additional Contract County costs include street signing, radio equipment purchase, coordination, etc.

The financial information is better understood when the PSAP's supported by this revenue are profiled. The table on the next page provides a picture of what the surveys have indicated. It is significant to realize that in a single biennium the public safety answering points of North Dakota manage more than 300,000 emergency calls, approximately 40% of which are now coming from cellular phones. In the busiest PSAP's, they average a 911 call every 13 minutes – 24 hours a day, 7 days a week, 52 weeks a year.

An estimated 220 individuals handle this volume of calls, of which anywhere from 32 to 55 are on duty at any given time. These dispatchers coordinate and manage the activities of an overwhelming number of emergency responders. It is interesting that some of the PSAP's serving the smallest population and the most rural areas have the largest number of agencies to dispatch. On the average, each PSAP must manage 27 responding agencies, and sometimes several of them are being dispatched simultaneously.

From the surveys, it is estimated that statewide, on an annual basis, 376,000 emergency response services of all types are dispatched by the 23 North Dakota public safety answering points. And the PSAP's manage from 2 to 17 local radio frequencies, in addition to those of State Radio.



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| | Statewide Total Projected | Largest PSAP Reporting | Smallest PSAP Reporting |
|---|---|---|---|
| 911 Calls per Month | 12,990 | 3,360 | 3 |
| Administrative Calls per Month | 145,800 | 15,750 | 60 |
| Total of all Calls per Month | 158,790 | 19,110 | 63 |
| Total 911 Calls per Year | 156,000 | 40,000 | 36 |
| Wireless as % of 911 Calls | 40% | 42% | 25% |
| Dispatchers Employed | 220 | 16 | 6 |
| Dispatchers on Duty - Max. | 55 | 3 | 1 |
| Dispatchers on Duty - Min. | 32 | 4 | 2 |
| Law Enforce. Agencies Dispatched | 78 | 2 | 6 |
| Emeg. Med. Agencies Dispatched | 163 | 9 | 8 |
| Fire Departments Dispatched | 392 | 20 | 13 |
| Total Agencies Dispatched | 633 | 31 | 27 |

**Wireless 911**

The 2001 Legislature enacted legislation allowing governing bodies that have imposed a 911 fee on wireline communication service to extend that fee to wireless (cellular) service. Every governing body has since done this, and its now in the process of implementing the technology and services necessary to manage wireless 911 calls. While cellular 911 calls are currently routed to PSAP's, they are done through the regular telephone system, and they lack the backup and protections of the wireline 911 system. Currently, when a wireless call arrives at the PSAP, it is missing much of the critical information that a landline call contains.

The 911 authorities, through a joint powers agreement coordinated by the North Dakota Association of Counties, have come together to contract with the necessary telecommunications companies for a statewide implementation of wireless 911. Currently all PSAP's with the exception of Fargo and West Fargo have signed on for this joint effort. Negotiations with industry representatives are underway, and until contracts are signed, the actual magnitude of the wireless network in North Dakota will not be revealed by the telecommunications industry.

It has been projected however that approximately 190,000 cell phones are routed through approximately 350 cell sites throughout the state. As a single tower may contain multiple cell sites, there are likely fewer than 300 actual tower locations. It is estimated that contracts will run approximately $6.3 million over a 5-year period, and will take about half of the "new" revenue from the extension of the current fees. The balance of the wireless revenue will be used locally for upgrading PSAP "premise" equipment, and supporting the operating costs for responding to the wireless calls.



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## Authorizing Statute

The following section of North Dakota Century Code was enacted by the 54th Legislative Assembly, and took effect August 1, 2001.

> **57-40.6-12. Reports of coordination of public safety answering points coverage.** The governing body of a city or county, which adopted a fee on telephone exchange access service and wireless service under this chapter, shall make an annual report of the income, expenditures, and status of its emergency services communication system. The annual report must be submitted to the state radio division and to the public safety answering points coordinating committee. The committee is composed of three members, one appointed by the North Dakota 911 association, one appointed by the North Dakota association of counties, and one appointed by the office of management and budget to represent the state radio division. The public safety answering points coordinating committee shall file its report with the legislative council by November first of each even-numbered year.
>
> **Source:** S.L. 2001, ch. 545, § 9.

## Committee Composition

As directed by statute, the three identified entities have selected individuals to serve on the Public Safety Answering Points Committee for the 2001-2003 Interim. They are:

| | |
|---|---|
| North Dakota 911 Association | Jerry Bergquist, Wireless Committee Chair<br>Stutsman County 911 Coordinator |
| North Dakota Assoc. of Counties | Terry Traynor, Assistant Director |
| OMB to represent State Radio | Rick Hessinger, Interim Director – State Radio |

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**APPENDIX B**

**Public Safety Answering Points in North Dakota**
**Sorted by Population**

| PSAP Location | Counties Served | Service Area Notes * | 2000 Census* |
|---|---|---|---|
| Fargo | Cass | Excludes City of West Fargo | 108,198 |
| State Radio Bismarck | Adams, Billings, Bowman, Burke, Dickey, Divide, Emmons, Foster, Golden Valley, Grant, Griggs, Hettinger, Kidder, LaMoure, Logan, McHenry, McIntosh, Ransom, Sargent, Sheridan, Slope, & Wells Counties | | 72,303 |
| Bismarck | Burleigh | Includes portion of McLean Co. (Wilton Area) | 69,416 |
| Grand Forks | Grand Forks | | 66,109 |
| Minot | Ward | | 58,765 |
| Devils Lake | Ramsey<br>Eddy<br>Towner<br>Benson<br>Nelson | Dispatched by the Lake Region Law Enforcement Center | 28,378 |
| Dickinson | Stark<br>Dunn | | 26,236 |
| Mandan | Morton | Includes fringe areas of Stark, Dunn, Mercer, Oliver & Grant Counties | 25,303 |
| Jamestown | Stutsman | | 21,908 |
| Wahpeton | Richland | Includes portions of Sargent & Ransom Co. ND & Wilken & Roberts Co. SD | 17,998 |
| West Fargo | | City only | 14,940 |
| Williston | | City only | 12,512 |
| Grafton | Walsh | | 12,389 |
| Valley City | Barnes | | 11,775 |
| Stanton | Mercer<br>Oliver | | 10,709 |
| Hillsboro | Traill<br>Steele | | 10,735 |
| Bottineau | Bottineau<br>Renville | Includes portions of McHenry, Pierce, and Rolette Counties | 9,759 |
| Washburn | McLean | | 9,311 |
| Cavalier | Pembina | | 8,585 |
| Stanley | Mountrail | | 6,631 |
| Watford City | McKenzie | | 5,737 |
| Langdon | Cavalier | | 4,831 |
| Rugby | Pierce | Includes small portion of Rolette County | 4,675 |
| Mobridge, SD | Sioux | Sioux County is dispatched out of South Dak. | Unknown |

nsus figures do not include small portions of adjoining counties

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Exhibit (2)

**BANK OF NORTH DAKOTA**
**SENATE BILL 2015**

Below is the last four years of income and the projection for 2003:

**BND Income (millions)**

| 1999 | 2000 | 2001 | Unaudited 2002 | Projected 2003 |
|---|---|---|---|---|
| $30.5 | $32.6 | $33.1 | $32.2 | $31.0 |

Income over the last 4 years has been steady with growth in each of the three previous years. Although 2002 numbers are unaudited at this point, income is down by $900,000 due to lower interest margins resulting from the current low interest rate environment. However, actual net income for 2002 was $800,000 higher than budget, this can be attributed to increased fee income and expense control. Net income for 2003 is projected to decrease to $31.0 million as we continue to see shrinking margins in this low-rate environment.

**BND Total Assets and Capital (millions)**

| | 1998 | 1999 | 2000 | 2001 | Unaudited 2002 |
|---|---|---|---|---|---|
| Assets | $1,609 | $1,687 | $1,808 | $2,107 | $1,975 |
| Capital | $ 140 | $ 139 | $ 153 | $ 170 | $ 171 |
| Ratio | 8.7% | 8.24% | 8.46% | 8.07% | 8.66% |

Assets over the past 4 years have shown growth with the exception of 2002, which showed a decrease of $132 million. This decrease is due mainly to deposit maturation. For 2003, capital will decrease by the amount of the reserve transfer (up to $25 million).

If in fact BND is required to contribute $25 million to fund the general fund shortfall, and total assets of BND remain in the $2 billion level, BND's capital ratio would fall to 7.3%. According to Bank Commissioner, Tim Karsky, a peer group comparison for banks of similar size is 8.16% and the North Dakota peer average is 10.04% .

**BND's Total Loan Portfolio (millions)**

| 1998 | 1999 | 2000 | 2001 | Unaudited 2002 |
|---|---|---|---|---|
| $835 | $1,056 | $1,158 | $1,272 | $1,330 |

Loan growth has increased steadily over the past 5 years. In 2002 loan growth was $58 million despite selling over $65 million of student loans to the Student loan trust. The bank has experienced widespread growth, with the business and residential portfolios showing the greatest increase. BND has averaged financing 200 business and industrial projects per year, or more than 1000 projects over the last 5 years, creating thousands of new jobs in North Dakota.

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**BANK OF NORTH DAKOTA**
**SENATE BILL 2015**

Below is the last four years of income and the projection for 2003:

**BND Income (millions)**

| 1999 | 2000 | 2001 | Unaudited 2002 | Projected 2003 |
|---|---|---|---|---|
| $30.5 | $32.6 | $33.1 | $32.2 | $31.0 |

Income over the last 4 years has been steady with growth in each of the three previous years. Although 2002 numbers are unaudited at this point, income is down from 2001 by $900,000 due to lower interest margins resulting from the current low interest rate environment. However, actual net income for 2002 was $800,000 higher than budget, this is attributed to increased fee income and tight expense control. Net income for 2003 is projected to decrease to $31.0 million as we continue to see shrinking margins in this low-rate environment.

**BND Total Assets and Capital (millions)**

| | 1998 | 1999 | 2000 | 2001 | Unaudited 2002 |
|---|---|---|---|---|---|
| Assets | $1,609 | $1,687 | $1,808 | $2,107 | $1,975 |
| Capital | $ 140 | $ 139 | $ 153 | $ 170 | $ 149 |
| Ratio | 8.7% | 8.24% | 8.46% | 8.07% | 7.55% |

Assets over the past 4 years have shown growth with the exception of 2002, which showed a decrease of $132 million. This decrease is due mainly to deposit maturation. At the end of 2002, BND booked a $22 million liability which reflects the estimated transfer to the general fund for the projected shortfall. At their March 7th economic update, OMB now believes the transfer will be closer to $17.5 million rather than $22 million. If this remains the case and BND assets stay in the $2 billion range, capital should increase to about $155 million or 7.75%. According to the Department of financial institutions, a nation-wide comparison for banks of similar size is 8.16% and the North Dakota average for all banks is 10.04% .

**BND's Total Loan Portfolio (millions)**

| 1998 | 1999 | 2000 | 2001 | Unaudited 2002 |
|---|---|---|---|---|
| $835 | $1,056 | $1,158 | $1,272 | $1,330 |

Loan growth has increased steadily over the past 5 years. In 2002 loan growth was $58 million despite selling over $65 million of student loans to the Student loan trust. The bank has experienced widespread growth, with the business and residential portfolios showing the greatest increase. BND has averaged financing 200 business and industrial projects per year, or more than 1000 projects over the last 5 years, creating thousands of new jobs in North Dakota.

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Exhibit 3

## Information on
## The North Dakota Student Loan Trust

Background

In 1971 the Legislature authorized the Industrial Commission to "acquire and hold in one or more trusts [1] all unpaid United States government guaranteed or reinsured student loans and [2] North Dakota guaranteed student loans, belonging to the state of North Dakota or to any of its agencies . . ." (NDCC 54-17-24. See also NDCC 54-17-25). The creation of the North Dakota Student Loan Trust enabled the State of North Dakota to obtain low cost funds (through the sale of tax-exempt bonds) and use those funds for purchasing student loans originated or acquired by the Bank of North Dakota. Since 1971 the Industrial Commission has issued over $900,000,000 in student loan bonds. The Student Loan Trust had just over $125,751,000 in bonds outstanding as of September 30, 2002.

Structure of the Trust

The Student Loan Trust is composed of funds held under two General Bond Resolutions. These General Bond Resolutions determine the use and flow of funds within the Student Loan Trust.

The First General Bond Resolution (1979) includes funds from the 1979, 1988, 1989 and 1992 student loan bond issues. The following is a chart showing the assets and liabilities held under the First General Bond Resolution as of September 30, 2002 (unaudited):

| | 1979 | 1988 | 1989 | 1992 | Total |
|---|---|---|---|---|---|
| Assets | 3,576,727 | 27,314,915 | 24,049,376 | 10,398,399 | 65,339,417 |
| Bonds Outstanding 09/30/02 | 0 | 0 | 3,887,115[2] | 0 | 3,887,115 |
| Other Liabilities | 0 | 9,000,000[1] | 1,340 | 0 | 9,001,340 |
| Fund Balance | 3,576,727 | 18,314,915 | 20,160,921 | 10,398,399 | 52,450,962 |

[1] The 57th Legislative Assembly directed the Student Loan Trust to make a transfer of $9,000,000 to the North Dakota General Fund during the 2001-2003 biennium with certain conditions. It is anticipated that this transfer will be made within the next 60 days.

[2] Non-callable; final maturity in 2005.

The non-callable 1989 bond issue is insured by Ambac Assurance Corporation (Ambac). The assets of the First General Bond Resolution include $42,298,454 of student loans.

The Second General Bond Resolution (1996) includes funds from the 1996, 1997, 1998 and 2000 Student Loan Bond Issues. The following chart shows the assets

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and liabilities held under the Second General Bond Resolution as of September 30, 2002 (unaudited):

| | 1996 | 1997 | 1998 | 2000 | Total |
|---|---|---|---|---|---|
| Assets | 20,867,865 | 21,615,274 | 34,962,833 | 65,259,453 | 142,705,425 |
| Bonds Outstanding (09/30/02) | 13,550,000 [1] | 15,400,000 [2] | 29,914,416 [3] | 63,000,000 [4] | 121,864,416 |
| Other Liabilities | 261,563 | 332,213 | 1,252,822 | 1,364,002 | 3,210,600 |
| Fund Balance | 7,056,302 | 5,883,061 | 3,795,595 | 895,451 | 17,630,409 |

[1] Bond maturities extend to 2006, 2014
[2] Bond maturities extend to 2027
[3] Bond maturities extend to 2006
[4] Bond maturities extend to 2025, 2035

All bond issues under the Second General Bond Resolution are insured by Ambac. The assets of the Second General Bond Resolution include $105,508,589 of student loans.

How did the Trust accumulate its fund balances?
Bonds sold in the 1970's and 1980's were issued under favorable Federal tax legislation. From those early bond issues the Trust was able to accumulate earnings that were not subject to arbitrage rebate to the federal treasury. One of the provisions of bonds sold prior to October 1, 1993 is that student loans held by the Student Loan Trust will receive a minimum yield of 9.5%. The student loan borrower pays the prevailing rate on a student loan and the federal government will provide a Special Allowance Payment to the Trust that would result in a 9.5% yield on the loan. These loans are very valuable assets of the Trust and this 9.5% yield can only be achieved as long as there are pre-1993 bonds outstanding or proceeds of the pre-1993 bond issues are utilized to recycle student loans.

Another source of earnings for the Trust results from the fact that when bonds are issued, a debt service reserve fund is established. That debt service reserve fund (a source of repayment to the bondholders) is also invested. Some of the investment earnings on the debt service reserve fund are retained within the Trust.

How can the funds within the Trust be utilized?
Under both the First and Second General Bond Resolutions funds derived from the bond issues can be used for the following general purposes:

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1) Purchase of student loans: Federal Family Education Loan Program Loans (FFELP) and Dakota Education Alternative Loans (DEAL), a supplemental state guaranteed program. The FFELP loans carry federal coinsurance, while the DEAL loans are guaranteed by the North Dakota Guaranteed Student Loan Program (Guarantee Agency) without federal coinsurance;
2) Payment of debt service to the bondholders;
3) Providing financial assistance to the Guarantee Agency;
4) Payment of any rebate liability to the federal government or, when permitted, providing borrower benefits to students; and
5) Administration of the Student Loan Trust.

As noted above the Trust funds can be used to provide financial assistance to the Guarantee Agency. Over the past six years the Trust has transferred $5.8 million to the Guarantee Agency. This has allowed the Guarantee Agency to:

- Provide its guarantee on student loans to our student loan borrowers at a lower cost—the Guarantee Agency has eliminated a 1% guarantee fee previously charged to all borrowers;
- Upgrade its information technology system to streamline its operations, make the system more efficient and thus less costly, and to make the program more user friendly to the university system and other higher education institutions and ultimately to the borrowers;
- Fund six full-time positions for the Higher Education Computer Network (HECN) within the University System. These positions relate to programming system changes and training for HECN schools on system updates;
- Provide operating funds for the Guarantee Agency. Since the mid-90's the federal government has been withdrawing funds from guarantee agencies across the United States;
- Provide the required reserve funds (10%) needed for DEAL loans (those loans without federal coinsurance)

In order for the Guarantee Agency to offer its services at a lower cost to the student loan borrower, the Trust will be asked to transfer additional funding to the Guarantee Agency. Additional funding is also needed to meet the reserve requirements for additional DEAL program loans.

<u>Can funds be withdrawn from the Student Loan Trust?</u>
As noted above the General Bond Resolutions have limitations on how funds can be used. The Industrial Commission has just recently amended the First General Bond Resolution to allow transfer for the $9 million of earnings that were appropriated by the Legislature during the 2001 Legislative Session for the General Fund. All the outstanding bonds are insured by Ambac and any amendments to the General Bond Resolutions must be agreed to by Ambac. The Trust is currently seeking approval from Ambac of the amendment to the First General Resolution and requesting their approval of the $9 million transfer. The Trustee for the bonds must also certify that sufficient reserves remain to meet debt service payments, rebate payments and all program costs.

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Another option is to defease bonds outstanding under the First General Bond Resolution. Once all the bonds of any General Bond Resolution have matured, been redeemed or all the non-callable bonds defeased and the entire rebate liability due to the federal government paid, the remaining assets held under any General Bond Resolution would be transferred to the Industrial Commission. At that point the status of the student loan program would need to be evaluated and the legal status of any unencumbered assets determined. *(For your information, to defease a bond issue, the Commission deposits sufficient funds in an Escrow Account to fully pay the principal and interest on the outstanding bonds and all other outstanding costs.)* However, it is important to note that at the current time the Trust receives a yield of 9.5% on student loans held within the 1979 Resolution. The earnings from these 9.5% loans are partially used to pay a servicing fee to the Bank of North Dakota. The portion received by the Bank is reflected in the Bank's overall earnings.

What has the Student Loan Trust income been and what is the forecasted fund balance?

The Student Loan Trust has averaged net income over the past six years of $3,983,940 before transfers to the Guarantee Agency or the General Fund. Governor Hoeven's 2003-2005 Executive Budget utilizes $26,258,969 from the Student Loan Trust--$9,000,000 of the Student Loan Trust's projected income during the 2003-2005 biennium and $17,258,969 from funds held in the Student Loan Trust. This transfer from the funds held in the Student Loan Trust 1979 General Bond Resolution (which may require the sale of 9.5% loans) and a proposed transfer to the Guarantee Agency to support its operations and continue the DEAL loan program will reduce the First General Bond Resolution fund balance to $25,960,013 on July 1, 2005. The Trust is currently considering options, including the drafting of legislation, which will enable the Trust to provide the funding proposed in the Executive Budget without the sale of the 9.5% loans and to maximize the Trust's future earnings.

Will students be able to obtain a student loan from the Bank of North Dakota if funds are transferred from the Student Loan Trust?

Yes, the Bank of North Dakota will continue to offer FFELP student loans. Currently the Student Loan Trust is a liquidity provider for the Bank and provides an alternative for the Bank should the Bank determine a need to reduce its student loan portfolio.

*Dated December 31, 2002*

If there are additional questions regarding the Student Loan Trust, please contact Karlene Fine, Executive Director and Secretary for the Industrial Commission (328-3722), or Ed Sather, Senior Vice President of the Bank of North Dakota (328-3722).

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# OFFICE OF STATE TAX COMMISSIONER
STATE OF NORTH DAKOTA

Rick Clayburgh
TAX COMMISSIONER

MEMO TO: Rep. Rick Berg, Rep. Ken Svedjan
Sen. Bob Stenehjem, Sen. Ray Holmberg

FROM: Rick Clayburgh, Tax Commissioner

SUBJECT: SB 2015 Section 21 – Requiring Transfer of Tax Employees to ITD

DATE: April 23, 2003

Senate Bill 2015, Section 21 addresses the transfer of state agency information technology employee positions as part of the consolidation of information technology functions.

**Partial Excerpt from 38038.0280 Proposed Amendments to Engrossed SB 2015**

**"SECTION 21. TRANSFER OF STATE AGENCY INFORMATION TECHNOLOGY EMPLOYEE POSITIONS – CONSOLIDATION OF INFORMATION TECHNOLOGY FUNCTIONS.** On November 1, 2003, the following number of authorized full-time equivalent employee positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, and application server and hosting services must be transferred from the named agencies to the information technology department, unless reduced by the chief information officer:

| AGENCY | FULL-TIME EQUIVALENT EMPLOYEE POSITIONS |
|---|---|
| Office of management and budget | 1 |
| Tax department | 2 |
| Department of public instruction | 1 |
| State department of health | 1 |
| Department of human services | 5 |
| Job service North Dakota | 3 |
| Industrial commission | 1 |
| Bank of North Dakota | 1 |

600 E. Boulevard Ave., Bismarck, ND 58505-0599 • (701) 328-2770 • TTY Relay ND 800-366-6888 • FAX (701) 328-3700 • www.taxdepartment.com

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Date

The Tax Department does not have two full-time equivalent positions that accomplish the five functional areas of work. We have one FTE that completes the work and this usually takes about 20% of his time (roughly 416 hours or less per year). In fact, ITD already provides a majority of these services to the Tax Department. I am not asking to exempt the Tax Department from the functional consolidation, but that these two FTE's be removed from the proposed amendments. The Tax Department cannot afford to lose these FTE's. Following is a breakdown of these IT functions and the provider:

1. **Electronic mail** – service and support currently provided by ITD
2. **File and print server administration** – one server within Tax Department used for Tax Department shared files and folders, all "P" drive documents and data, and network attached printers for the 4 floors (Basement, 7th, 8th, and 16th) as well as the State Office Building
3. **Data base administration** – service and support currently provided by ITD
4. **Storage** – over 95 % of this service and support is currently provided by ITD (the exception is the storage associated to the file and print server and the Great Plains Accounting server)
5. **Application server and hosting services** – ITD currently provides this service and support for all Tax Department applications except the Great Plains eEnterprise Accounting software, the validation application, and our Individual Income Tax electronic filing application (NDELF). The Accounting system has been identified for possible elimination with the implementation of ConnectND.

Thank you for your consideration of this important issue.

Add Bills

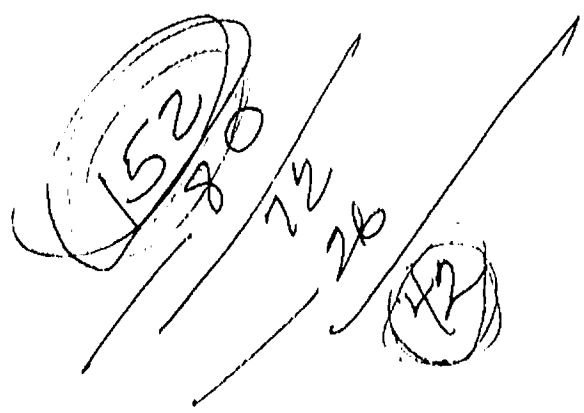



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Exhibit #1

SB 2015
State Employee Compensation
Testimony by
Pam Sharp, Interim Director
Office of Management and Budget

Section 4 of SB 2015 relates to the state employee compensation recommendation.

The governor's recommendation provides for a 1 percent increase for permanent state employees beginning in January 2004, paid February 2004, and a 2 percent increase beginning January 2005, paid February, 2005.

Employees whose documented performance levels do not meet standards are not eligible for the increase.

Probationary employees are not entitled to the increases, however, they may be given all or a portion of the increase upon completion of probation.

In addition, no salary increase other than the 1 percent in January 2004 and 2 percent in January 2005 may be given to an employee whose salary exceeds or would exceed the salary range maximum.

You will notice that we did not provide any language as we have done in the past that a portion of the increase be used for merit or equity. We did that on purpose, believing that the 1 and 2 percent increases are small and it would be difficult to break out a portion of those increases for merit or equity.

The recommendation from the State Employee Compensation Commission is for a 5 percent increase beginning July 2003 and a 2 percent increase beginning July 2004 with a minimum of $40 per month. Any increases greater than $40 must be based on merit and equity.

The rational behind the 5 percent and 2 percent recommendation from the State Employee Compensation Commission is based upon the information presented by Central Personnel that shows that in order for the state to maintain salaries at 95 percent of market, that type of salary increase is required. In addition, the SECC felt that in order to maintain a quality workforce, we need to provide salary increases that are more than the rate of inflation.

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Exhibit #3

Michael D. Levitt, RPR
District Court Reporter
P.O. Box 2047
Williston, North Dakota 58802-2047
(701) 572-1705
20 January 2003

**The Honorable John Hoeven**
**Governor of North Dakota**
**State Capitol**
**Bismarck, North Dakota 58505**

Re: Public Employee Raises

Dear Governor Hoeven:

This is a first for me, a thirty-five year employee of the North Dakota court system, but I feel I must state to you in letter from my feelings as a long-time employee of this great state.

Pay raises for state employees under the Central Personnel System's umbrella have not fared well for many Sessions of the Legislature. The past few sessions have seen substantial "catch-up" raises for many state employees, including teachers, legislators, judges, workers compensation department employees, higher education, and, I believe, many state administrative positions. I personally felt "left out" of the "favored employee" groups during the last Session, but trusted the system would take care of the rest of us the "next time around." Your proposed budget, however, again lowered the bar for future expectations for state employees. Once again, I feel totally ignorant and possibly incompetent when I try to explain to my more affluent family members and friends who have out-migrated as to why I would choose to continue to live and work in North Dakota!

Ordinarily, I had planned on working here for another six or seven years, when I would be entitled to "full" social security benefits to supplement my state pension. But under the circumstances, it seems more likely that I will step up efforts to find a better and more appreciative place in which to live and draw my pension, combined with working full or part-time until I am

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eligible for social security benefits, as several of my "old" Williston High School classmates have encouraged me to do in recent years.

Additionally, I have counseled my son, who is completing his clinical psychology doctoral internship this year, to not look favorably on returning to North Dakota, especially if he were interested in pursuing employment for a state agency. This is indeed a sad situation for me and for the State of North Dakota, one that I did not expect to happen when I returned here to work and to raise a family in 1968!

I cannot express more strongly the necessity for you, as Governor, to take the lead during the rest of this Session to prepare yourself and legislators of the importance to follow up in the 2005 Session with a very fair, but substantial, "catch-up" raise for all state employees in the central personnel system.

Thank you.

Mike Levitt

MDL: s

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Exhibit #2

NDPEA NORTH DAKOTA PUBLIC EMPLOYEES ASSOCIATION

AMERICAN FEDERATION OF TEACHERS LOCAL 4660 AFL-CIO

3333 EAST BROADWAY AVE, SUITE 1220
BISMARCK, NORTH DAKOTA 58501-3396

701-223-1964
1-800-472-2698

EMAIL: ndpea@btlgate.com
WEBSITE: www.ndpea.org

**TESTIMONY ON SENATE BILL 2015**
**STATE EMPLOYEE COMPENSATION**
**Before the Senate Appropriations Committee**
**North Dakota Public Employees Association, AFT Local 4660, AFL-CIO**
**January 28, 2003**

Chairman Holmberg, Vice Chairman Bowman, members of the Senate Appropriations Committee, my name is Chris Runge and I am the Executive Director of the North Dakota Public Employees Association, American Federation of Teachers Local 4660. I am here to provide testimony on SB 2015, the state employee compensation package.

First of all, I would like to express my appreciation for allowing this specific time you have set aside to listen to the testimony and concerns of state employees. For state employees, this is a stressful time. We know that the budget is very tight and that some of these employees in the end may lose their jobs. We also know that this weighs heavy on your mind as well. In order for the state to continue to provide quality services to the citizens of North Dakota, we must recruit and retain our public employee workforce. This can only happen with a strong salary and benefits program.

We support the salary recommendation of the State Employees Compensation Commission, which is 5% and 2% with the health insurance premium payments picked up



# Testimony

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by the state. Why would we support such an impossible position? Because it is important to understand the position that state employees will be in if we continue down the road of pay raises that keep us falling behind. It will be more and more difficult to keep our employees from leaving state government. In a recent survey of our own members, we found that 58% have considered leaving government service, not because of the benefits but because of wages. The fully paid health insurance is what keeps many from leaving their current positions. It is important that when considering the pay increase that the entire compensation package be considered including health care.

We would make the following recommendation to the legislature: that it embark on a 10 year plan to get state employee salaries caught up to the Central Personnel goal of 95% of market. It just seems that budgeting every two years with no end goal in mind but the two-year budgeting cycle is now moving us ahead. However if the legislature were to adopt a 10-year plan of getting state employees caught up, then we would know what we need to do each biennium. Again, we know that this problem wasn't created overnight and it will take time to get out of the hole, but creating a 10-year legislative goal of state employee salaries at 95% of market is realistic. What we are doing now is not working and we continue to fall further behind which we definitely will do this session again.

I had the privilege of serving on a national task force on the problems of recruiting and retaining quality public employees. This report, "Taking Action Against the 'Quiet Crisis" is the result of our two years of work. Eleven states, big and small participated in

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the task force as did the personnel directors from those participating states. This report provides compensation and alternatives to compensation recommendations that states can and should use to retain and recruit a qualified workforce. Forty-five percent of all government employees are eligible to retire in the next five to ten years. That is the case here in North Dakota as well. Due to the fiscal crises in the states, this problem will be exacerbated by early retirements and layoffs. In North Dakota, you have already passed recruitment and retention bonus programs, recognizing the problems state agencies are already having in recruiting and retaining quality public employees.

The fully paid health insurance premium is one of the main attractions for state employment and now even that is on the table. I was interviewed by a local newspaper yesterday and was told that a $50.00 health insurance premium payment was one of the alternatives being considered as well as no pay raise. Not only is that shooting us in the foot for recruiting and retaining state employees, it will result in an across the board pay cut for all state employees and for many will cut out the pay increase received in the last two years.

I have attached for your reviewed information developed by the Central Personnel Division entitled, "Health Insurance Premium Information". Upon review of this information, it is clear that even with the state of North Dakota paying the full family premium, it is in line with what other states are doing. While there are states where the employees pay a portion of the family premium, when you look at the dollar amount

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contributed by the state, it is very comparable to North Dakota's full family premium payment. We oppose any premium payment by state employees.

Now I now that my testimony is not necessarily what you wanted to hear. We are asking for a 5% and 2% pay raise and the state's continued payment of the health insurance premium. It is important that you know what is needed by state employees to stop the slide in their earning capacity not necessarily what they can get from you in these tight budget times. As an organization, NDPEA thought long and hard and our members debated this issue at their October meeting. In the end, they thought it was critical that the state commit to a 10 year strategic plan to bring salaries in line with the market, to recommend 5% and 2% salary increase for the current biennium and to continue the cost sharing with the state premium and the employees paying increased out-of-pockets.

Finally, we understand the budgetary pressures you are all under but we had to be honest with you about our needs so that they are put in the mix with the other issues you are considering. We are willing to work with you to find a workable solution while at the same time assuring that we continue to provide quality services to the citizens of North Dakota.

Thank you for taking the time to listen to our concerns. I am available to answer any questions, you may have.

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**Health Insurance Premium Information**
Regional State Governments

The following table is summarized from the 2002 Central States Compensation Association Benefit Survey. This summary is an attempt to show the range of premiums for insurance coverage and to show the range of share paid by the various states and the share paid by their employees.

The range in premiums can be attributed to variations in coverage and levels of co-payments and deductibles for which the employee is responsible. Where there are ranges in the premium or splits within a state, it is due to options in coverage (i.e. traditional insurance, PPO plans, HMO's).

The total employee only premium among the 10 states ranges from $214 to $366.36. North Dakota's single rate is $190.

The total family premium ranges from $428 to $1,080. North Dakota's family rate is $470.

| State | Estimated Total **Single** Premium | **Single** Premium Split | | Estimated Total **Family** Premium | **Family** Premium Split | |
|---|---|---|---|---|---|---|
| | | Employer | Employee | | Employer | Employee |
| CO | Information not available | | | | | |
| IA | $214 - $348 | 100% | 0% | $754 - $814 | 75 - 80% | 25 - 20% |
| KS | $259 - $288 | 95% | 5% | $725 - $827 | 61 - 63% | 39 - 37% |
| MN | $261 | 100% | 0% | $718 | 93% | 7% |
| MO | $289 - $332 | 90% | 10% | $901 - $1,071 | 73 - 77% | 27 - 23% |
| MT | $294 | 100% | 0% | $428 | 64% | 36% |
| NE | $265 - $304 | 79% | 21% | $939 - $1,080 | 79% | 21% |
| OK | $228 - $236 | 100% | 0% | $660 - $705 | 89 - 96% | 11 - 4% |
| SD | $366.36 | 100% | 0% | $561 - $634 | 58 - 65% | 42 - 35% |
| WY | $225 | 100% | 0% | $469 | 48% | 52% |
| **ND *** | **$190** | **100%** | **0%** | **$470** | **100%** | **0%** |

** Family & Single premium breakdown provided by NDPERS, state premiums paid at $409 per contract.*

NOTE: *North Dakota's state agencies budget and pay a flat rate of $409 per contract regardless of single or family coverage.*

Prepared by: **Central Personnel Division**
**January 2003**

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Exhibit #4

**TESTIMONY OF GARY FEIST**
**ON SB 2015**
**BEFORE THE SENATE APPROPRIATIONS COMMITTEE**
**JANUARY 28, 2003**

Chairman Holmberg, and members of the Senate Appropriations Committee, my name is Gary Feist and I have been an employee of the Tax Department since November 1991. I have been a sales and special taxes auditor and currently I am a corporate income tax auditor. I am also currently serving as member of the State Employee Compensation Commission (SECC). I am here asking you to support an increase in state employees salaries larger than that proposed by Governor Hoeven.

As you are probably aware the SECC recommended to Governor Hoeven a 5% salary increase the first year of the biennium and 2% the second year. In making this recommendation the commission realized that the state was in a financial crisis, but decided that the recommendation should be needs based, and not be solely focused on the economic reality facing the state. The commission is the only forum employees are given to advocate for salaries and benefits before legislation is introduced.

I believe the recommendation of the commission was made considering the report given by central personnel that indicated that the state had lost ground in its attempt to move state employee salaries to 95% of the market. The study showed that state employee salaries have fallen to about 87% to 90% percent of the market depending on the grade of service. To keep quality employees working for the state of North Dakota, the state must invest in its workers to ensure that the state will be able to provide the highest quality services to the citizens of North Dakota. If the state is not going to pay at least 95% of the market to its employees how can we as citizens of the state expect companies to move to ND and pay its employees high wages?

The state is losing its quality employees to the private sector in North Dakota and to surrounding states. Three times in the last 5 years, I personally have been contacted by companies located in

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Minneapolis to come and work for them. I was not actively looking for a job at the time, and the time was not right for me to move. I want to stay in North Dakota and raise a family. I did inform a co-worker of the opportunity and she did leave the Tax Department to take a job in Minneapolis that was willing to pay $20,000 more than her current salary with state of North Dakota.

The salary increase proposed by the governor is inadequate. Economy.com is projecting a 1.9% for 2003 and 2.3% for 2004. The state employee salary increase should at least equal the rate of inflation. If the increase is less than the rate of inflation the state will continue to fall further behind the surrounding states in market pay and will continue to lose its quality employees.

State employees realize that we have good benefits, but the benefits we have are not significantly better than businesses with over 100 employees. Our health insurance costs are projected to increase 26% and Governor Hoeven has budgeted a significant amount to meet that 26%, yet state employees will again be asked to pay more in out-of-pockets and for prescription drugs. Coupled with the 1% and 2% pay raises starting 6 months into the biennium, state employees will fall further and further behind.

We know that you face a daunting challenge balancing a budget with many needs. Our needs are just as great as the teachers as we lag just as far behind. State employees are in almost every community in this state providing quality services to the citizens of North Dakota. We need to continue to improve the wages of state employees if we want to stop the out-migration of our youth and families.

Thank you for the opportunity to speak here today and I am available to answer any questions you may have.

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Exhibit #5

January 28, 2003
SB 2015

Gerry Nies
1815 University Avenue
Grand Forks, ND

It is with hesitation that I stand in front of you. I know that what I say will have implications for thousands of other public employees but that is why I felt it even more important that I be here.

I look at the people who are public employees.

They are not young

Many have long service as public employees

Most are under regional averages in pay

This has been recognized in past legislative session

You have started to make pay adjustments to bring people up to regional averages

Our pay is low compared to other states.

I my case comparable jobs in other states is often $5,000 to $10,000 more than I am getting here.

One of the few things that does



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**Attract** and

**Retain** employees are the benefits especially

Health insurance.

As I get older I am certainly more concerned about my health

insurance

Remember I said that our employees are getting older

I would love to be able as a your employee to come to you and say I want a 20+%

increase

I am your employee.

I/We provide services

Many of the services are a quality that are equal to and often far superior to

those in many other parts of the US

I have had a chance to see what is being done other states in different jobs that I

have had as a North Dakota public employee and I am proud to say I am a North

Dakota Public Employee

At least until the legislative session comes

At that time I start to worry

Will I continue to have a job?



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Will I get a pay raise that is any where near the cost of living adjustments?

Will I retain my benefits?

These benefits especially the health insurance are the way that we have managed to continue on with the limited pay raises that we have received over the years.

Do we recognize that health insurance are increasing greatly increased?

Absolutely that is why we tried to be reasonable when we agreed that we would not try to ask for more than 1% and 2% pay adjustments at our annual meeting.

I am going to take a tangent for just a moment. You should let us have collective bargaining. We obviously do know how to negotiate very well

We recognized that times were going to be tough so instead of coming in saying that we want 4% or 5% pay raises and keep our health

We came in with what seem a very reasonable request keep the health and on ask for a 1% and 2% pay adjustment not pay raise.

Have we paid for our insurance in the past yes big time we have done that with minimal or no pay adjustments.



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I know one of the buzz words is Economic development

Economic development is not discouraging people from staying in North Dakota which is what it would indicate by making us pay for health insurance and minimal pay adjustments

Tax n : charge against a citizen's person or property or activity for the support of government

I feel that the pay adjustments that we have received are the tax that we pay for being state employees

In conclusion

Let's see if I can end this on an attempt at humor

Please don't take my insurance. I will need when I accidentally shoot myself when I reach down to pick up my illegal cigarette that I dropped while trying to pet my friend's dog that he brought in from Minnesota to hunt. We had been discussing economic development and how my pay raise and health insurance and how they would be comparable that of his _____ company that he was looking at bringing to North Dakota for economic development.



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BISMARCK STATE COLLEGE
1500 EDWARDS AVENUE • PO BOX 5587 • BISMARCK, ND 58506-5587 • 701-224-5400

BSC

TO: Senator Ray Holmberg, Chair, Senate Appropriations
Representative Ken Svedjan, Chair, House Appropriations

FROM: Henry Riegler, Chair, Council of College Faculties
DATE: January 29, 2003

RE: North Dakota University System Faculty and Staff Salary Report

Attached you will find a summary report that was prepared for the State Board of Higher Education on Employee (faculty and staff) Compensation in March 2002. I believe this summary will be helpful to you when you look at state employee compensation. If you have any questions please give me a call at 224-5549 or e-mail me at Henry.Riegler@bsc.nodak.edu and I'd be happy to answer your questions.

Henry Riegler, Ph.D.

cc: House and Senate Appropriations committee members
Chris Runge, Executive Director, NDPEA

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Brief Summary

# Report of the State Board of Higher Education's Committee on Employee Compensation

March 2002

## Contents


**Critical Findings**
*Turnover*
*Salary*
*Cost of living in North Dakota*

**Critical Conclusions**

**Recommendations**
*Faculty Approach*
*Staff Approach*



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## Critical Findings

### *Turnover*

- **Since 1996, an average of 8.3 percent of benefited staff and 7.4 percent of benefited faculty leave their NDUS jobs every year.**

## Employee Turnover Statistics
### 1996 through 2001

| | Benefited | 1996 Turnover | | 1997 Turnover | | 1998 Turnover | | 1999 Turnover | | 2000 Turnover | | 2001 Turnover | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Empl. | # | Ratio | # | Ratio | # | Ratio | # | Ratio | # | Ratio | # | Ratio |
| BSC | | | | | | | | | | | | | |
| Faculty | 100 | 3 | 3.3% | 0 | 0.0% | 4 | 4.4% | 3 | 3.3% | 5 | 5.0% | 4 | 4.0% |
| Staff | 124 | 16 | 16.7% | 3 | 3.1% | 10 | 9.0% | 6 | 5.4% | 16 | 12.9% | 8 | 6.5% |
| Total | 224 | 19 | 10.1% | 3 | 1.6% | 14 | 7.0% | 9 | 4.5% | 21 | 9.4% | 12 | 5.4% |
| DSU | | | | | | | | | | | | | |
| Faculty | 73 | 9 | 12.9% | 9 | 12.9% | 6 | 8.3% | 8 | 11.1% | 5 | 6.8% | 9 | 12.3% |
| Staff | 111 | 13 | 14.3% | 11 | 12.1% | 11 | 11.7% | 12 | 12.8% | 15 | 13.5% | 13 | 11.7% |
| Total | 184 | 12 | 13.7% | 20 | 12.4% | 17 | 10.2% | 20 | 12.0% | 20 | 10.9% | 22 | 12.0% |
| LRSC | | | | | | | | | | | | | |
| Faculty | 32 | 0 | 0.0% | 2 | 6.3% | 2 | 6.3% | 0 | 0.0% | 3 | 9.4% | 3 | 9.4% |
| Staff | 48 | 1 | 2.3% | 2 | 4.7% | 4 | 8.9% | 4 | 8.9% | 5 | 10.4% | 3 | 6.3% |
| Total | 80 | 1 | 1.3% | 4 | 5.3% | 6 | 7.8% | 4 | 5.2% | 8 | 10.0% | 6 | 7.5% |
| MaSU | | | | | | | | | | | | | |
| Faculty | 45 | 2 | 4.1% | 3 | 6.1% | 6 | 13.0% | 1 | 2.2% | 5 | 11.1% | 5 | 11.1% |
| Staff | 95 | 8 | 9.3% | 9 | 10.5% | 22 | 24.7% | 3 | 3.4% | 10 | 10.5% | 8 | 8.4% |
| Total | 140 | 10 | 7.4% | 12 | 8.9% | 28 | 20.7% | 4 | 3.0% | 15 | 10.7% | 13 | 9.3% |
| MISU* | | | | | | | | | | | | | |
| Faculty | 208 | 19 | 8.4% | 30 | 13.3% | 28 | 12.8% | 17 | 7.8% | 20 | 9.6% | 20 | 9.6% |
| Staff | 221 | 13 | 6.0% | 13 | 6.0% | 8 | 3.7% | 8 | 3.7% | 9 | 4.1% | 11 | 5.0% |
| Total | 429 | 32 | 7.2% | 43 | 9.7% | 36 | 8.3% | 25 | 5.8% | 29 | 6.8% | 31 | 7.2% |
| NDSCS | | | | | | | | | | | | | |
| Faculty | 142 | 11 | 7.3% | 8 | 5.3% | 12 | 8.1% | 5 | 3.4% | 14 | 9.9% | 9 | 6.3% |
| Staff | 209 | 14 | 6.9% | 9 | 4.5% | 19 | 9.0% | 22 | 10.4% | 17 | 8.1% | 16 | 7.7% |
| Total | 351 | 25 | 7.1% | 17 | 4.8% | 31 | 8.6% | 27 | 7.5% | 31 | 8.8% | 25 | 7.1% |
| NDSU | | | | | | | | | | | | | |
| Faculty | 821 | 61 | 7.3% | 47 | 5.6% | 39 | 4.8% | 61 | 7.6% | 45 | 5.5% | 69 | 8.4% |
| Staff | 1,250 | 129 | 11.5% | 98 | 8.8% | 125 | 10.6% | 98 | 8.3% | 114 | 9.1% | 109 | 8.7% |
| Total | 2,071 | 190 | 9.7% | 145 | 7.4% | 164 | 8.2% | 159 | 8.0% | 159 | 7.7% | 178 | 8.6% |
| UND** | | | | | | | | | | | | | |
| Faculty | 727 | 79 | 11.0% | 81 | 11.3% | 15 | 2.3% | 72 | 10.8% | NA | NA | 79 | 10.9% |
| Staff | 1,750 | 181 | 10.2% | 219 | 12.4% | 42 | 2.6% | 205 | 12.5% | NA | NA | 131 | 7.5% |
| Total | 2,477 | 260 | 10.5% | 300 | 12.1% | 57 | 2.5% | 277 | 12.0% | NA | NA | 210 | 8.5% |
| VCSU | | | | | | | | | | | | | |
| Faculty | 61 | 7 | 12.5% | 3 | 5.4% | 2 | 3.3% | 8 | 13.3% | 7 | 11.5% | 8 | 13.1% |
| Staff | 98 | 3 | 3.4% | 4 | 4.5% | 4 | 4.2% | 6 | 6.3% | 2 | 2.0% | 6 | 6.1% |
| Total | 159 | 10 | 6.9% | 7 | 4.8% | 6 | 3.8% | 14 | 9.0% | 9 | 5.7% | 14 | 8.8% |
| WSC | | | | | | | | | | | | | |
| Faculty | 34 | Included w/UND | | Included w/UND | | Included w/UND | | 3 | 7.9% | 2 | 5.9% | 1 | 2.9% |
| Staff | 40 | Included w/UND | | Included w/UND | | Included w/UND | | 1 | 3.7% | 2 | 5.0% | 4 | 10.0% |
| Total | 74 | | | | | | | 4 | 6.2% | 4 | 5.4% | 5 | 6.8% |
| Sub Total | | | | | | | | | | | | | |
| Faculty | 2,243 | 191 | 8.6% | 183 | 8.2% | 114 | 7.0% | 178 | 6.7% | 106 | 4.7% | 207 | 9.2% |
| Staff | 3,946 | 378 | 10.2% | 368 | 9.9% | 245 | 9.4% | 365 | 7.5% | 190 | 4.8% | 309 | 7.8% |
| GRAND TOTAL | 6,189 | 569 | 9.6% | 551 | 9.3% | 359 | 8.6% | 543 | 7.3% | 296 | 4.8% | 516 | 8.3% |

* Includes MISU-Bottineau Campus

** Includes UND-Williston for 1996-1998

Data Source: North Dakota University System payroll records

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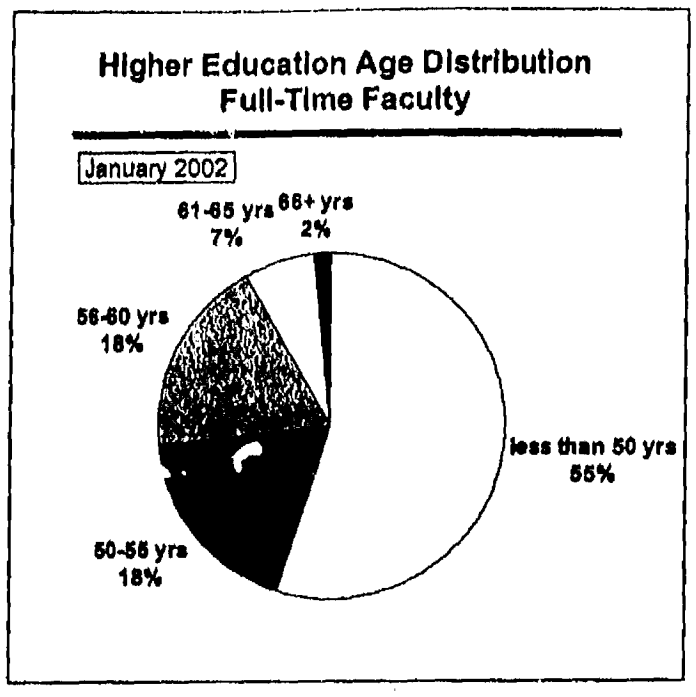
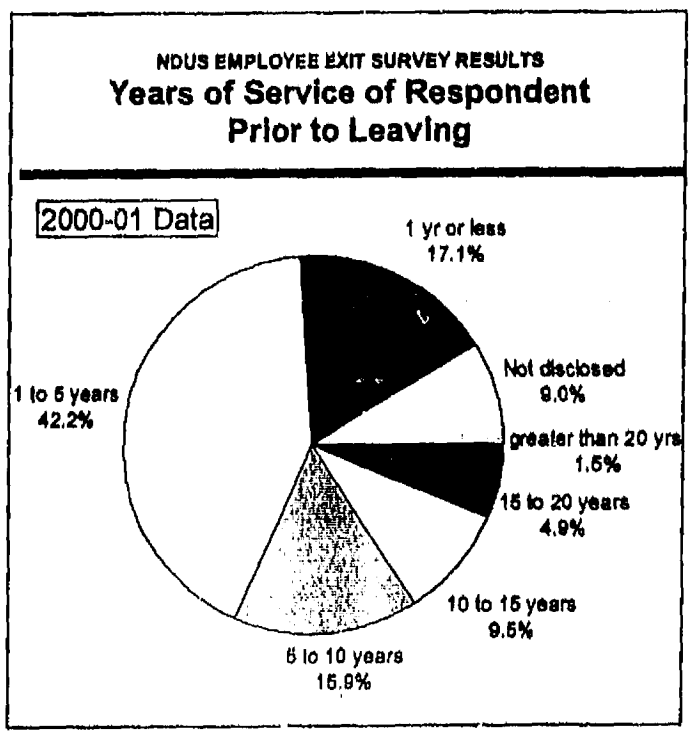
## *Turnover*

**Forty-five percent of NDUS faculty are currently age 50 or above and nearing retirement.**




## *Turnover*

- **Nearly 60 percent of the people choosing to leave NDUS employment had less than five years of service.**

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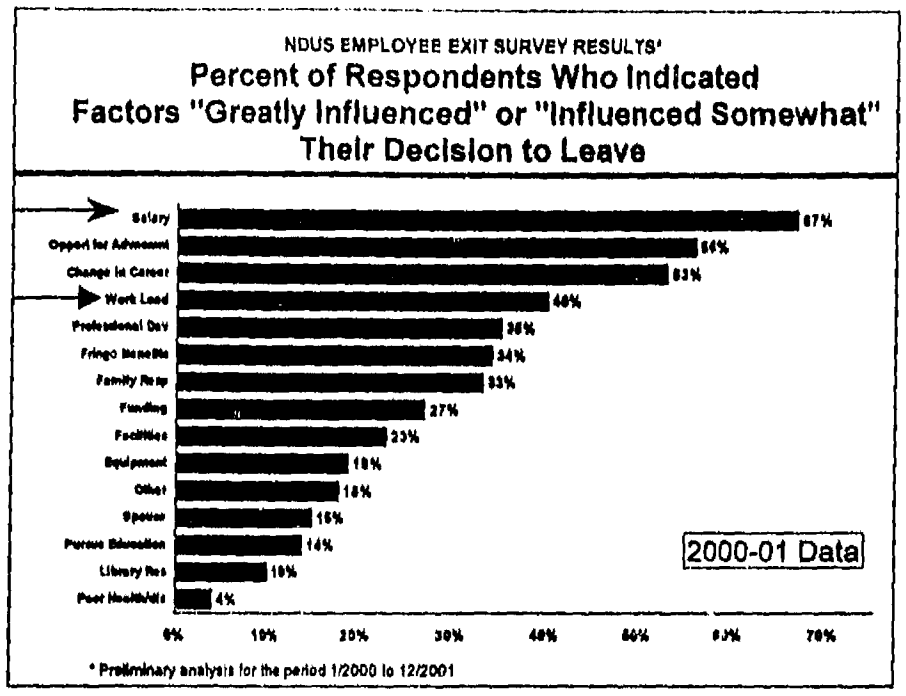
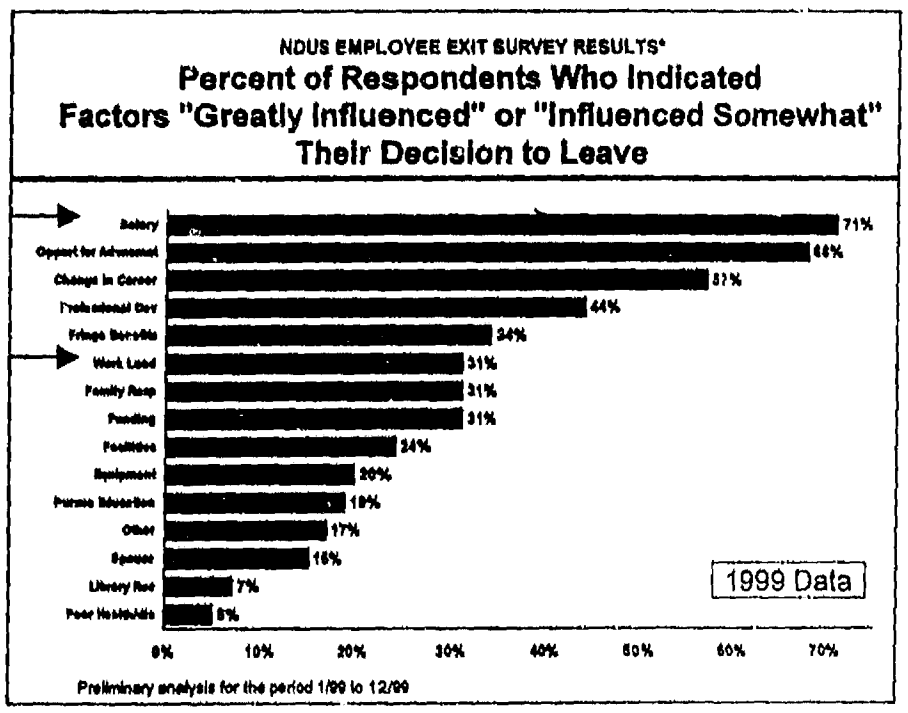
## *Turnover*

- **People choosing to leave NDUS employment cite low wages as the number one factor in their decision.**

Workload has moved from sixth to fourth place as a major influence for leaving employment. Faculty and staff recognize workloads are increasing while income has not kept pace with the cost of living in North Dakota.

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## *Salaries - Faculty*

- North Dakota ranks 50th nationally in salaries among 9/10-month faculty at four-year public institutions and 46th at two-year public institutions.
- Faculty salaries lag from 20.1 percent to 33.1 percent below the regional market.

**Listing of States by Rank of Average Salary for 9/10 Month Faculty of Public Higher Education Institutions in 50 States and DC**

| Public Universities (all faculty) | | Public 4-yr institutions (all faculty) | | Public 2-yr colleges | |
|---|---|---|---|---|---|
| District of Columbia | n/a | Wyoming | n/a | District of Columl | n/a |
| California | $85,636 | New Jersey | $64,702 | Vermont | n/a |
| New Jersey | $75,264 | California | $64,219 | Alaska | $60,021 |
| Minnesota | $73,577 | Connecticut | $59,113 | California | $58,849 |
| Connecticut | $72,951 | Nevada | $58,549 | Michigan | $58,510 |
| Wisconsin | $69,211 | New York | $58,060 | New Jersey | $57,458 |
| Michigan | $68,357 | Pennsylvania | $56,836 | New York | $54,233 |
| Delaware | $67,485 | Massachusetts | $55,214 | Illinois | $53,455 |
| Massachusetts | $67,123 | Virginia | $54,489 | Connecticut | $53,217 |
| North Carolina | $66,700 | Michigan | $53,846 | Wisconsin | $51,871 |
| Pennsylvania | $66,162 | Georgia | $53,344 | Arizona | $51,576 |
| New York | $65,973 | District of Columbia | $52,805 | Pennsylvania | $51,526 |
| Iowa | $65,001 | Ohio | $52,392 | Maryland | $48,510 |
| Nevada | $64,471 | Florida | $52,084 | Hawaii | $47,317 |
| Rhode Island | $63,882 | Maryland | $51,727 | Minnesota | $46,683 |
| Maryland | $63,448 | Alaska | $51,689 | Nevada | $45,947 |
| Hawaii | $63,250 | Iowa | $51,530 | Ohio | $45,647 |
| Georgia | $63,076 | Rhode Island | $51,431 | Delaware | $45,627 |
| Virginia | $62,616 | Minnesota | $51,360 | Oregon | $45,347 |
| Colorado | $62,577 | Wisconsin | $51,071 | Rhode Island | $44,984 |
| Arizona | $62,358 | Illinois | $50,700 | Florida | $43,396 |
| Missouri | $62,290 | Delaware | $50,570 | Missouri | $42,663 |
| Florida | $60,808 | Missouri | $50,395 | Virginia | $42,389 |
| Illinois | $60,625 | North Carolina | $50,322 | Massachusetts | $42,328 |
| Ohio | $59,392 | Arizona | $50,071 | Alabama | $42,277 |
| Tennessee | $58,882 | Hawaii | $49,444 | Georgia | $41,610 |
| Texas | $58,338 | New Hampshire | $49,188 | Texas | $41,321 |
| Washington | $58,082 | Colorado | $48,783 | Washington | $41,117 |
| South Carolina | $58,003 | Indiana | $47,792 | Maine | $39,923 |
| Kentucky | $57,391 | Washington | $47,205 | Kentucky | $39,277 |
| Nebraska | $57,362 | Maine | $46,692 | Mississippi | $39,111 |
| Indiana | $56,862 | Kentucky | $46,558 | Idaho | $38,898 |
| New Hampshire | $56,659 | Tennessee | $46,556 | Colorado | $38,583 |
| Utah | $54,425 | Nebraska | $46,505 | Iowa | $38,334 |
| Oklahoma | $54,229 | Alabama | $46,411 | Utah | $38,144 |
| Alabama | $53,630 | Oregon | $46,201 | Kansas | $38,010 |
| Vermont | $53,548 | Texas | $46,133 | Oklahoma | $37,556 |
| Alaska | $53,525 | Idaho | $45,625 | West Virginia | $37,307 |
| Kansas | $53,397 | Mississippi | $44,630 | New Hampshire | $36,564 |
| Maine | $53,165 | South Carolina | $44,366 | Tennessee | $36,502 |
| Oregon | $53,007 | Kansas | $43,653 | Indiana | $36,309 |
| West Virginia | $52,958 | Arkansas | $43,618 | Nebraska | $35,422 |
| Arkansas | $52,733 | Utah | $43,215 | Louisiana | $35,248 |
| New Mexico | $52,504 | Oklahoma | $43,078 | South Carolina | $35,014 |
| Idaho | $51,998 | Louisiana | $42,931 | New Mexico | $34,600 |
| Louisiana | $51,840 | Montana | $42,666 | **North Dakota** | **$34,371** |
| Montana | $49,599 | New Mexico | $42,256 | Arkansas | $33,823 |
| Mississippi | $49,513 | West Virginia | $42,183 | Wyoming | $33,820 |
| Wyoming | $48,243 | South Dakota | $40,704 | Montana | $33,076 |
| South Dakota | $42,719 | Vermont | $40,246 | South Dakota | $32,918 |
| **North Dakota** | **$42,630** | **North Dakota** | **$37,965** | North Carolina | $32,583 |

Information taken from Chronicle of Higher Education, 2001 Almanac

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# Amount and Percent North Dakota Average Faculty Salaries Lag Behind the National and Regional Markets 1982-83 through 2000-2001 (In Thousands of Dollars)

| YEAR | DOCTORAL | | | | COMPREHENSIVE | | | | BACCALAUREATE | | | | TWO-YEAR | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | U.S. | | Reg. | | U.S. | | Reg. | | U.S. | | Reg. | | U.S. | | Reg. | |
| 1982-83 | ($3.4) | -12.7% | ($2.1) | -7.8% | ($2.1) | -6.5% | $0.0 | 0.0% | $0.2 | 0.8% | $1.1 | 4.5% | ($1.0) | -4.3% | $1.0 | 4.3% |
| 1983-84 | ($4.6) | -17.0% | ($2.7) | -10.0% | ($3.5) | -14.2% | ($2.1) | -8.5% | ($0.7) | -2.9% | ($0.9) | -3.7% | ($1.9) | -8.1% | ($0.2) | -0.9% |
| 1984-85 | ($6.5) | -23.7% | ($4.7) | -17.2% | ($5.1) | -20.6% | ($3.3) | -13.3% | ($2.3) | -9.4% | ($1.9) | -7.8% | ($2.2) | -9.1% | $0.5 | 2.1% |
| 1985-86 | ($5.8) | -19.1% | ($3.2) | -10.5% | ($5.2) | -19.3% | ($2.9) | -10.8% | ($1.6) | -6.0% | ($0.6) | -2.2% | ($2.0) | -7.5% | $1.5 | 5.6% |
| 1986-87 | ($7.2) | -22.9% | ($3.7) | -11.7% | ($5.3) | -16.5% | ($2.1) | -7.3% | ($1.9) | -6.8% | ($1.6) | -5.8% | ($2.9) | -10.5% | $0.5 | 1.8% |
| 1987-88 | ($9.1) | -28.6% | ($5.1) | -16.0% | ($8.6) | -23.0% | ($3.6) | -12.5% | ($3.1) | -11.1% | ($1.9) | -6.8% | ($4.3) | -16.0% | ($0.9) | -3.4% |
| 1988-89 | ($10.9) | -34.0% | ($7.3) | -22.7% | ($9.1) | -31.4% | ($5.9) | -20.3% | ($5.5) | -20.1% | ($3.9) | -14.2% | ($6.6) | -24.1% | ($3.4) | -12.6% |
| 1989-90 | ($10.6) | -30.4% | ($7.9) | -22.6% | ($8.8) | -28.1% | ($5.1) | -16.3% | ($4.3) | -14.3% | ($4.2) | -14.0% | ($5.9) | -20.6% | ($2.9) | -10.1% |
| 1990-91 | ($10.7) | -29.0% | ($8.6) | -23.3% | ($8.7) | -26.0% | ($5.3) | -15.8% | ($5.6) | -16.2% | ($5.7) | -16.5% | ($6.6) | -22.1% | ($3.2) | -10.7% |
| 1991-92 | ($10.5) | -27.3% | ($8.7) | -22.7% | ($8.6) | -24.6% | ($4.1) | -11.7% | ($4.5) | -13.5% | ($4.2) | -12.6% | ($7.4) | -24.0% | ($2.8) | -9.1% |
| 1992-93 | ($11.3) | -29.2% | ($10.2) | -26.4% | ($8.6) | -24.4% | ($5.9) | -16.8% | ($5.9) | -17.9% | ($6.0) | -18.2% | ($7.1) | -22.8% | ($4.1) | -13.1% |
| 1993-94 | ($12.0) | -30.4% | ($10.5) | -26.6% | ($8.2) | -22.3% | ($5.1) | -13.9% | ($6.7) | -20.1% | ($6.3) | -18.9% | ($8.1) | -25.6% | ($3.4) | -10.8% |
| 1994-95 | ($13.2) | -32.7% | ($11.7) | -29.0% | ($8.6) | -22.8% | ($6.0) | -15.9% | ($7.5) | -22.1% | ($6.8) | -20.1% | ($8.8) | -27.2% | ($4.0) | -12.3% |
| 1995-96 | ($17.2) | -42.4% | ($13.5) | -33.3% | ($9.7) | -25.5% | ($6.2) | -16.3% | ($7.8) | -22.5% | ($7.0) | 20.2% | ($9.3) | -28.8% | ($5.0) | -15.5% |
| 1996-97 | ($17.4) | -43.8% | ($16.4) | -41.3% | ($7.3) | -17.5% | ($6.1) | -14.7% | ($8.6) | -24.4% | ($6.9) | -19.6% | ($9.0) | -27.2% | ($5.5) | -16.6% |
| 1997-98 | ($15.4) | -35.2% | ($15.7) | -35.9% | ($11.1) | -26.6% | ($7.9) | -20.4% | ($9.1) | -25.2% | ($7.0) | -19.4% | ($7.9) | -22.8% | ($4.7) | -13.5% |
| 1998-99 | ($15.4) | -33.0% | ($15.1) | -32.4% | ($11.9) | -30.2% | ($8.5) | -21.6% | ($9.6) | -26.1% | ($7.5) | -20.4% | ($9.5) | -27.2% | ($6.2) | -17.6% |
| 1999-2000 | ($17.0) | -36.2% | ($17.5) | -37.2% | ($13.6) | -34.5% | ($10.4) | -26.4% | ($10.6) | -28.5% | ($6.6) | -17.7% | ($9.9) | -28.0% | ($6.2) | -17.6% |
| 2000-2001 | ($15.7) | -32.0% | ($16.2) | -33.1% | ($11.7) | -27.3% | ($8.6) | -20.1% | ($10.9) | -28.7% | ($8.5) | -22.4% | ($9.9) | -27.2% | ($9.4) | -25.8% |
| 20001-2002 est. | ($15.8) | -31.4% | ($16.4) | -32.4% | ($11.8) | -26.7% | ($8.6) | -19.5% | ($11.0) | -28.1% | ($8.5) | -21.8% | ($10.0) | -26.6% | ($9.5) | -25.2% |

C:\Mkt\700\701\regional faculty salaries.xls

Source: Information from American Association of University Professionals published in *Academe*, March 2002.
States Included: Colorado, Iowa, Kansas, Minnesota, Missouri, Montana, North Dakota, Nebraska, Oklahoma, South Dakota, Wisconsin, Wyoming.

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## *Salaries - Broadband Staff*

- **NDUS broadband administrative salaries average 20 percent below market and professional staff salaries average 15 percent below market.**
- **As a group, broadband staff salaries are averaging 14 percent below market.**

## Average Broadband Staff Salaries Compared to North Dakota Job Market

| Band # | Job Family | Average Salary | Market Salary | % Variance |
|---|---|---|---|---|
| | | Doctoral | | |
| 1000 | Administrative/Managerial | $59,439 | $65,816 | 10.7% |
| 3000 | Professional | 35,591 | 36,915 | 3.7% |
| 4000 | Technical & Paraprofessional | 24,595 | 25,190 | 2.4% |
| 5000 | Office Support | 21,404 | 21,915 | 2.4% |
| 6000 | Crafts/Trades | 28,697 | 32,286 | 12.5% |
| 7000 | Services | 18,527 | 19,126 | 3.2% |
| | **Total** | **$31,376** | **$33,541** | **6.9%** |
| **Band #** | **Job Family** | **Comprehensive** | | |
| 1000 | Administrative/Managerial | $44,883 | $59,215 | 31.9% |
| 3000 | Professional | 33,217 | 40,160 | 20.9% |
| 4000 | Technical & Paraprofessional | 24,138 | 24,022 | 0.0% |
| 5000 | Office Support | 19,536 | 23,609 | 20.8% |
| 6000 | Crafts/Trades | 24,512 | 30,147 | 23.0% |
| 7000 | Services | 18,919 | 21,541 | 13.9% |
| | **Total** | **$27,534** | **$33,116** | **20.3%** |
| **Band #** | **Job Family** | **4-year** | | |
| 1000 | Administrative/Managerial | $39,802 | $46,651 | 17.2% |
| 3000 | Professional | 29,520 | 35,654 | 20.8% |
| 4000 | Technical & Paraprofessional | 22,179 | 24,406 | 10.0% |
| 5000 | Office Support | 18,393 | 20,745 | 12.8% |
| 6000 | Crafts/Trades | 22,227 | 28,470 | 28.1% |
| 7000 | Services | 16,234 | 17,108 | 5.4% |
| | **Total** | **$24,726** | **$28,839** | **16.6%** |
| **Band #** | **Job Family** | **2-year** | | |
| 1000 | Administrative/Managerial | $41,528 | $50,650 | 22.0% |
| 3000 | Professional | 32,432 | 37,651 | 16.1% |
| 4000 | Technical & Paraprofessional | 21,328 | 24,490 | 14.8% |
| 5000 | Office Support | 20,536 | 22,289 | 8.5% |
| 6000 | Crafts/Trades | 24,029 | 26,491 | 10.2% |
| 7000 | Services | 19,499 | 20,263 | 4.0% |
| | **Total** | **$26,559** | **$30,309** | **14.1%** |

g:\annual\700\799\market salary.xls

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## *Cost of living in North Dakota*

- **North Dakota's cost of living is approximately the same as the U.S. cost of living.**
- **North Dakota's standard of living is below the U.S. standard of living.**
- **The real purchasing power of North Dakota wages is lower than the average real purchasing power for the U.S.**

| City | Cost of Living Factor[1] | PCPI Factor[2] | Standard of Living Index[3] |
|---|---|---|---|
| **North Dakota** | | | |
| Bismarck | 99.6 | 87.8 | 88.2 |
| Fargo | 97.1 | 92.2 | 94.9 |
| Grand Forks | 97.7 | 84.3 | 86.2 |
| Minot | 94.3 | n/a | n/a |
| **Minnesota** | | | |
| Minneapolis | 101.7 | 123.4 | 121.3 |
| Rochester | 99.7 | 113.5 | 113.9 |
| St. Cloud | 98.9 | 82.9 | 83.8 |
| St. Paul | 103.2 | 123.4 | 119.5 |
| **South Dakota** | | | |
| Rapid City | 96.3 | 87.7 | 91.1 |
| Sioux Falls | 94.0 | 107.1 | 113.9 |
| **Montana** | | | |
| Billings | 98.8 | 89.8 | 90.9 |
| Great Falls | 97.3 | 87.2 | 89.6 |
| Helena | 89.5 | n/a | n/a |
| Missoula | 100.1 | 85.4 | 85.3 |
| **Wisconsin** | | | |
| Madison | 104.7 | 111.1 | 106.1 |
| Milwaukee | 104.5 | 112.4 | 107.6 |

[1] **Cost of Living Factor**
Indicates how the city compares to the nation as a whole. All cities are combined to develop the national average, which is represented by the number 100.0. A factor higher than 100 indicates the city's cost of living is higher than average, and vice versa.

This figure was obtained from Maze Recruiters & Associates, an employment recruiting firm in Mentor, Ohio. For a full description of the methodology used to compute the cost of living factor and a full list of cities, see the company's web site at: www.mazerecruiters.com/job.htm

[2] **PCPI (Per Capita Personal Income) Factor**
Also indicates how the city compares to the nation as a whole. The national PCPI figure is represented by the number 100.0. A factor higher than 100 indicates the city's PCPI is higher than average, and vice versa. The reference year is 1988.

PCPI is used in lieu of wages because the data is available for cities, while wage data is only available on the county level.

Per capita personal income is computed by the Bureau of Economic Analysis in the United States Commerce Department. The Bureau's web site may be found at: www.bea.doc.gov

[3] **Standard of Living Index**
Compares cost of living to per capita personal income to derive a city's relative standard of living.

- An index number of 100.0 indicates a city's PCPI matches up perfectly with its cost of living.
- An index number less than 100.0 indicates a city's PCPI is relatively low compared to its cost of living. Presumably, standard of living is relatively lower in these cities.
- An index number greater than 100.0 indicates a city's PCPI is relatively high compared to its cost of living. Presumably, standard of living is relatively higher in these cities.

Source: *North Dakota's Economic RoadMap 2001*, published by Job Service North Dakota

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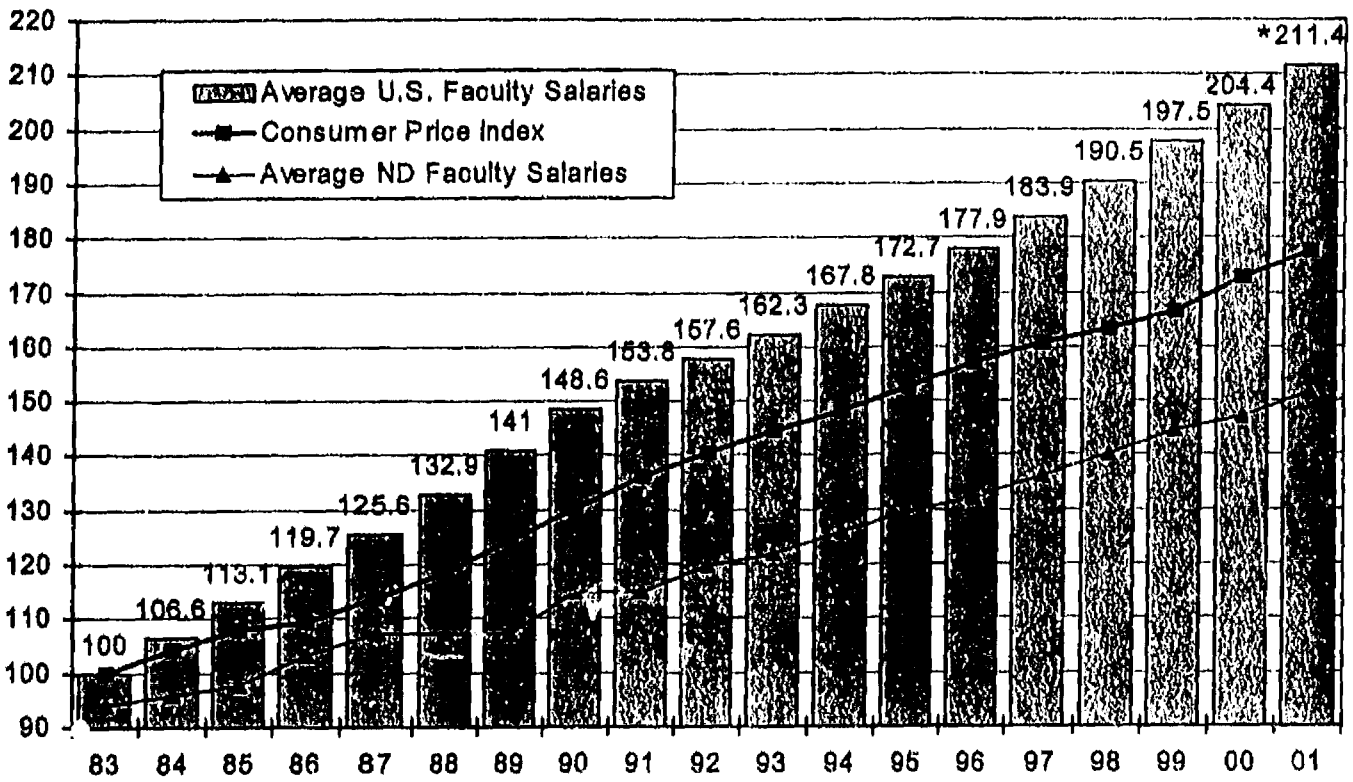
## *Cost of living in North Dakota - Faculty*

- **Related data show average faculty salaries across the nation surpassing cost of living increases while North Dakota faculty salaries have not kept up with cost of living increases.**

### Faculty Salary Trends and the Cost of Living




* Projected Amount
Consumer Price Index: July 1983 = 100
Sources: American Association of University Professors; U.S. Department of Labor

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## Critical conclusions

- **The combination of North Dakota's equivalent cost of living, lower living standards, loss of real purchasing power, and non-competitive salary makes it increasingly difficult to retain employees and fill vacated positions.**

- **The current State of North Dakota's benefits package compares well to that offered by other large regional employers. Continuation of this benefits package is critical to campus retention and recruitment.**

## Recommendations

Recommendations for compensation must address ***1) maintenance of employee benefits, 2) maintenance of salary purchasing power, and 3) salary competitiveness.*** Maintenance of employee benefits will continue to make North Dakota's benefits compensation package competitive. Maintenance of salary purchasing power and reaching competitive salaries are more difficult challenges.

### *Faculty Approach*

For faculty, the most important compensation issue after maintenance of employee benefits is maintaining salary purchasing power with a prescribed solution. This approach seeks to "stop the bleeding." **Low salaries must first maintain their purchasing power. Salary adjustments for inflation must be addressed first.** Additional monies can address salary competitiveness.

- **Maintain the State's contribution for employee health insurance premiums at 100 percent of actual premium and current employee co-payments and deductibles.**

- **Provide, in each year of the 2003-2005 biennium, a salary adjustment for inflation, using the Consumer Price Index—the common tool used to adjust costs for inflation.**

- **Provide flexible funding to move positions to 100 percent of regional average, with funds placed in a SBHE pool for distribution to campuses, based upon market disparity and/or performance within eight years.**

### *Staff Approach*

Staff recommendations do not prescribe specific monies for maintenance of purchasing power.

- **Maintain the state's contribution for employee health insurance premiums at 100 percent of actual premium and current employee co-payments and deductibles.**

- **Provide to each campus funding sufficient for salary increases averaging 5 percent to 7 percent for each year of the biennium.**

- **Provide maximum campus flexibility in the administration of salary increases with no requirement of across-the-board increases.**

G:\terry\1100\03ses\BRIEF emp comp report 2002 attachment for Riegler letter.doc

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NDPEA NORTH DAKOTA PUBLIC EMPLOYEES ASSOCIATION

AMERICAN FEDERATION OF TEACHERS LOCAL 4660 AFL-CIO

3333 EAST BROADWAY AVE, SUITE 1220
BISMARCK, NORTH DAKOTA 58501-3396

701-223-1964
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EMAIL: comments@ndpea.org
WEBSITE: www.ndpea.org

**TESTIMONY ON SENATE BILL 2015**
**STATE EMPLOYEE COMPENSATION**
**Before the House Appropriations Committee**
**Government Operations Subcommittee**
**North Dakota Public Employees Association, AFT Local 4660, AFL-CIO**
**March 10, 2003**

Chairman Carlisle, members of the Government Operations Subcommittee, my name is Chris Runge and I am the Executive Director of the North Dakota Public Employees Association, American Federation of Teachers Local 4660. I am here to provide testimony on SB 2015 and to submit an amendment to SB 2015, the restoration and enhancement of the state employee compensation package.

We are asking for the restoration of the state employees pay raises that were removed from SB 2015. In addition we are submitting an amendment for 2% and 2% pay raises beginning July 1, 2003. If adopted, state employees will at least receive a cost of living increase and not lose any more ground.

For state employees, this is a stressful time. We know that the budget is very tight and that some employees in the end may lose their jobs. We also know that this weighs heavy on your mind as well. In order for the state to continue to provide quality services



# Testimony

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we must recruit and retain our public employee workforce. This can only happen with a strong salary and benefits program.

We supported the salary recommendation of the State Employees Compensation Commission, which is 5% and 2% with the health insurance premium payments picked up by the state. Why would we support such an impossible position? Because it is important to understand the position that state employees will be in if we continue down the road of pay raises that keep us falling behind. With the pay raises cut from this budget, we will fall further behind and in future years, the legislature will have to consider much larger increases to make up for cutting corners now. It will be more and more difficult to keep our quality employees from leaving state government. The Department of Transportation is facing that situation now and has asked for the restoration of the pay raises as well.

In a recent survey of our own members, we found that 58% have considered leaving government service, not because of the benefits but because of wages. The fully paid health insurance is what keeps many from leaving their current positions. It is important that when considering the pay increase that the entire compensation package be considered including health care but that the health insurance not be considered a substitute for wage increases.

We would make the following recommendation to the legislature: that it embark on a 10 year plan to get state employee salaries caught up to the Central Personnel goal of 95% of market. It just seems that budgeting every two years with no end goal in mind but

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the two-year budgeting cycle is not moving us ahead. However, if the legislature were to adopt a 10-year plan of getting state employees caught up, then we would know what we need to do each biennium. Again, we know that this problem wasn't created overnight and it will take time to get out of the hole, but creating a 10-year legislative goal of state employee salaries at 95% of market is realistic. What we are doing now is not working and we continue to fall further behind which we definitely will do this session again.

I had the privilege of serving on a national task force on the problems of recruiting and retaining quality public employees. This report, "Taking Action Against the 'Quiet Crisis" is the result of our two years of work. Eleven states, big and small, participated in the task force as did the personnel directors from those participating states. This report provides compensation and alternatives to compensation recommendations that states can and should use to retain and recruit a qualified workforce. Forty-five percent of all government employees are eligible to retire in the next five to ten years. That is the case here in North Dakota as well. Due to the fiscal crises in the states, this problem will be exacerbated by early retirements and layoffs. In North Dakota, you have already passed recruitment and retention bonus programs, recognizing the problems state agencies are already having in recruiting and retaining quality public employees.

The fully paid health insurance premium is one of the main attractions for state employment and now even that is on the table. Even with Governor Hoeven's recommendation to pick up most of the premium increase, state employees will see

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increased out of pocket expenses again this biennium. Coupled with no pay increase, state employees are in effect being taxed to help balance the budget of North Dakota.

I have attached for your reviewed information developed by the Central Personnel Division entitled, "Health Insurance Premium Information". Upon review of this information, it is clear that even with the state of North Dakota paying the full family premium, it is in line with what other states are doing. While there are states where the employees pay a portion of the family premium, when you look at the dollar amount contributed by the state, it is very comparable to North Dakota's full family premium payment. We oppose any premium payment by state employees.

Now I Know that my testimony is not necessarily what you wanted to hear. We are submitting an amendment to give state employees a 2% and 2% pay raise and the state's continued payment of the health insurance premium. It is important that you know what is needed by state employees to stop the slide in their earning capacity not necessarily what they can get from you in these tight budget times. As an organization, NDPEA thought long and hard and our members debated this issue at their October meeting. In the end, they thought it was critical that the state commit to a 10 year strategic plan to bring salaries in line with the market, to recommend 5% and 2% salary increase for the current biennium and to continue the cost sharing with the state premium and the employees paying increased out-of-pockets.

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Finally, we understand the budgetary pressures you are all under but we had to be honest with you about our needs so that they are put in the mix with the other issues you are considering. We are willing to work with you to find a workable solution while at the same time assuring that we continue to provide quality services to the citizens of North Dakota.

Thank you for taking the time to listen to our concerns. I am available to answer any questions, you may have.

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58th Legislative Assembly
March 10, 2003

**PROPOSED AMENDMENT TO ENGROSSED SENATE BILL 2015**

Page 2, after line 6 insert

**SECTION 4. INTENT-STATE EMPLOYEE COMPENSATION ADJUSTMENTS-GUIDELINES.** It is the intent of the fifty-eighth legislative assembly that 2003-05 compensation adjustments for permanent state employees are to be increases of 2.0 percent beginning with the month of July 2003, to be paid in August 2003 and 2.0 percent beginning with the month of July 2004, to be paid in August 2004.

Employees whose documented performance levels do not meet standards are not eligible for the general increases.

Probationary employees are not entitled to the general increases. However, probationary employees may be given all or a portion of the increases upon completion of probation, at the discretion of the appointing authority.

During the biennium, no salary increase other than the 2.0 percent in July 2003 and 2.0 percent in July 2004 may be given to an employee whose salary exceeds or would exceed the salary range maximum.

Renumber accordingly

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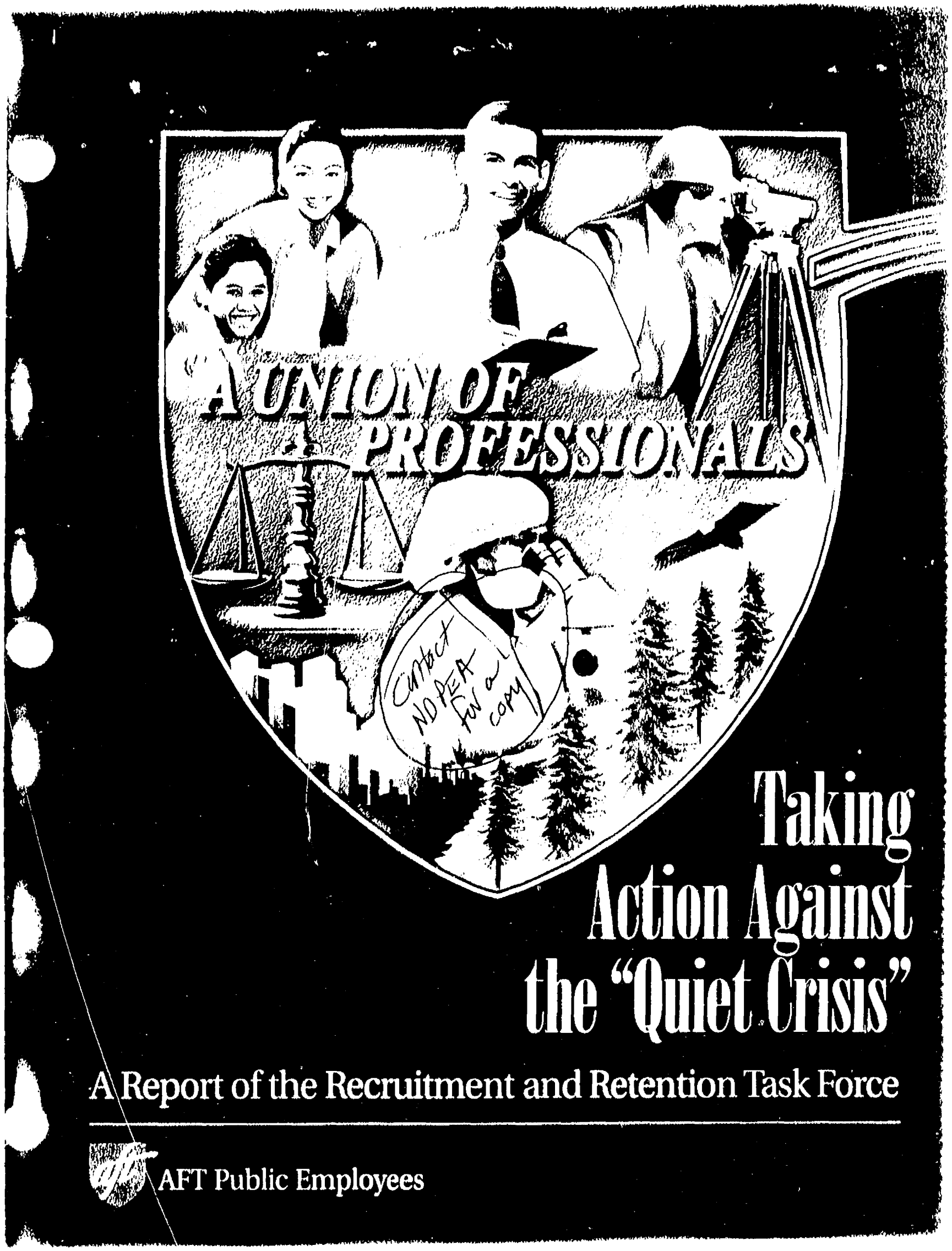


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2-24-03



**Goetz, William G.**

**From:** Craig Pattee [craig.pattee@k-n-p.com]
**Sent:** Tuesday, February 18, 2003 6:09 PM
**To:** rrausche@state.nd.us
**Cc:** Krista Carman; wgoetz@state.nd.us
**Subject:** Priorites...

Ron:
Here are our priorities on behalf of ND these days. Obviously, there are a lot more details and work that goes into each project, and there are many other smaller requests for assistance—but these are the biggies...
FYI, about 30 states have DC offices, and the average cost is over $500K. Several states also do it on a contract basis (ie: NV and IN), and I don't know of any one for less than $120K ~~per year. 2 others~~ Per year

- F-15s:
  We are currently working with General Haugen to secure a new squadron of planes for ND to be allocated through the National Guard Bureau. Gen. Haugen was in DC two weeks ago—we helped facilitate meetings and are presently working with the Bureau and the White House to see that ND is selected to receive these planes (and an estimated 150 new jobs for the state).

- Homeland Security:
  We continue to work as a liaison between the governor's office, state agencies, and the US Department of Homeland Security on a number of initiatives. For example, we continue to help facilitate and promote a model boarder initiative in ND, partnering the state and DynCorp, and continue to press for federal homeland security dollars to fund the project.

- NGA: Human Resources Committee:
  Governor Hoeven serves as the vice-chair of this important committee, overseeing education funding issues, welfare reform, Medicaid, and prescription drug issues. A major part of our responsibility for the state is to staff this committee and promote ND's positions on these issues and to set and implement the national governor's lobbying strategies for issues such as health care, welfare, labor, education and homeland security. Working with Dwayne Houdak and Carol Olsen, we have helped ensure stronger Dual Eligible language (federalization of the duals) in Medicaid/Medicare funding and new legislative language on stabilization of Medicare reimbursement rates—critical issues to ND and our states' budget. As a result, Governor Hoeven and ND are now viewed as key governor by Secretary Thompson and HHS to be involved and further influence Medicaid reform.

- Energy Task Force:
  With our assistance, Governor Hoeven serves as co-chair of the Energy Infrastructure and Transmission Task Force—a group of governors and staff and DOE representatives helping address critical issues related to solving our national transmission infrastructure challenge. As an energy producing state, this is a critical issue to ND, and Governor Hoeven (and his team) are helping promote national solutions that will result in the ability to export more power out of ND...

- Staff for NGA Natural Resources Committee (2002):

2/26/2003

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LaCosta Rickford 10/15/03
Operator's Signature Date

Last year, Governor Hoeven served as chair of the NGA's Economic Development Committee. In this capacity, he helped oversee energy, agricultural and environment issues for the nations' governors. Our job was to staff that committee and ensure that ND's positions were well represented.

- Drought relief:
  Served as the Governor's DC representatives promoting drought disaster relief with the current Administration (USDA and White House) as well as with key Republicans on the Hill (Sens. Roberts, Burns, Frist - Rep. Goodlatte ) in order to influence influence legislation to provide relief for ND farmers..

- Economic Development:
  We work regularly with Lee Peterson and his team to help identify and recruit companies to move to ND or expand their business in the state. For example, we recently facilitated meetings between the Governor (and Lee) with Maximus--who has been considering developing a customer call center (with several hundred employees) in ND. These discussions are ongoing. We also then are frequently asked to help ND-based companies in Washington or other states—as part of the Governor's efforts to support ND companies or recruit them into the state. For example, at the Governor's request, we supported a ND company called GEM (builds electric cars for Daimler-Chrysler) who had issues that impacted their ability to sell these cars in a number of states. On behalf of the Governor, we worked with other governor's offices in target states to address these issues. As a result, GEM was able to continue to expand production of these vehicles.

- Chair of Transportation Task Force:
  Governor Hoeven has just been asked to chair a new, national coalition of governors and industry to promote federal transportation funding. As TEA-21 legislation comes up for re-authorization, governors will again play a role in boosting over all funding and ensuring that smaller states like ND get their fare share of the allocation. We will staff this effort with the governor, working with the Spry, and serve as a liaison to the federal DOT and White House to increase their funding.

- Liaison to the White House and Administration: (and why we don't interact much with the delegation...)
  We recognize that ND has a strong Congressional delegation. And Governor Hoeven enjoys his own strong working relationship with the delegation, and thus works with them directly.. Our job is thus to focus elsewhere--to support the governor's priorities with the White House and cabinet agencies—we do not lobby Congress (we recognize that is the job of the delegation) but rather leverage our Republican relationships within the Administration on behalf of the state. This way, ND benefits from both a strong Democratic delegation and a strong GOP governor...

We know we are a mystery to many Democrats and others in ND, but our job is to keep a low profile, and to help the Governor achieve specific priorities for the state. But it is MUCH less expensive than most states spend, with measurable results.
Feel free to call me if you have any questions.
Craig Pattee

2/26/2003

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**MICROFICHE TITLING**
**OMB STATE RECORDS MANAGEMENT DIVISION**
SFN 10860 (5-87)

SPECIAL INSTRUCTIONS:

LINE 1

Sept 11, 200[illegible]

FILMER: FILM THE DOCUMENTS IN THIS BOOK IMMEDIATELY FOLLOWING SB 2015. USE LABEL SHEET FOR THE RESULTING FICHE. THEN RETURN TO REGULAR FILMING WITH SB 2016, 2017 ETC.

CALL ME IF YOU NEED TO.

MARILYN JOHNSON
328-4900 (328-4900)

LINE 2
64 CHAR.

LINE 3
78 CHAR.

**Legislative Council Library**
600 E Boulevard Ave
Bismarck ND 58505

LINE 4
38CHAR.

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SPECIAL INSTRUCTIONS:

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2003

LINE 2
64 CHAR.

LEGISLATIVE COUNCIL

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SB 2015

E-MAIL BETWEEN GOVT OFFICE & DC LOBBYIST

LINE 4
38CHAR.

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10/15/03
Date

WESLEY R. BELTER
State Representative
Chairman

JOHN D. OLSRUD
Director

JAY E. BURINGRUD
Assistant Director

JIM W. SMITH
Legislative Budget
Analyst & Auditor

JOHN WALSTAD
Code Revisor

# North Dakota Legislative Council

STATE CAPITOL, 600 EAST BOULEVARD, BISMARCK, ND 58505-0360 (701) 328-2916 TTY: 1-800-366-6888

February 26, 2003

Honorable Ron Carlisle
State Representative
House Chamber
State Capitol
Bismarck, ND 58505

Dear Representative Carlisle:

In response to your request, enclosed are copies of correspondence between the Governor's office and North Dakota's lobbyist in Washington, D.C., for the period January 1, 2002, through February 11, 2003.

Sincerely,

Allen H. Knudson
Assistant Legislative Budget
Analyst and Auditor

AHK/DS
Encs.

Refers to Senate Bill 2015, one's appropriation bill

E-mail: lcouncil@state.nd.us Fax: 701-328-3615 Web site: http://www.state.nd.us/lr

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Wednesday, February 12, 2003 1:10 PM
**To:** Schwartz, Denys F.
**Subject:** Krista was a cc: on this one

-----Original Message-----
**From:** Gaebe, Lance
**Sent:** Tuesday, February 11, 2003 3:45 PM
**To:** Hoeven, John H.
**Cc:** -Grp-GO Senior Staff; Krista Carman (E-mail)
**Subject:** FW: WPI Ag Disaster Analysis

Governor:

The latest predictions on the outcome of disaster assistance, perhaps we should make a call to Senator Cochran?

Lance

***World Perspectives Analysis on Disaster Aid filed on Monday afternoon 2-10-02***
**FATE OF DISASTER AID: *Dave Juday***

As was reported in the press today - and predicted by WPI in the past weeks - it is not smooth sailing for the Senate's $3.1 bln disaster aid package. One Capitol Hill source says the Senate plan is on "life support;" others have called it a probable "casualty." We're sticking with our original assessment from 22 January: "there is a good chance that the Senate plan was the opening offer that could get bid down."

Things are certainly still in flux - even now. The House and Senate negotiators will go back to work tonight (after this report is filed). We know that at the time of this report, Democratic staffers on Capitol Hill were meeting to go over their strategy. There was some talk late last week between Democratic strategists and Senate Ag Committee Republican majority staff, but no real discussion of where to turn or what to do - Chairman Cochran is essentially caught between a Republican House and White House on one side, and Democratic senators on the other, none of whom are allies of the plan he crafted. Moreover, this topic of ag disaster spending made its way into the Republican House member's retreat at Greenbriar this weekend.

Here's also what we know to date in terms of what is driving the debate:

- The Continuing Resolution (CR) runs out on 20 February.
- The context in which this spending debate is unfolding includes how the House Approps Committee will divide jurisdiction among subcommittees for the new Homeland Security Department - and the House Appropriations Committee must have that organization complete per a House rule by 15 February.
- The issue of disaster aid won't get passed from the appropriators to the authorizers (i.e. from the Ag Approps subcmte to the Ag Cmte) because in the Senate, Sen. Thad Cochran (R-MS) is chairman of both committees, and he is the driving force behind getting something passed.

**WPI ANALYSIS:** So, to sum the above: Cochran is the force behind making sure ag disaster relief is dealt with and time is running out for the House. To us, that spells compromise. As we said on 10 January: ". but we're still sticking to our original prediction of last year that the final package will be near $2.5 bln."

2/12/2003

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We think the squeeze between the Senate and the House - and the need to get a CR passed - means that something will go through. We also think that a reduction of a billion to 500 million in the $3.1 bln spending plan originally proposed by Sen. Cochran will be enough of a victory for the White House/OMB and the House that they will turn a blind eye. And finally, we think that the Democratic strategy - whatever that might emerge to be - will shape some of the specifics of the plan. Given the schedule the House is facing, this is the week for this issue to be settled, and we think there are 70 pct odds that it will be settled with some sort of ag disaster spending, less than Cochran's plan.

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Wednesday, February 12, 2003 12:07 PM
**To:** 'Krista Carman'
**Subject:** RE: Meetings for Lt. Gov.

perhaps Sen. Stevens too?

-----Original Message-----
**From:** Krista Carman [mailto:Krista.Carman@dutkogroup.com]
**Sent:** Wednesday, February 12, 2003 11:57 AM
**To:** Gaebe, Lance
**Subject:** Meetings for Lt. Gov.

I have requests in to the following ...
Cochran, Goodlatte & Hastert...Cochran we will most likely to able to at least meet w/ staff. Will get back in touch later today.

Krista M. Carman
Kaufman Pattee Branstad & Miller
The Hall of States
444 North Capitol Street, Suite 837
Washington, DC 20001
202-347-6607
202-544-5321 (fax)

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unresponsive, but we are expected to convince them to do it.

Lance

[Gaebe, Lance]
-----Original Message-----
**From:** Rauschenberger, Ron W.
**Sent:** Thursday, April 11, 2002 9:40 AM
**To:** Gaebe, Lance
**Subject:** FW: DOC and USTR

-----Original Message-----
**From:** Craig Pattee [mailto:craig.pattee@k-n-p.com]
**Sent:** Thursday, April 11, 2002 9:00 AM
**To:** rrausche@state.nd.us; Toby Burke; wgoetz@state.nd.us
**Subject:** DOC and USTR

I met yesterday with Elizabeth Gianini (CoS at USTR) and also got a call from Elizabeth Dial at Commerce—both called to see what they could do to help the governor re: Canadian wheat. Is there a new issue, or is there something we could be asking them to do? Toby and I have great relations at both agencies—what can we be doing more to help on such issues?
Also, we had a great call the other day to follow-up with Cory and Lee—following a very successful meeting with John and Maximus. We are developing a more aggressive, ongoing strategy to support their corporate recruitment and economic development efforts—this is an area where I think we can provide a lot of value to the Governor and the state—Lee and Cory are also great to work with. We discussed some great ideas and targets and we are going to start spending a lot more time on that initiative (FYI).
Best
CP

2/12/2003

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10/15/03
Date

**Wagner, Marilyn K.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Wednesday, February 12, 2003 11:44 AM
**To:** Wagner, Marilyn K.
**Cc:** Gaebe, Lance; Kate Pevarnek; Houdek, Duane E.; Ibach, Kathy M.
**Subject:** FW: Planning Call

So we are on for Friday at 3:30pm? I realize Kathy may have issues w/ this time.

-----Original Message-----
**From:** Krista Carman
**Sent:** Tuesday, February 11, 2003 2:06 PM
**To:** 'Wagner, Marilyn K.'
**Subject:** RE: Planning Call

*yes*

-----Original Message-----
**From:** Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
**Sent:** Tuesday, February 11, 2003 12:28 PM
**To:** Krista Carman
**Subject:** RE: Planning Call
**Importance:** High

Krista: Will you call us?

-----Original Message-----
**From:** Wagner, Marilyn K.
**Sent:** Tuesday, February 11, 2003 11:26 AM
**To:** 'Krista Carman'; Houdek, Duane E.; Gaebe, Lance; Ibach, Kathy M.
**Subject:** RE: Planning Call
**Importance:** High

Let's go with Friday at 3:30 CST. I NEED to get this done this week.

-----Original Message-----
**From:** Krista Carman [mailto:Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, February 11, 2003 10:16 AM
**To:** Houdek, Duane E.; Gaebe, Lance; Wagner, Marilyn K.
**Subject:** RE: Planning Call

How about 3:30 CT on Friday?

-----Original Message-----
**From:** Houdek, Duane E. [mailto:dhoudek@state.nd.us]
**Sent:** Tuesday, February 11, 2003 11:13 AM
**To:** Krista Carman; Gaebe, Lance; Wagner, Marilyn K.; Houdek, Duane E.
**Subject:** RE: Planning Call

No can do. I could do any time on Thursday afternoon other than 3:30-4:30. Sometimes planning the planning is the hardest part. Duane

Duane Houdek

2/12/2003

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Policy Advisor
Office of the Governor
(701) 328-2204
dhoudek@state.nd.us

-----Original Message-----
**From:** Krista Carman [mailto:Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, February 11, 2003 9:51 AM
**To:** Gaebe, Lance; Wagner, Marilyn K.; Houdek, Duane E.
**Subject:** Planning Call

Does 3:30 (CT) on Thursday work?

Krista M. Carman
Kaufman Pattee Branstad & Miller
The Hall of States
444 North Capitol Street, Suite 837
Washington, DC 20001
202-347-6607
202-544-5321 (fax)

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**Schwartz, Denys F.**

**m:** Gaebe, Lance
**t:** Wednesday, February 12, 2003 10:54 AM
**To:** Krista Carman (E-mail)
**Subject:** Lt Gov's meetings

Meetings.htm



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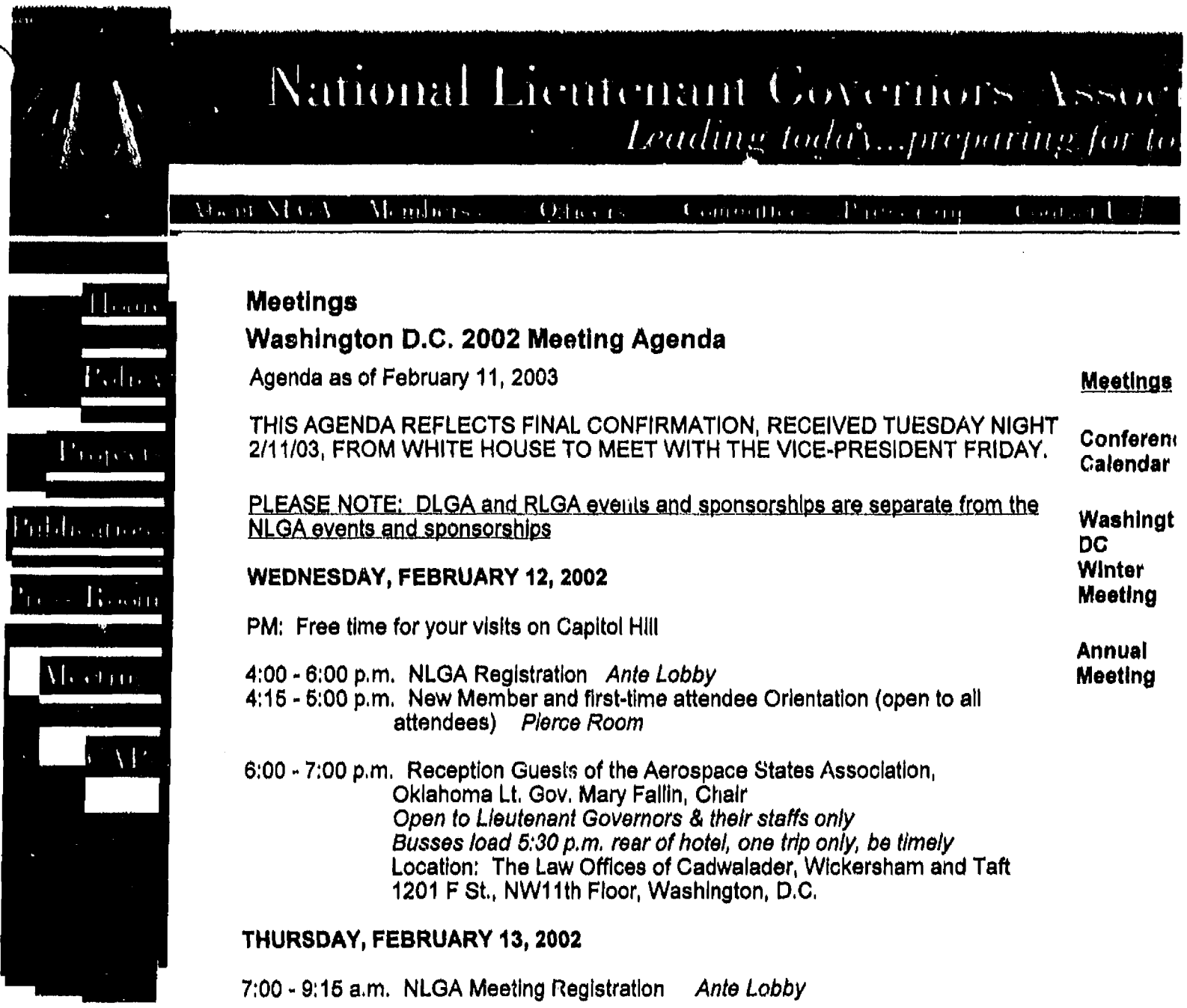


## Meetings

## Washington D.C. 2002 Meeting Agenda

Agenda as of February 11, 2003

THIS AGENDA REFLECTS FINAL CONFIRMATION, RECEIVED TUESDAY NIGHT 2/11/03, FROM WHITE HOUSE TO MEET WITH THE VICE-PRESIDENT FRIDAY.

PLEASE NOTE: DLGA and RLGA events and sponsorships are separate from the NLGA events and sponsorships

**WEDNESDAY, FEBRUARY 12, 2002**

PM: Free time for your visits on Capitol Hill

4:00 - 6:00 p.m. NLGA Registration *Ante Lobby*
4:15 - 5:00 p.m. New Member and first-time attendee Orientation (open to all attendees) *Pierce Room*

6:00 - 7:00 p.m. Reception Guests of the Aerospace States Association, Oklahoma Lt. Gov. Mary Fallin, Chair
*Open to Lieutenant Governors & their staffs only*
*Busses load 5:30 p.m. rear of hotel, one trip only, be timely*
Location: The Law Offices of Cadwalader, Wickersham and Taft
1201 F St., NW11th Floor, Washington, D.C.

**THURSDAY, FEBRUARY 13, 2002**

7:00 - 9:15 a.m. NLGA Meeting Registration *Ante Lobby*

(for LGs & staff only, these are separate events held by these associations)
7:15 a.m. **Democratic Lt. Governors Association** (DLGA) Corporate Members' Event - **Breakfast**
7:30 a.m. **Republican Lt. Governors Association** (RLGA) Corporate Members' Event - **Breakfast**

9:00 - 11:00 a.m. **Regional Roundtables**
All attendees are invited to join roundtable discussions of issues in their region led by NLGA Regional Officers. Attendees will discuss and identify emerging trends and issues in their regions, as well as how the items are being addressed, including possible public-private partnerships. These may include state government re-organizations,
aging of the state employee population, prescription drug coverage, and many more. In addition, regions may identify issues that they

**Meetings**

Conferen
Calendar

Washingt
DC
Winter
Meeting

Annual
Meeting



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feel are sweeping across an area and may soon affect the next region, such as West Nile Virus. For the final half-hour, each region will report on their discussions.

11:00-11:30 a.m. "**Jobs for America's Graduates**"
Iowa's Lt. Governor Pederson is among those involved with JAG, a school-to-career program implemented in high schools, alternative schools, community colleges, and middle schools to keep young people in school through graduation and provide work-based learning
experiences. A JAG officer will brief the members on the program and answer questions on how other lt. governors can become involved.

11:30 a.m. **OPTIONAL EVENT:**
**Join Ceremony to fly Mental Health Awareness Flag -**
*NLGA project available through Ofc.of Arkansas Lt. Gov.*
Deputy Mayor of Washington D.C. will fly the flag over the Pennsylvania Ave. side of the District Building. Those wishing to attend should taxi or walk.

Noon - 2:00 p.m. All Attendee Lunch
*Pierce Room*
featuring Health & Human Services Deputy Secretary
**U.S. Health and Human Services Deputy Secretary Claude A. Allen** will address the major health issues facing the national Congress, and will provide information on community health initiatives, as requested by the NLGA Program Committee

2:00 - 3:30 p.m. Department of Education briefing on No Child Left Behind Act
*Pierce Room*
**U.S. Under Secretary of Education Eugene W. Hickok** is leading the Department's implementation of the No Child Left Behind Act and he will brief all attendees on the status of the Act and other education issues.

3:30 - 4:30 p.m. Free Time for your other meetings, business

5:10 p.m. *Busses load at rear entrance of hotel, one trip only, be timely*

5:30 - 7:30 p.m.: **Evening at the Canadian Embassy** *(all attendees)*
STATE SECURITY ATTENDING MAY NOT BE ARMED
Host: The Minister (Economic) and Deputy Head of Mission of the Canadian Embassy Mr. Bertin Cote'
*Co-sponsored by The Council of State Governments and the National Lieutenant Governors Association*

**FRIDAY, FEBRUARY 14, 2002**

8:00 - 9:30 a.m. NLGA Meeting Registration *Ante Lobby*

8:15 - 9:15 a.m. All Attendee Breakfast
*Pierce Room*

8:15 - 9:45 a.m. All Attendees *In Pierce Room*

- Presentation by 2004 Meeting Bidder

- Presentation on the NLGA Annual Meeting Children's Program
*by: Program sponsor and CAPs member The Steel Recycling Institute*

- Presentation from 2003 Host State Arkansas



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*Table will be marked at breakfast for this open meeting*
9:10 - 9:30 a.m. Annual Meeting Program Committee meeting
Chair will officiate meeting from the main podium

*Table will be marked at breakfast for this open meeting*
9:30 - 9:45 a.m. NLGA Resolutions Committee meeting
Chair will officiate meeting from the main podium

9:45 - 11:15 a.m. Lt. Governor Best Practices Exchange (*Lt Governors only*)
Arguably the most popular session of each NLGA meeting. The lt. governors have a private exchange regarding the meeting the challenges of their jobs. Members also exchange ideas on best practices that may help elevate the visibility and effectiveness of the office nationwide.

11:15 a.m. Load transport to White House *(Lt. Governors only)*
*Rear entrance of hotel*

11:50 a.m. Arrive White House
*Security guards will be ushered to Reception area by Secret Service*

Noon - 2:00 p.m. **White House Meeting** (Lt. Governors only)
a. Briefing by Intergovernmental Affairs Office
b. Meeting with Office of Management and Budget Director Mitch Daniels *(tentatively confirmed)*
c. 1:00 - 1:30 p.m. Meeting with Vice-President Dick Cheney (confirmed) *Group photo by White House photographer*

2:30 - 4:30 p.m. **Major State Issues Panel**
Moderator: The Council of State Governments
*Willard Ballroom*

a. **Status of States' Emergency Management and Homeland Security**
by: Washington D.C. Emergency Management Director Peter LaPorte
Dir. LaPorte co-chairs the National Emergency Management Association's Terrorism Committee. *(Tentatively confirmed)*

b. **The Governors' Top Priorities for 2003**
by: Midwestern Governors Conference Director Jesse Heier (invited)

c. **The value of states' international development and specific roles lt. governors can play**
by: Liaison Chris Whatley, The State International Development Organizations (SIDO) (invited)

d. **Federal and State Election Reforms**
by: National Association of Secretaries of State (NASS) Executive Director Leslie Reynolds (invited)

e. **Status of State Budgets**
by: National Association of State Treasurers, Treasurer of Washington D.C. (invited)

5:00 - 6:00 p.m. Private Reception for lieutenant governors, NLGA CAPs members & meeting sponsors only
*Willard Hotel*

6:00 - 8:00 p.m. All Attendee NLGA Dinner, *Crystal Room*

**"The Office of Lt. Governor: A Launching Pad for Higher Office"**
Featured speaker: **John Della Volpe of SDS** (Schnelders, Della Volpe, and Schulman), see web: sdsprime.com. SDS is a research firm doing issue and political work.
John Della Volpe is a Senior Advisor to the Institute of Politics at Harvard University's John F. Kennedy School of Government and his political clients



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have included former President Clinton and Senators Edward Kennedy, John Kerry and Jack Reed. Named one of the top public opinion researchers in New England by *Commonwealth* magazine, John has appeared on Good Morning America, CNN's Inside Politics, and CBS & NBC network news.

**SATURDAY, FEBRUARY 16, 2002**

8:00 - 8:40 a.m. **CAPs Advisory Board meeting**
*(Open to CAPs members and lieutenant governors only)*
*Willard Hotel*
CAPs Chairman's members comprise the board and CAPs Associate members may attend.

8:40 - 10:00 a.m. Breakfast - All Attendees
*Pierce Room*
Panel: **Public-Private Partnerships that can Aid State Budgets**
Presented by: National Council for Public-Private Partnerships
Speaker: NCPPP Director Richard Norment and NCPPP Co-founder and Chairman David Seader
See ncppp.org for more information on this group.

10:00 - 11:30 a.m. NLGA Executive Committee and General Business meeting
*Pierce Room*

11:30 a.m. - 2:00 p.m. Democratic and Republican Lt. Governors Associations (DLGA & RLGA) Lunch and General Business Meetings
(closed, separate event for lt governors and their staff only)
*Willard Hotel*



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LaCosta Rickford 10/15/03
Operator's Signature Date

**Wagner, Marilyn K.**

**From:** Winger, Donna D.
**Sent:** Wednesday, February 12, 2003 8:48 AM
**To:** Wagner, Marilyn K.
**Subject:** Glenda Fauske phoned re: 5-2-03 Arbor Day Celebration and wants to talk to you. 701-228-5446



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Operator's Signature Date

**Goetz, William G.**

**From:** Craig Pattee [craig.pattee@k-n-p.com]
**Sent:** Tuesday, February 11, 2003 1:53 PM
**To:** Krista Carman; wgoetz@state.nd.us
**Subject:** Re: FW:

Excellent--Bill--this is the best scenaro for JH and ND...
CP

---

Sent from my BlackBerry Wireless Handheld (www.BlackBerry.net)

-----Original Message-----
From: Krista Carman <Krista.Carman@dutkogroup.com>
To: Craig Pattee <craig.pattee@k-n-p.com>
Sent: Tue Feb 11 14:32:37 2003
Subject: FW:

We got our wish...
Subject:

Bill,

I spoke with Dirk Kempthorne today. As incoming head of NGA he asked me to co-chair the task force on transportation. I told him I would do it, but that I would then not want to move from vice chair to chair of the human resources committee, this summer. He thought that would be fine, so we need to plan accordingly. Would you or Bob please contact Craig and Krista so they can plan accordingly, too. Thanks- John



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Operator's Signature Date

**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, February 11, 2003 1:45 PM
**To:** Houdek, Duane E.
**Subject:** RE: EITC Title

An please join us for our session EITC: Legal Laundering

-----Original Message-----
From: Houdek, Duane E. [mailto:dhoudek@state.nd.us]
Sent: Tuesday, February 11, 2003 2:43 PM
To: Krista Carman
Subject: RE: EITC Title

Krista,
I agree with Cuz that we should not use any loaded words. How about
"EITC: The Money Transferring Wolf Dressed in the Sheep's Whole Cloth of a
Tax Credit"? Actually, I think the title--and EITC--is ok. Duane

Duane Houdek
Policy Advisor
Office of the Governor
(701) 328-2204
dhoudek@state.nd.us

-----Original Message-----
From: Krista Carman [mailto:Krista.Carman@dutkogroup.com]
Sent: Tuesday, February 11, 2003 1:34 PM
To: Houdek, Duane E.
Subject: FW: EITC Title

Is this ok for our EITC segment?

-----Original Message-----
From: Jeff Vlohl [mailto:JVlohl@sso.org]
Sent: Tuesday, February 11, 2003 2:31 PM
To: Krista Carman
Subject: EITC Title

"The EITC: Tax Help for Working Families" Is this o.k. Governor O'Bannon
has approved this. Tried to make is simple and avoid any loaded words that
would blow us up!



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LaCosta Rickford 10/15/03
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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, February 11, 2003 1:31 PM
**To:** Krista Carman (E-mail)
**Subject:** FW:

-----Original Message-----
**From:** Hoeven, John H.
**Sent:** Tuesday, February 11, 2003 1:24 PM
**To:** Goetz, William G.
**Cc:** -Grp-GO Senior Staff
**Subject:**

Bill,

I spoke with Dirk Kempthorne today. As incoming head of NGA he asked me to co-chair the task force on transportation. I told him I would do it, but that I would then not want to move from vice chair to chair of the human resources committee, this summer. He thought that would be fine, so we need to plan accordingly. Would you or Bob please contact Craig and Krista so they can plan accordingly, too. Thanks- John



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**Wagner, Marilyn K.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, February 11, 2003 1:06 PM
**To:** Wagner, Marilyn K.
**Subject:** RE: Planning Call

yes

-----Original Message-----
**From:** Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
**Sent:** Tuesday, February 11, 2003 12:28 PM
**To:** Krista Carman
**Subject:** RE: Planning Call
**Importance:** High

Krista: Will you call us?

> -----Original Message-----
> **From:** Wagner, Marilyn K.
> **Sent:** Tuesday, February 11, 2003 11:26 AM
> **To:** 'Krista Carman'; Houdek, Duane E.; Gaebe, Lance; Ibach, Kathy M.
> **Subject:** RE: Planning Call
> **Importance:** High
>
> Let's go with Friday at 3:30 CST. I NEED to get this done this week.
>
> > -----Original Message-----
> > **From:** Krista Carman [mailto:Krista.Carman@dutkogroup.com]
> > **Sent:** Tuesday, February 11, 2003 10:16 AM
> > **To:** Houdek, Duane E.; Gaebe, Lance; Wagner, Marilyn K.
> > **Subject:** RE: Planning Call
> >
> > How about 3:30 CT on Friday?
> >
> > -----Original Message-----
> > **From:** Houdek, Duane E. [mailto:dhoudek@state.nd.us]
> > **Sent:** Tuesday, February 11, 2003 11:13 AM
> > **To:** Krista Carman; Gaebe, Lance; Wagner, Marilyn K.; Houdek, Duane E.
> > **Subject:** RE: Planning Call
> >
> > No can do. I could do any time on Thursday afternoon other than 3:30-4:30. Sometimes planning the planning is the hardest part. Duane

Duane Houdek
Policy Advisor
Office of the Governor
(701) 328-2204
dhoudek@state.nd.us

> -----Original Message-----
> **From:** Krista Carman [mailto:Krista.Carman@dutkogroup.com]
> **Sent:** Tuesday, February 11, 2003 9:51 AM
> **To:** Gaebe, Lance; Wagner, Marilyn K.; Houdek, Duane E.

2/12/2003

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LaCosta Rickford 10/15/03
Operator's Signature Date

**Subject:** Planning Call

Does 3:30 (CT) on Thursday work?

Krista M. Carman
Kaufman Pattee Branstad & Miller
The Hall of States
444 North Capitol Street, Suite 837
Washington, DC 20001
202-347-6607
202-544-5321 (fax)

2/12/2003

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**Sent:** Tuesday, February 11, 2003 10:16 AM
**To:** Houdek, Duane E.; Gaebe, Lance; Wagner, Marilyn K.
**Subject:** RE: Planning Call

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**Sent:** Tuesday, February 11, 2003 11:13 AM
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**Subject:** RE: Planning Call

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Duane Houdek
Policy Advisor
Office of the Governor
(701) 328-2204
dhoudek@state.nd.us

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**Subject:** Planning Call

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Operator's Signature Date

**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, February 11, 2003 9:57 AM
**To:** Gaebe, Lance
**Subject:** RE: Ag Update 2-11-03 from Sen. Conrad's office

Just did - he didn't. I just called them again.

-----Original Message-----
**From:** Gaebe, Lance [mailto:lgaebe@state.nd.us]
**Sent:** Tuesday, February 11, 2003 10:57 AM
**To:** Krista Carman
**Subject:** RE: Ag Update 2-11-03 from Sen. Conrad's office

I don't know, I will check

-----Original Message-----
**From:** Krista Carman [mailto:Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, February 11, 2003 9:53 AM
**To:** Gaebe, Lance
**Subject:** RE: Ag Update 2-11-03 from Sen. Conrad's office

Did you hear if Delay called JH last night? I have another call into them today.

-----Original Message-----
**From:** Gaebe, Lance [mailto:lgaebe@state.nd.us]
**Sent:** Tuesday, February 11, 2003 10:32 AM
**To:** Krista Carman; Dalrymple, Jack S.; Canton, Donald R.
**Subject:** FW: Ag Update 2-11-03 from Sen. Conrad's office

-----Original Message-----
**From:** Stofferahn, Scott (Conrad) [mailto:Scott_Stofferahn@conrad.senate.gov]
**Sent:** Tuesday, February 11, 2003 8:46 AM
**Subject:** Ag Update 2-11-03

## Drought Aid Continues to be Sticking Point in Ag Appropriations

Appropriators have completed most of their work on the FY 03 spending bill. Ag aid or disaster assistance (it would be hard to call Senator Cochran's proposal 'disaster' assistance) is one of the major obsticles to complete the process. Senate Appropriations Chairman Stevens commented that there will be no bill without drought aid, apparently referring to the possibility that many western Senators would not vote for a final package if drought assistance is not included. Others are of the belief that additional Medicare money targeted to improved medical reimbursements in rural states will secure necessary votes.

Senator Cochran continues to insist on distributing money based on 2002 direct payments from the farm program. He is now proposing to blunt some of the criticism, however, by changing the distribution structure. Counties that 'self certify' to losses greater than 15% may receive supplemental direct payments equal to 25% of their 2002 direct payments. Producers who can prove they had losses greater than the Tier I approach would qualify for 45% of their 2002 direct payments if they had crop insurance, or 40% if they had no crop insurance. *(It is unclear how they intend to implement such provisions. Will FSA County Committees certify general losses over all crops in the county to become eligible for Tier I payments? Will producers need to prove through submission of crop insurance or production records*



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*that some type of weighted average of crop losses are greater than 15% to qualify?)*

House conferees, on the other hand, are proposing to pay producers based on crop insurance indemnities (a plan more to our liking).

As for how disaster or ag aid will be funded? House conference members point to the White House veto threat and insist that funding come from offsetting reductions in farm program spending. As you recall, Secretary Veneman's statement in support of the Senate's use of across the board cuts to fund ag aid was essentially denounced by the White House in the issuance of their Statement of Administration Position that insists on offsetting reductions from the farm bill.

Budgeting laws require offsets to come in the same year expendutures are to be made which would indicate reductions in Environmental Quality Incentive Payments (EQIP) or 2003 direct payments. If they stray from this logic, appropriators could reduce programs for the life of the farm bill in favor of payments this year, but maximum appropriation level set by the White House would also have to be raised. There is no word from the White House if they are willing to accept such a 'political' decision.

**From Congress Daily AM**
**APPROPRIATIONS**
**Drought Aid Ultimatum Part Of Final Push For FY03 Omnibus**

House and Senate conferees pushed forward late Monday night toward an agreement on the FY03 omnibus appropriations package, with one item - drought aid - the major obstacle to a final compromise expected by morning.

With lawmakers eager to get the omnibus bill to the House and Senate floors by mid-week, Monday night **Senate Appropriations Chairman Stevens** gave the House and Senate Agriculture committees until midnight to deliver a new drought package that would essentially pay for itself through offsets to mandatory agricultural programs - or else the package would be dropped from any potential conference report.

The $3.1 billion, drought aid package accepted on the Senate floor during the chamber's consideration of the omnibus would have been paid for through a discretionary, across-the-board cut. But Stevens and **House Appropriations Chairman Young** said they would not accept a drought aid proposal if it meant cutting discretionary spending. The White House added it would veto additional drought aid money without offsets.

Stevens urged authorizers to come up with a solution to settle the political dispute that has brewed on Capitol Hill since last summer. Stevens noted that if an agreement were not reached now, it would only become more expensive to do something in the future - likely on an FY03 supplemental.

"This is something that's going to grow," Stevens said. While drought remained the biggest obstacle at presstime, many of the bill's contents and costs also remained unclear.

Aides put the bill's cost at anywhere from $395 billion to $400 billion, which is above the president's previously stated limits. But the bill's total, at least late Monday, probably still would satisfy the administration, as much of that extra money would go to fund added defense projects requested by Vice President Cheney.

In addition, aides said the administration was expected to clear the way for appropriators to tack on $1.5 billion in election-reform money above the bill's top line, meaning it would not have to be paid with an across-the-board spending cut, as was also the case in the Senate version of the omnibus.

Aides said an across-the-board cut would be under 1 percent, or a few billion dollars. Much of that would go to pay for a $2 billion increase in education above the request, as well as some other add-ons, such as AIDS programs in Africa.

Many of the exact details of the legislation were unknown Monday night. On the transportation front, however, aides said Amtrak would receive about $1.05 billion, while highways would receive the $31.8 billion transportation authorizers were pushing.

2/12/2003

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The panel killed a variety of amendments Monday night, including a proposal by Sen. **Ernest (Fritz) Hollings**, D-S.C., to allow former American hostages to seek reparations from their Iranian captors and a request by Rep. **Norman Dicks**, D-Wash., for an additional $200 million in conservation programs.

Meanwhile, a Medicare payment fix for physicians and some hospitals - one of the major sticking points in the omnibus spending bill - appeared to be resolved, although additional battles loom over the size of the package.

House and Senate leaders reached a deal Monday night to include a 10-year, $50 billion package that would remove legal barriers for the Centers for Medicare and Medicaid Services to correct past physician payment errors. It would provide $300 million in funds to rural and small urban hospitals and continue a Medicare Part B subsidy program for the poor.

The deal would leave out a fix for home healthcare providers, sought by Sen. **Susan Collins**, R-Maine, and others, several Republican aides said.

The $50 billion, mandatory spending package ballooned from an earlier estimate of $1.1 billion, leaving some to suggest that it would pre-spend $50 billion of the $400 billion expected to be set aside over 10 years for Medicare and prescription drugs in the budget later this year.

In the past, CMS has argued that it does not have the authority to correct payment errors. *By Bill Ghent, with April Fulton contributing*

**DO YOU WANT TO BE ON THIS UPDATE LIST?**

If this update message has been forwarded to you but you would like to receive it directly, simply reply to scott_stofferahn@conrad.senate.gov and include your name, organization (if applicable), address, and phone number to the body of the message.

*Scott Stofferahn*
*Deputy State Director for Senator Conrad*
*657 2nd Ave. N., Room 306*
*Fargo, ND 58102*
*701-232-8030*
*701-232-6449 Fax*

2/12/2003

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**Sent:** Tuesday, February 11, 2003 9:53 AM
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**Subject:** RE: Ag Update 2-11-03 from Sen. Conrad's office

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*with April Fulton contributing*

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*Scott Stofferahn*
*Deputy State Director for Senator Conrad*
*657 2nd Ave. N., Room 306*
*Fargo, ND 58102*
*701-232-8030*
*701-232-6449 Fax*

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**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, February 11, 2003 9:51 AM
**To:** Gaebe, Lance; Wagner, Marilyn K.; Houdek, Duane E.
**Subject:** Planning Call

Does 3:30 (CT) on Thursday work?

Krista M. Carman
Kaufman Pattee Branstad & Miller
The Hall of States
444 North Capitol Street, Suite 837
Washington, DC 20001
202-347-6607
202-544-5321 (fax)

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**Sent:** Tuesday, February 11, 2003 9:51 AM
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The Hall of States
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Washington, DC 20001
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**Wagner, Marilyn K.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, February 07, 2003 2:38 PM
**To:** Wagner, Marilyn K.
**Subject:** RE: NGA Winter Meeting Planning CAll

Wednesday doesn't work for either of us out here - Craig is in NH and I am hosting an event that night. We'll touch base Monday - Have a good weekend, Marilyn!

-----Original Message-----
**From:** Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
**Sent:** Friday, February 07, 2003 3:36 PM
**To:** Krista Carman; Gaebe, Lance; Houdek, Duane E.; Ibach, Kathy M.
**Subject:** RE: NGA Winter Meeting Planning CAll
**Importance:** High

Krista: It works for everyone here except Kathy. I'll need to touch base with her if she would like to be included. She is traveling today, so I'll let you know on Monday.

As an alternative suggestion, what about Wednesday at 4:30 EST / 3:30 CST?

-----Original Message-----
**From:** Krista Carman [mailto:Krista.Carman@dutkogroup.com]
**Sent:** Friday, February 07, 2003 2:25 PM
**To:** Wagner, Marilyn K.; Gaebe, Lance; Houdek, Duane E.; Ibach, Kathy M.
**Subject:** RE: NGA Winter Meeting Planning CAll
EST.

-----Original Message-----
**From:** Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
**Sent:** Friday, February 07, 2003 3:24 PM
**To:** Krista Carman; Gaebe, Lance; Houdek, Duane E.; Ibach, Kathy M.
**Subject:** RE: NGA Winter Meeting Planning CAll
**Importance:** High



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LaCosta Rickford 10/15/03
Operator's Signature Date

Krista: 4:30 EST or CST?

-----Original Message-----
**From:** Krista Carman [mailto:Krista.Carman@dutkogroup.com]
**Sent:** Friday, February 07, 2003 10:24 AM
**To:** Gaebe, Lance; Houdek, Duane E.; Wagner, Marilyn K.
**Subject:** NGA Winter Meeting Planning CAll
Next Thursday at 4:30? Does that work for everyone?

Krista M. Carman
Kaufman Pattee Branstad & Miller
The Hall of States
444 North Capitol Street, Suite 837
Washington, DC 20001
202-347-6607
202-544-5321 (fax)

**Wagner, Marilyn K.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, February 07, 2003 2:25 PM
**To:** Wagner, Marilyn K.; Gaebe, Lance; Houdek, Duane E.; Ibach, Kathy M.
**Subject:** RE: NGA Winter Meeting Planning CAll

EST.

-Original Message-----
**From:** Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
**Sent:** Friday, February 07, 2003 3:24 PM
**To:** Krista Carman; Gaebe, Lance; Houdek, Duane E.; Ibach, Kathy M.
**Subject:** RE: NGA Winter Meeting Planning CAll
**Importance:** High

Krista: 4:30 EST or CST?

-----Original Message-----
**From:** Krista Carman [mailto:Krista.Carman@dutkogroup.com]
**Sent:** Friday, February 07, 2003 10:24 AM
**To:** Gaebe, Lance; Houdek, Duane E.; Wagner, Marilyn K.
**Subject:** NGA Winter Meeting Planning CAll
Next Thursday at 4:30? Does that work for everyone?

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**Wagner, Marilyn K.**

**From:** Krista Carman
**Sent:** Tuesday, February 11, 2003 9:38 AM
**To:** Wagner, Marilyn K.
**Subject:** RE: Meeting Requst

Norton's Office I sent the fax - protocol and will follow-up probably tomorrow or Thursday. Abraham I was waiting to get the ok from you after determining that the gov requested that meeting - Kristi Majors is ready to set that meeting up as soon as we want. I will call her today. I will also get in touch w/ Marcus.

-----Original Message-----
**From:** Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
**Sent:** Tuesday, February 11, 2003 10:36 AM
**To:** Krista Carman
**Subject:** Meeting Requst
**Importance:** High

Krista: Could you check on the possibility of meeting with **Marcus Peacock--Assoc. Director for Nat. Resources program @ OMB. # is 302-395-3120.** Explanation is provided in email below. We have Monday 12:30 to 2:00 available, and also Tuesday morning.

First meeting of priority I understand to be Gale Norton. Also want to meet with Secretary Abrahams. Have you made contact w/ Norton or Abrahams' offices?

-----Original Message-----
**From:** Harms, Bob W.
**Sent:** Monday, February 10, 2003 9:02 PM
**To:** Wagner, Marilyn K.; Locken, Sharon R.
**Cc:** Frink, Dale L.
**Subject:** FW:

Marilyn/ Sharon.....We are trying to get into see this guy on NAWS funding and MRI funding generally, neither of which was included in the President's budget. Can you work to see if that might be a possibility during the NGA meeting?

(Marilyn, you might want to touch base w/ Craig, or Krista if you need help.)

IF we can't get into see him then.....(NGA meeting) I suggest we hand off to Dale/ Dave Kolland, and Craig and Krista could provide support as well (but, their involvement will have to be coordinated from this office.)

thanks. rh

-----Original Message-----
**From:** Rauschenberger, Ron W.
**Sent:** Monday, February 10, 2003 10:45 AM
**To:** Harms, Bob W.
**Cc:** -Grp-GO Senior Staff
**Subject:** RE:

2/12/2003

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Operator's Signature Date

Bob: The contact would be Marcus Peacock--Assoc. Director for Nat. Resources program @ OMB. # is 302-395-3120. South Dakota is also very disturbed over no money for water projects --according to Sara Taylor.

RR

-----Original Message-----
**From:** Harms, Bob W.
**Sent:** Sunday, February 09, 2003 12:32 PM
**To:** Rauschenberger, Ron W.
**Subject:** FW:

Ron, this is at least a $15-20 million annual cost in the Bureau of Rec budget. (Will you touch base w/ WH and ask them who we might meet w/.....at OMB...who we should be talking to about this budget item (and its absence in the president's budget?) If you want me to follow up directly, let me know. thanks. rh

-----Original Message-----
**From:** Harms, Bob W.
**Sent:** Sunday, February 09, 2003 12:25 PM
**To:** Hoeven, John H.
**Cc:** -Grp-GO Senior Staff; Wehrl, Eileen M.
**Subject:** RE:

Johh, I met w/ Dave Kolland and Dale Frink on Friday. Dale spoke w/ John Keyes recently (after you spoke.) Bureau of Rec. budget has actually gone up in President's proposal. (But, ND MRI funding was zero, including loss of NAWS funds.) Kolland and Frink feel we need to engage at high levels of discussion w/ OMB to support restoring these funds (message gotten from Keyes.) We suggest:

1. They prep. letters (w/ some detail on needs, and amounts) to send to OMB (signed by you.)
2. We make contact w/ WH as to who we should touch base w/ in OMB (or other branches of administration)
3. Sharon @ SWC touch base w/ Marilyn...see if there is ANY possiblity we might be able to secure meetings on this issue during NGA meeting this month.

The point: efforts should be ongoing, as part of the strategy and include as part of communications. OK? rh

-----Original Message-----
**From:** Hoeven, John H.
**Sent:** Sunday, February 09, 2003 12:31 AM
**To:** Wehrl, Eileen M.
**Cc:** -Grp-GO Senior Staff
**Subject:** FW:

Eileen,
As I recall I signed this letter. Did you give a copy to Kathy or Don so that we can release it to the press? John

-----Original Message-----

2/12/2003

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**Schwartz, Denys F.**

**m:** Gaebe, Lance
**t:** Monday, February 10, 2003 7:05 PM
**To:** Krista Carman (E-mail)
**Subject:** FW: NEWS RELEASE - Governors Johanns, Martz, Rounds, and Hoeven Urge President Bush to Support Drought Relief

DroughtPresFinal1.pdf

-----Original Message-----
From: GOVList@email.state.ne.us [mailto:GOVList@email.state.ne.us]
Sent: Monday, February 10, 2003 5:56 PM
To: lgaebe@state.nd.us
Subject: NEWS RELEASE - Governors Johanns, Martz, Rounds, and Hoeven Urge President Bush to Support Drought Relief

NEWS FROM THE OFFICE OF THE GOVERNOR

February 10, 2003, 5:15pm CT

Governors Johanns, Martz, Rounds, and Hoeven Urge President Bush to Support Drought Relief

(Lincoln, NE) Gov. Mike Johanns and three other western state governors wrote to President Bush today urging his support for $3.1 billion in drought relief. Other governors who signed the letter were Judy Martz of Montana, Mike Rounds of South Dakota, and John Hoeven of North Dakota.

"A drought disaster of historic proportions has had an adverse impact on our farmers and ranchers, creating a dire situation that has bled over into agriculture-related industries and our already-struggling economies as a whole," wrote the governors. "The critical timeliness of this issue and the current status of the omnibus package leads us to respectfully request that you support the Senate plan to fund $3.1 billion in disaster aid through the across-the-board cuts in discretionary programs."

Gov. Johanns said about the letter, "This is an attempt to reach out to the President and urge him to support the drought relief package adopted by the Senate and the across-the-board cuts in federal spending that would pay for the drought assistance. We agree with the President that the aid should be targeted to those most in need including as ag producers in Nebraska, Montana, and the Dakotas but this is probably the last opportunity to fund drought relief for 2002. I strongly support doing something instead of nothing at all."

Gov. Judy Martz is chairman of the Western Governors Association. Gov. Mike Johanns is the vice chairman of the Western Governors Association and



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the immediate-past chairman of the Midwest Governors Conference.

The letter was copied to Senator Ted Stevens (R-Alaska), Congressman Tom Delay (R-Texas), and Mitch Daniels, director of the White House Office of Management and Budget. All three are key players in ongoing negotiations to reconcile the House and Senate versions of the federal fiscal year 2003 budget.

# # #

(See attached file: DroughtPresFinal1.pdf)



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Operator's Signature Date

February 10, 2003

The Honorable George W. Bush
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

**Judy Martz**
*Governor of Montana*

**Mike Johanns**
*State of Nebraska*

**John Hoeven**
*State of North Dakota*

**M. Michael Rounds**
*State of South Dakota*

Dear President Bush:

A drought disaster of historic proportions has had an adverse impact on our farmers and ranchers, creating a dire situation that has bled over into agriculture-related industries and our already-struggling economies as a whole.

This problem does not appear to be waning. A review of the most recent U.S. Drought Monitor shows stages of severe, extreme, and even exceptional drought in all or parts of our respective states. For some of us, it was the third consecutive year of these types of conditions. As members of the Western Governors' Association, we have been working with your administration to develop a national drought policy.

While we recognize your administration's desire to be fiscally responsible, we do not believe our states alone can shoulder the negative economic burden precipitated by the drought. Congress failed last fall to craft and pass a drought relief package acceptable to both sides of the partisan aisle.

The critical timeliness of this issue and the current status of the omnibus package leads us to respectfully request that you support the Senate plan to fund $3.1 billion in disaster aid through the across-the-board cuts in discretionary programs. We agree with your Administration that the aid should be directed to those who have been directly impacted by disaster.

Thank you for your consideration of this request.

Sincerely,

Judy Martz
Governor of Montana

Mike Johanns
Governor of Nebraska

John Hoeven
Governor of North Dakota

M. Michael Rounds
Governor of South Dakota

cc: Senator Ted Stevens
Congressman Tom DeLay
Mitch Daniels

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Operator's Signature Date

**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Monday, February 10, 2003 6:31 PM
**To:** Houdek, Duane E.
**Subject:** MEMO to WH/HHS

**Importance:** High

Bush reform memo 2-6-03_.doc

This should give you good insight into the psyche of Cousin Jeff (see his message below) - this memo will probably be sent as is. I'm not going to get into a pissing contest based on the wording and have already warned the WH and HHS it is on its way. I will be sure to make him look like the little whiney baby that he is in my response - that will be a "respond to all".

Does the memo look ok to you?

-----Original Message-----
From: Jeff Vlohl [mailto:JVlohl@sso.org]
Sent: Monday, February 10, 2003 6:51 PM
To: Matt Salo; Krista Carman
Cc: Ray Scheppach
Subject: Medicaid Memo

...istead of using the term "outdated" that we rejected using to describe the entire Medicaid program in previous letters, let's use the text that was included in the draft principles document that Matt together that better reflects our bipartisan discussions. I inserted it verbatim.

We were earlier asked not to send a letter to avoid negotiating language, so I must object to any term that creates a bias against the entire current program.

While I also think it would be worthwhile to mention that answering the questions would help to further upcoming discussions between the Governors and the Administration, I'm o.k. (reluctantly) leaving it vague. Not answering at least some of the important questions that have been compiled, however, will make reaching consensus more difficult.

Krista M. Carman
Kaufman Pattee Branstad & Miller
The Hall of States
144 North Capitol Street, Suite 837
Washington, DC 20001
202-347-6607
202-544-5321 (fax)



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**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Monday, February 10, 2003 4:59 PM
**To:** Gaebe, Lance
**Subject:** RE: Final Drought Letter to President

Delay's office just called - I think they are going to try again to get him to call.

-----Original Message-----
From: Gaebe, Lance [mailto:lgaebe@state.nd.us]
Sent: Monday, February 10, 2003 5:58 PM
To: Krista Carman
Subject: FW: Final Drought Letter to President

-----Original Message-----
From: John Erickson [mailto:erickson@pro.state.ne.us]
Sent: Monday, February 10, 2003 4:39 PM
To: Lance Gaebe (E-mail); Steve Snezek (E-mail); Lori.Shangreaux@state.sd.us
Cc: Chris Peterson (E-mail); Bobbie Kriz-Wickham (E-mail)
Subject: FW: Final Drought Letter to President

Here is the document we will send to Washington. Thanks for your help on this. - John

John O. Erickson
Policy Advisor
Governor's Office of Policy Research
State Capitol, Room 1319
Lincoln, NE 68509-4601
(402) 471-2512



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LaCosta Rickford 10/15/03
Operator's Signature Date

February 10, 2003

The Honorable George W. Bush
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

**Judy Martz**
*Governor of Montana*

**Mike Johanns**
*State of Nebraska*

**John Hoeven**
*State of North Dakota*

**M. Michael Rounds**
*State of South Dakota*

Dear President Bush:

A drought disaster of historic proportions has had an adverse impact on our farmers and ranchers, creating a dire situation that has bled over into agriculture-related industries and our already-struggling economies as a whole.

This problem does not appear to be waning. A review of the most recent U.S. Drought Monitor shows stages of severe, extreme, and even exceptional drought in all or parts of our respective states. For some of us, it was the third consecutive year of these types of conditions. As members of the Western Governors' Association, we have been working with your administration to develop a national drought policy.

While we recognize your administration's desire to be fiscally responsible, we do not believe our states alone can shoulder the negative economic burden precipitated by the drought. Congress failed last fall to craft and pass a drought relief package acceptable to both sides of the partisan aisle.

The critical timeliness of this issue and the current status of the omnibus package leads us to respectfully request that you support the Senate plan to fund $3.1 billion in disaster aid through the across-the-board cuts in discretionary programs. We agree with your Administration that the aid should be directed to those who have been directly impacted by disaster.

Thank you for your consideration of this request.

Sincerely,

Judy Martz
Governor of Montana

Mike Johanns
Governor of Nebraska

John Hoeven
Governor of North Dakota

M. Michael Rounds
Governor of South Dakota

cc: Senator Ted Stevens
Congressman Tom DeLay
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Operator's Signature Date

**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Monday, February 10, 2003 10:16 AM
**To:** Houdek, Duane E.
**Subject:** Draft Issue Brief on Medicaid preferred drug lists

Health--Preferred Drug Lists I...

I haven't read this yet, but will get to it today - any comments? As stated below we have until 2/24.

Cc: Salo, Matt; Jones, Nolan; Henneberry, Joan; Krause, Brendan
Subject: For your review: Draft Issue Brief on Medicaid preferred drug lists

Dear SAC Members and SAC Chairs of the NGA HR Committee:

Attached for your review is a draft issue brief titled, "Medicaid Preferred Drug Lists: Containing costs and Managing Care". The brief describes current state efforts to implement preferred Medicaid drug lists that steer beneficiaries toward the most cost-effective and therapeutically appropriate drugs. The report has not been edited but it has been reviewed by the states mentioned in the report.

Please provide comments on the brief to Brendan Krause of the health unit by February 24. Brendan's e-mail and phone number are printed on the brief. (This is a relatively short brief, but if you need additional time for review because of the NGA Winter Meeting, please let me know.)

Feel free to call me if you have any questions.

Thanks,

John Thomasian
Director, NGA Center for Best Practices
National Governors' Association
444 North Capitol Street, NW
Washington, DC 20001-1512
jthomasian@nga.org
Voice: 202/624-7881
Fax: 202/624-5825
Center homepage: http://www.nga.org/Center



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**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, February 07, 2003 2:25 PM
**To:** Wagner, Marilyn K.; Gaebe, Lance; Houdek, Duane E.; Ibach, Kathy M.
**Subject:** RE: NGA Winter Meeting Planning CAll

EST.

-----Original Message-----
**From:** Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
**Sent:** Friday, February 07, 2003 3:24 PM
**To:** Krista Carman; Gaebe, Lance; Houdek, Duane E.; Ibach, Kathy M.
**Subject:** RE: NGA Winter Meeting Planning CAll
**Importance:** High

Krista: 4:30 EST or CST?

-----Original Message-----
**From:** Krista Carman [mailto:Krista.Carman@dutkogroup.com]
**Sent:** Friday, February 07, 2003 10:24 AM
**To:** Gaebe, Lance; Houdek, Duane E.; Wagner, Marilyn K.
**Subject:** NGA Winter Meeting Planning CAll
Next Thursday at 4:30? Does that work for everyone?

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**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, February 07, 2003 12:02 PM
**To:** Houdek, Duane E.
**Subject:** RE: fyi

How apropos! One of my other clients is the Personal Watercraft Industry Association - they will certainly appreciate this!

-----Original Message-----
**From:** Houdek, Duane E. [mailto:dhoudek@state.nd.us]
**Sent:** Friday, February 07, 2003 11:28 AM
**To:** Krista Carman
**Subject:** fyi

<<FW: how to launch a Seadoo>>
Duane Houdek
Policy Advisor
Office of the Governor
(701) 328-2204
dhoudek@state.nd.us



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Operator's Signature

10/15/03
Date

**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, February 07, 2003 11:55 AM
**To:** Gaebe, Lance; Houdek, Duane E.
**Subject:** RE: NGA Winter Meeting Planning CAll

DC time...does that still work for you, Duane?

-----Original Message-----
**From:** Gaebe, Lance [mailto:lgaebe@state.nd.us]
**Sent:** Friday, February 07, 2003 11:42 AM
**To:** Houdek, Duane E.; Krista Carman; Wagner, Marilyn K.
**Subject:** RE: NGA Winter Meeting Planning CAll

DC time or ND time? either works so me 2

-----Original Message-----
**From:** Houdek, Duane E.
**Sent:** Friday, February 07, 2003 10:26 AM
**To:** 'Krista Carman'; Gaebe, Lance; Houdek, Duane E.; Wagner, Marilyn K.
**Subject:** RE: NGA Winter Meeting Planning CAll

Works for me.

Duane Houdek
Policy Advisor
Office of the Governor
(701) 328-2204
dhoudek@state.nd.us

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Next Thursday at 4:30? Does that work for everyone?

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-----Original Message-----
**From:** Gaebe, Lance [mailto:lgaebe@state.nd.us]
**Sent:** Friday, February 07, 2003 11:42 AM
**To:** Houdek, Duane E.; Krista Carman; Wagner, Marilyn K.
**Subject:** RE: NGA Winter Meeting Planning CAll

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**Subject:** RE: NGA Winter Meeting Planning CAll
Works for me.

Duane Houdek
Policy Advisor
Office of the Governor
(701) 328-2204
dhoudek@state.nd.us

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**Subject:** NGA Winter Meeting Planning CAll
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**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, February 07, 2003 10:24 AM
**To:** Gaebe, Lance; Houdek, Duane E.; Wagner, Marilyn K.
**Subject:** NGA Winter Meeting Planning CAll

Next Thursday at 4:30? Does that work for everyone?

Krista M. Carman
Kaufman Pattee Branstad & Miller
The Hall of States
444 North Capitol Street, Suite 837
Washington, DC 20001
202-347-6607
202-544-5321 (fax)



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Operator's Signature Date

**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, February 07, 2003 10:24 AM
**To:** Gaebe, Lance; Houdek, Duane E.; Wagner, Marilyn K.
**Subject:** NGA Winter Meeting Planning CAll

Next Thursday at 4:30? Does that work for everyone?

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**Wagner, Marilyn K.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, February 07, 2003 10:24 AM
**To:** Gaebe, Lance; Houdek, Duane E.; Wagner, Marilyn K.
**Subject:** NGA Winter Meeting Planning CAll

Next Thursday at 4:30? Does that work for everyone?

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**Wagner, Marilyn K.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Wednesday, February 05, 2003 8:57 AM
**To:** Houdek, Duane E.; Wagner, Marilyn K.; Gaebe, Lance
**Subject:** Planning call for NGA

When can we all get on the phone for a NGA Winter Meeting Planning call?

Krista M. Carman
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**Houdek, Duane E.**

**rom:** Krista Carman [Krista.Carman@dutkogroup.com]
**nt:** Thursday, February 06, 2003 8:34 AM
**o:** Houdek, Duane E.
**Subject:** RE: Frist Invite

Ih. I'll send it to Cousin Jeff.

-----Original Message-----
**From:** Houdek, Duane E. [mailto:dhoudek@state.nd.us]
**Sent:** Thursday, February 06, 2003 9:30 AM
**To:** Krista Carman
**Subject:** RE: Frist Invite

Ih, or if your fingers are in the right place on the keyboard, ok.

Duane Houdek
Policy Advisor
Office of the Governor
(701) 328-2204
dhoudek@state.nd.us

-----Original Message-----
**From:** Krista Carman [mailto:Krista.Carman@dutkogroup.com]
**Sent:** Thursday, February 06, 2003 8:26 AM
**To:** Houdek, Duane E.
**Subject:** Frist Invite
**Importance:** High
Are we ok w/ this version? These are my additional changes...



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**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Thursday, February 06, 2003 8:26 AM
**To:** Houdek, Duane E.
**Subject:** Frist Invite

**Importance:** High

Invite Frist.doc

Are we ok w/ this version? These are my additional changes...



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Operator's Signature Date

**Houdek, Duane E.**

**m:** Krista Carman [Krista.Carman@dutkogroup.com]
**t:** Wednesday, February 05, 2003 8:49 AM
**To:** Houdek, Duane E.
**Subject:** Letter

**Importance:** High

Any word on that AHP letter? The hearing is this morning and we are trying to get it up before that begins.

Krista M. Carman
Kaufman Pattee Branstad & Miller
The Hall of States
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**Wagner, Marilyn K.**

**m:** Krista Carman [Krista.Carman@dutkogroup.com]
**t:** Tuesday, February 04, 2003 5:07 PM
**o:** Wagner, Marilyn K.

Thanks, Marilyn!

Krista M. Carman
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Washington, DC 20001
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202-544-5321 (fax)

**Wagner, Marilyn K.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, January 31, 2003 9:05 AM
**To:** Wagner, Marilyn K.
**Cc:** Houdek, Duane E.
**Subject:** Medicaid Conference Call BACK ON

Will the Gov. be participating?
hanks,
Krista
The Medicaid conference call with Secretary Thompson and the Governors that was previously cancelled is now BACK ON for tomorrow, Friday, January 31, at 1:00 p.m. (EST). This call is for GOVERNORS ONLY. Staff of participating Governors (in the Hall of the States) may listen to the call in Ray's office.

Call-in information:
Secretary Tommy Thompson is the moderator
1-800-221-3639
password: Medicaid

Please let me know if your Governor is able to participate on this call. Thanks.



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**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, February 04, 2003 4:46 PM
**To:** Gaebe, Lance
**Subject:** conferees
**Importance:** High

No date is given, but they should convene by week's close and be done by President's day...

Senate Conferees: Stevens (R-AK); Cochran (R-MS); Specter (R-PA); Domenici(R-NM); Bond (R-MO); McConnell (R-KY); Burns (R-MT); Shelby (R-AL); Gregg (R-NH); Bennett (R-UT); Campbell (R-CO); Craig (R-ID); Hutchison (R-TX); DeWine (R-OH); Brownback (R-KS); Byrd (D-WV); Inouye (D-HI); Hollings (D-SC); Leahy (D-VT); Harkin (D-IA); Mikulski (D-MD); Reid (D-NV); Kohl (D-WI); Murray (D-WA); Dorgan (D-ND); Feinstein (D-CA); Durbin (D-IL); Johnson (D-SD); Landrieu (D-LA).

House Conferees: Mr. Young (R-FL); Mr. Obey (D-FL); Mr. Regula (R-OH); Mr. Murtha (D-PA); Mr. Rogers (R-KY); Mr. Dicks (D-WA); Mr. Wolf (R-VA); Mr. Sabo (D-MN); Mr. Kolbe (R-AZ); Mr. Mollohan (D-WV); Mr. Walsh (R-NY); Ms. Kaptur (D-OH); Mr. Taylor (R-NC); Mr. Visclosky (D-IN); Mr. Hobson (R- OH); Ms. Lowey (D-NY); Mr. Istook (R-OK); Mr. Serrano (D-NY); Mr. Bonilla (R-TX); Mr. Moran (D-VA); Mr. Knollenberg (R-MI); Mr. Kingston (R-GA)

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**From:** Harms, Bob W.
**Sent:** Tuesday, February 04, 2003 11:56 AM
**To:** Hoeven, John H.
**Cc:** -Grp-GO Senior Staff
**Subject:** RE:

On its way. rh

-----Original Message-----
**From:** Hoeven, John H.
**Sent:** Tuesday, February 04, 2003 10:38 AM
**To:** Harms, Bob W.
**Cc:** -Grp-GO Senior Staff
**Subject:**

Bob,
Let's do a letter to Sen. Ted Stevens, head of Senate Appropriations, requesting that funding for NAWS be restored. We'll copy our delegation and Sec. Gale Norton.

Kathy, Don,
We'll want to release it to the press also. John

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**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, February 04, 2003 8:14 AM
**To:** Gaebe, Lance
**Subject:** RE: Ethanol Meeting

How many people do you see attending this?

-----Original Message-----
**From:** Gaebe, Lance [mailto:lgaebe@state.nd.us]
**Sent:** Tuesday, February 04, 2003 9:13 AM
**To:** Krista Carman
**Subject:** RE: Ethanol Meeting

both- the invitation was sent extended verbally by a guy in NE's energy office. and it will be followed by a letter from us.

-----Original Message-----
**From:** Krista Carman [mailto:Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, February 04, 2003 7:23 AM
**To:** Gaebe, Lance
**Subject:** Ethanol Meeting

Lance,
Did you or someone in Johann's office invite the president of the American Petroleum Instit. to come speak at the ethanol meeting during the Winter NGA Meeting?
Thanks,
Krista

Krista M. Carman
Kaufman Pattee Branstad & Miller
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**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, February 04, 2003 7:39 AM
**To:** Houdek, Duane E.
**Subject:** Invite Frist.doc

**Importance:** High

Invite Frist.doc

Duane,
Attached is the NGA drafted invite to Frist (my changes are in red) please let me know your thoughts. I will not show Jeff or NGA my suggestions without your approval. It's pretty obvious, but the original paragraph is below the red one....I don't think we need to 1. school Sen. Frist in Medicaid/healthcare and 2. He probably can come up w/his own suggestions on what to talk about if he accepts our invite.



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**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, February 04, 2003 7:25 AM
**To:** Houdek, Duane E.
**Subject:** Titles

Duane,
Which titles do you like below - I bolded my choices....

**The Uninsured: A Challenge for America's Health Care System**
**Exploring Options for the Uninsured**
Meeting the Challenge of the Uninsured
Meeting the Health Care Needs of the Uninsured : What Works?

...I also would like your suggestions...I think the last two are too committal.

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**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, February 04, 2003 7:23 AM
**To:** Gaebe, Lance
**Subject:** Ethanol Meeting

Lance,
Did you or someone in Johann's office invite the president of the American Petroleum Instit. to come speak at the ethanol meeting during the Winter NGA Meeting?
Thanks,
Krista

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**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, January 31, 2003 4:00 PM
**To:** Goetz, William G.; Houdek, Duane E.
**Subject:** HHS Medicaid Reform Proposal

**Importance:** High

In case you haven't see the release below...
-Krista

HHS Secretary Thompson announced today the broad outlines of the Administration's Medicaid Reform Agenda. Enclosed is the official press release from HHS. We will try to get HHS staff to come over to NGA early next week to walk us through the details.

NGA is preparing a list of questions and clarifications to submit to HHS. If you have any questions that you would like asked, please send them to me ASAP.

NGA has also done a press release on the proposal:

The nation's Governors commend Secretary of Health and Human Services Tommy Thompson for recognizing the need to reform the Medicaid program. By developing a new proposal he has clearly 'aced the issue on the national agenda. We look forward to reviewing the details of the proposal and orking with the Secretary and Congress to reform this critical federal-state partnership program.

Headline: BUSH ADMINISTRATION WILL PROPOSE INNOVATIVE IMPROVEMENTS IN STATES' HEALTH COVERAGE FOR LOW-INCOME AMERICANS

Would Give States Extra Immediate Funding Plus SCHIP-type Flexibility

HHS Secretary Tommy G. Thompson announced today that the President will propose a sweeping new plan to enable states to improve health insuranc coverage for low-income Americans. The plan gives states the upfront investment and flexibility to design health care programs that best meet the needs of their citizens and expand coverage to more people, including the mentally ill, chronically ill, those with HIV/AIDS and those with substance abuse problems.

Secretary Thompson is consulting with governors in developing the new plan, which would be optional for states. The plan would:

·Provide an estimated $3.25 billion in extra federal funding for Medicaid in fiscal year 2004, with $12.7 billion in extra funding over seven years. Federal funding for Medicaid and State Children's Health Insurance Program (SCHIP) would be provided in annual allotments, with one allotment for acute care and another for long-term care.

·Preserve comprehensive benefits for "mandatory" groups, while giving states expanded flexibility to tailor coverage for "non-mandatory" recipients and services. The proposal would be built on the SCHIP mode under SCHIP's flexible benefits, more low-income children and families were provided health care coverage than would have been possible using traditional Medicaid rules.

·Encourage coverage for whole families, not just the children in a low-income family; and encourage "medical homes," so that all the members of the family are treated by the same providers, whenever appropriate.

·Support increased use of home and community based services for Americans with disabilities, enabling them to be served outside of institutional settings -- including older Americans needing care that can help prevent premature use of nursing home care.

The plan would also require maintenance of effort, so states continue to invest and



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10/15/03
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maintain their commitment to health care.

Secretary Thompson said the increased near-term funding, combined with flexibility similar to the SCHIP program, would help states preserve th benefits they now provide beyond the ndatory Medicaid population. By infusing extra federal funds quickly into state ograms, the proposal would help protect beneficiaries who face loss of coverage when tates are forced to cut back their Medicaid spending and would create opportunities to extend coverage.

"The time to modernize Medicaid is here," Secretary Thompson said. "The states' budget crises are threatening the progress we've made in expanding health insurance, and at the same time the old Medicaid rules are a straight-jacket, restraining creative new approaches that could preserve coverage and expand it to more Americans in need."

Secretary Thompson compared the need for improving Medicaid with the successful movement for welfare reform. "We need to bring the same clear-eyed spirit of innovation to Medicaid that we brought to welfare," he said "We need to leave behind the old definitions and look at how we can better serve today's beneficiaries."

Based on the successful SCHIP model that Congress adopted in 1997, as well as successful innovations developed by states in their Medicaid programs through federally-approved waivers, the proposal would give states flexibility to simplify eligibility rules and tailor benefits to better meet current beneficiary needs. For example, as in SCHIP, states could work with private insurers and provide premium support for beneficiaries enrolled in private plans.

In addition to the plan announced today, the President's budget will also include $2.4 billion over five years to extend Transitional Medicaid Assistance, which provides for coverage up to 12 months of extended Medicaid coverage for those transitioning from welfare to work.

Under the plan being developed, states would draw from two annual allotments: an acute care health insurance allotment and a long-term care and community services allotment. Amounts would be based on their own level of spending in 2002 in Medicaid and SCHIP, and would be increased each year based on a formula. They would gain new flexibility in transferring funds between the two allotments to meet the health care needs of their low-income populations, as well as gaining more flexibility in spending set-aside dollars to ver more people. States that do not choose the new reform option would continue to minister their Medicaid and SCHIP programs under existing rules. All states would also continue to have separate access to unspent SCHIP funding that is still available to them.

Spending increases in Medicaid have been driven especially by the optional services and populations covered by states. About one-third of Medicaid recipients are "non-mandatory," added to coverage at state option and subject to being dropped from coverage. Moreover, two-thirds of Medicaid spending is on non-mandatory groups or optional benefits.

"Mandatory" recipients are those who are entitled to Medicaid by law, especially children from very low-income families, and low-income people with severe disability. Institutional services for people with disabilities and older Americans in nursing homes are especially costly, and those receiving such services often would prefer home or community based care. An important part of the finalized new plan should focus on encouraging home and community care, and preventing or delaying inappropriate institutional care, Secretary Thompson said.

In addition to the proposal announced today, the President's budget will include significant new provisions for advancing the New Freedom Initiative, especially to help serve people with disabilities outside of institutional settings. One of the budget proposals would provide $350 million in fiscal year2004, and $1.5 billion over five years, to support transfer of people with disabilities who are in institutions but who could be served in home or community based settings - the "Money Follows the Individual" Rebalancing proposal. (See HHS press release, Jan. 23.)

With Secretary Thompson's encouragement, states have tried new approaches in Medicaid, securing more than 500 waivers since January 2001. Overall, HHS has approved more than 2,500 Medicaid and SCHIP waivers and plan amendments that have expanded eligibility for health coverage to more than 2.2 million people. However, Secretary Thompson said, the waiver process is unnecessarily time-consuming and burdensome. States should be given flexibility to design their programs, with a predictable federal contribution and broad ules to protect coverage.

We need to stop tying our own hands in the Medicaid program, letting old rules prevent us from taking actions that would work better for everyone," Secretary Thompson said. "We need to be creative. We could stretch our dollars much further and serve those who need our help better. The states have shown they can do it, and we need to take what we've learned and move forward."



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A Jan. 16 letter from Governors John G. Rowland of Connecticut, Bill Owens of Colorado and Jeb Bush of Florida asked the President and Secretary Thompson to increase flexibility in Medicaid, giving examples of the kinds of actions states would be prepared to take. Secretary Thompson said he will work closely with all governors and Congress to develop and enact the reform option for states.

###

Note: All HHS press releases, fact sheets and other press materials are available at www.hhs.gov/news <file:///\\www.hhs.gov\news>



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**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, January 31, 2003 9:05 AM
**To:** Wagner, Marilyn K.
**Cc:** Houdek, Duane E.
**Subject:** Medicaid Conference Call BACK ON

M, Will the Gov. be participating?
Thanks,
Krista
The Medicaid conference call with Secretary Thompson and the Governors that was previously cancelled is now BACK ON for tomorrow, Friday, January 31, at 1:00 p.m. (EST). This call is for GOVERNORS ONLY. Staff of participating Governors (in the Hall of the States) may listen to the call in Ray's office.

Call-in information:
Secretary Tommy Thompson is the moderator
1-800-221-3639
password: Medicaid

Please let me know if your Governor is able to participate on this call. Thanks.



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**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, January 31, 2003 8:02 AM
**To:** Houdek, Duane E.

I am faxing you a letter regarding VA healthcare that was mistakenly sent to Gov. Wise.

Krista M. Carman
Kaufman Pattee Branstad & Miller
The Hall of States
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Operator's Signature

10/15/03
Date

**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Thursday, January 30, 2003 1:36 PM
**To:** Houdek, Duane E.
**Subject:** RE: Medicaid

HHS may have a govs only call tomorrow from 12-12:30 (CT) to discuss the WH Medicaid proposal. There isn't confirmation on this yet, but I have called Marilyn to place a hold on JH's schedule.



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Operator's Signature Date

**Houdek, Duane E.**

**om:** Krista Carman [Krista.Carman@dutkogroup.com]
**nt:** Thursday, January 30, 2003 8:39 AM
**o:** Houdek, Duane E.
**Subject:** Medicaid

The WH is not giving out briefing materials on their Medicaid proposal until Monday....jeff them, I'm calling HHS directly.

Krista M. Carman
Kaufman Pattee Branstad & Miller
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**Goetz, William G.**

**From:** Schwartz, Denys F.
**Sent:** Wednesday, January 29, 2003 12:08 PM
**To:** Goetz, William G.
**Subject:** General Haugen called Craig Pattee directly right before noon today.

I talked to Craig right after his conversation with General Haugen and Craig siad that he can help with one or two things. He said General Haugen's relationship with General James is a key and he told TAG that he needs to hit on all the maintenance awards, etc., that ND has won because that is what General James is looking for.

General Haugen said he does not need another call with the three of you at this time.

Denys



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Operator's Signature Date

August 12, 2002

M E M O R A N D U M

To: Jeff Viohl, Indiana, Chair, Staff Advisory Council
Craig Pattee, North Dakota, Vice Chair, Staff Advisory Council
From: Nolan E. Jones, Director, Human Resources Committee
Re: Committee Issues and Activities

Congratulations on your leadership positions with the National Governors Association's (NGA) Human Resources Committee Staff Advisory Council (SAC) for 2002 – 2003. The Committee Staff looks forward to working with you to promote the Governors' agenda for the year.

**Committee Jurisdiction and Policy Positions**

The Human Resources Committee has jurisdiction over issues involving health care, welfare reform, education and the workforce, and crime control and public safety. Currently, there are forty-two (42) policies under the Committee's jurisdiction. As you are aware, Governors submit policy proposals to be considered at either the winter or annual meeting. Any Governor may submit a policy proposal for consideration; however the deadline for individual Governors to submit proposals is 45 days prior to both the winter and annual meetings. Policy proposals and resolutions are discussed at the SAC meeting prior to the Governors meeting.

There are nineteen (19) Governors currently assigned to the Committee, including the Committee Chair and Vice Chair. Currently, no Lead Governors have been assigned to any issues on the Committee. A list of Committee Governors and their SAC representative is attached.

Policy positions are adopted for two years, and if there is no positive action taken to renew a policy, it will automatically sunset. Policies scheduled to sunset along with any new proposals are reviewed and discussed at the various SAC meetings prior to the winter and annual meetings. There are thirteen (13) policies scheduled to sunset at the winter 2003 NGA meeting, and seven (7) policies scheduled to sunset at the 2003 NGA annual meeting.

**Policies Scheduled to Sunset at the 2003 Winter Meeting**

- HR-2. Immigration and Refugee Policy
- HR-4. Education Reform
- HR-6 Army and Air National Guard

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- HR-10. Domestic Terrorism and Homeland Security
- HR-14. Child Support Financing
- HR-16. Medicaid
- HR-17. Long-Term Care
- HR-30. Social Services Block Grant
- HR-32 Health Care Reform
- HR-36. Welfare Reform
- HR-37. Private Sector Health Care Reform
- HR-38. HIV/AIDS
- HR-44. Postsecondary Education

**Policies Scheduled to Sunset at the 2003 Annual Meeting**

- HR-3. The National Guard Youth Challenge Program
- HR-15. The State Children's Health Insurance Program (S-CHIP)
- HR-18. Targeted Employment Tax Credits: The Work opportunity Tax Credit and the Welfare-to-Work Tax Credit
- HR-23. Individuals with Disabilities Education Act
- HR-24. National And Community Service
- HR-28. Fatherhood
- HR-29. Public Safety, Crime Control, and Prevention

**Committee Staffing**

There is a team of six professionals who provide assistance to the SAC and Governors in developing testimony, writing letters, scheduling meetings, and general lobbying to make Governors' policies a reality. A list of the Committee staff, along with their phone numbers and e-mail addresses is on page 4 of the attached SAC list. Committee staff usually works on the details of policy issues in working groups, which consist of SAC members and other Governors representatives with an interest in the issues. Currently there are four working groups: the Health Representatives; the Education Representatives; the Welfare Representatives; and the Crime Issues Working Group. These groups make advisory recommendations to the SAC for consideration. It is up to the SAC Chair and Vice Chair to decide what role the working groups should play.

**Letters and Testimony**

From time-to-time NGA will address issues either through letters to Congress and/or the administration; testimony before congressional committees; visits to Members of Congress and/or administration officials; and phone calls to Members of Congress and/or administration officials. The staff will coordinate these activities with you during the entire process of development and delivery.

**Winter and Annual Committee Sessions**

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The Human Resources Committee Chair will be asked to develop a program for the sessions during the winter and annual meetings of NGA. NGA staff will work with you to assist in selecting a theme for the session and securing guests for presentations.

**Priorities for the 107th Congress**

**Appropriations**: Congress is finally considering legislation making appropriations for various programs in fiscal year 2003. Most key state programs – Social Services Block Grant, Bioterrorism, IDEA, and Education – will be impacted by decisions made during appropriations. NGA staff will monitor and lobby where appropriate to prevent reductions in program funding and to promote funding levels consistent with the Governors' policy.

**Fiscal Relief**: With state budgets in a severe crisis due to poorer than expected revenues and exploding Medicaid growth, some form of state fiscal relief is needed this year. A $9 billion state fiscal relief proposal introduced by Senators Rockefeller, Collins, Nelson and Smith (OR) has been successfully attached to the generic prescription drug access bill (S. 812) that was approved by the Senate on July 25th. NGA has strongly endorsed this proposal and will work to see that it gets enacted into law. In the event that S. 812 fails or the House fails to act on a companion bill, the strategy will shift to attaching the fiscal relief measure to the Medicare provider give-backs bill, which has passed the House and will be marked up in the Senate Finance Committee in September. Governors should contact their House delegations and encourage them to act on a companion bill to S. 812.

**S-CHIP**: Under current law, S-CHIP allotments that remain unspent after a certain period of time are scheduled to be returned to the federal treasury. Unless the law is changed, approximately $3 billion in unspent funds will revert to the treasury on October 1, 2002. There is a very good chance that Congress will change the law. NGA will lobby Congress for this change in accordance with the recently approved policy (HR-15). Governors should contact their delegations, especially those on the House Energy and Commerce and Senate Finance Committees, to encourage them to support the NGA position on this issue.

**Medicare Drugs**: The Medicare program's lack of a prescription drug benefit is the primary reason that states and the Medicaid program are responsible for the vast majority of prescription drug spending for low income seniors. Congress is currently embroiled in a bitter debate over how best to ensure that seniors receive the drug benefits they need. The House has passed a bill that would rely primarily on the private sector to deliver a benefit to Medicare beneficiaries. The Senate, despite four attempts, has been unable to develop a bill that can gain the 60 votes necessary to move it forward, although negotiations on that may continue during and after the August recess. NGA's position is that congressional action on this issue should not shift the costs or the responsibility of administering this program to the states.

**Welfare Reform**: Congress will continue to consider welfare reform reauthorization in an attempt to complete action before adjourning later this year. The House approved a welfare reform

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reauthorization bill which closely mirrors the President's proposal in May. The Senate Finance Committee approved a bipartisan bill in June that in many ways differs from the House-passed bill. Senator Daschle has said he plans to bring the bill to the Senate floor in September.

While the House and Senate bills share many common principles, such as level funding for TANF, federal funding for marriage promotion, an increase in child care funding and a strengthening of the work requirements, the bills differ greatly in the details of the provisions.

The most significant differences are related to work requirements. Both bills include provisions to require "universal engagement" for all welfare recipients, and a requirement that states' work participation rates must increase to 70 percent by FY 2007. While the House bill requires recipients to work a 40-hour work week, the Senate bill maintains the 30-hour work requirement. The bills also differ in their definition of what counts as work. The Senate bill provides a much broader definition of what can be counted as work, including an expansion of vocational education and job search, and time-limited rehabilitative services such as substance abuse treatment.

The President has repeatedly urged Congress to send him a reauthorization bill this year. He has been very critical, however, of the Senate Finance Committee bill. If Congress does not reach agreement on reauthorization this year, the debate will carry over into 2003. Without a reauthorization agreement, Congress will likely approve a one-year extension of existing programs, including TANF.

The current NGA policy on welfare reform (HR-36) is up for consideration at the 2003 Winter Meeting.

**Child Care:** Like welfare reform, the Child Care Development Fund is scheduled for reauthorization this year. If the issue is carried over into the 108th Congress, the Human Resources Committee may want to consider a more specific policy on the child care proposals, many of which include significant new funding set-asides and mandates on states.

The House welfare reform reauthorization bill, H.R. 4737, includes an additional $1 billion in mandatory (guaranteed) child care funds over five years, and an increased authorization of $1 billion in discretionary funds over five years, which is subject to appropriations. The mandatory funds would require a state match. The House welfare bill includes very minimal changes in child care programmatic rules.

The welfare reform reauthorization bill, as approved by the Senate Finance Committee, includes an additional $5.5 billion in mandatory child care funds over five years. In addition, the bill relieves states of the match requirements for the first three years due to state fiscal conditions. The Senate HELP Committee, which has jurisdiction over the authorization level for discretionary child care funds as well as the child care programmatic rules, had hoped to complete action on a child care reauthorization bill prior to the August recess, but was unable to reach agreement within the committee to approve a bill. In preparation for committee consideration of a child care reauthorization, NGA sent a letter on August 1 to the Senate HELP Committee expressing concerns

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about proposed mandates and set-asides that would restrict state flexibility in allocating child care resources. Any changes in child care approved by the HELP Committee will likely be incorporated into the Senate Finance Committee welfare reform reauthorization bill prior to being considered on the Senate floor.

**Priorities for the 108th Congress**

**Individuals with Disabilities Education Act**: The Individuals with Disabilities Education Act (IDEA) is up for reauthorization this year. However, it is extremely unlikely Congress will complete action, and therefore will consider the issue during the 108th Congress. At NGA's 2002 Annual Meeting, a comprehensive joint IDEA policy (HR-27) was adopted with the Council of Chief State School Officers. In addition, NGA has a separate long standing policy (HR-23). These policies recommend mandatory full federal funding at the 40 percent level and simplification of procedure and paperwork.

**Workforce Investment Act**: The Workforce Investment Act (WIA) is scheduled for reauthorization during the first session of the 108th Congress, marking the first reauthorization of WIA employment and job training programs since the Act's inception in 1998. Although predominantly an appropriations issue, adequate funding of WIA programs and of unexpended formula funds will be paramount to the reauthorization discussion. Key programmatic issues include streamlining the seventeen performance measures as well as relaxing the performance requirements for eligible providers of job training services, which currently discourage participation.

NGA policy (HR-1) sufficiently provides recommendations for WIA reauthorization that address key programmatic issues, which are currently under discussion during the reauthorization debate.

Administration and Congressional Activities: Additionally, NGA has been working with the Department of Labor (DOL) on economic recovery and WIA reauthorization. In October of 2001, in response to a request from the Secretary, NGA provided DOL with suggested initiatives for encouraging workforce development in light of economic disruption. Recently, NGA submitted comments to the DOL regarding WIA reauthorization to recommend improvements for program administration and service delivery.

NGA has also worked with Congressional appropriations staff to avert reductions to state WIA formula funds through ongoing discussions during the past two years. Unfortunately, a FY 2001 rescission of $110 million in dislocated worker funds was implemented recently after appropriators, responding to a spending cap during final negotiations, made a decision to withdraw a provision to reverse the rescission in the FY 2002 supplemental appropriations bill.

Linkage with Welfare Reform: A recent GAO report identified that while coordination between workforce and welfare programs has increased in many states and localities, additional coordination is required. Barriers to coordinated service delivery include inconsistent definitions and reporting requirements and a lack of infrastructure.

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Trade Adjustment Assistance (TAA): During the spring of 2002, funding for TAA, which provides employment and job training for workers impacted by trade related dislocations, ran out in approximately ten states, including Indiana. The DOL subsequently recommended that these states seek funding through the National Emergency Grant (NEG) program, which are grants made to states at the Secretary's discretion for plant closures and mass layoffs. However, funds for the NEG program were largely obligated for distribution and additional funds were sought through the FY 2002 Supplemental. However, this provision, along with all worker assistance funds, was struck from the final bill. The future funding situation for TAA will likely improve with the passage of the Trade Promotion Authority bill on August 1st, which provides an expansion of TAA by $12 billion over 10 years. The expansion includes an extension of benefit weeks for qualified workers and the provision of health insurance subsidies.

**Higher Education Act:** The Higher Education Act (HEA) is scheduled for reauthorization in 2003. Key issues will revolve around affordability, including Pell grants and other financial aid mechanisms. Also under consideration will be FED UP, a measure introduced by Rep. McKeon that consists of a package of technical changes that seek to increase access to higher education for students and streamline financial aid and reporting processes for institutions. Additionally, Senator Lieberman will be sponsoring a comprehensive higher education reform bill that will seek to increase Pell grant awards, increase completion rates, and require increased accountability from institutions.

NGA policy (HR 44) provides a broad overview of issues, but likely does not adequately enough address the issue of financial aid to allow for NGA to take lobbying action during reauthorization. Additionally, the policy does not currently address the other prominent issues of completion, financial aid for students with prior drug convictions, or foreign student certification. Notably, the issue of foreign student visas will likely be a difficult one for states. Colleges and universities will seek the least restrictive student visa protections in order to maintain enrollment, while federal and state homeland security efforts will want to ensure for a more thorough visa process, which will inevitably be more restrictive. HR-44, the current NGA policy, is up for consideration at the 2003 winter meeting.

**Carl D. Perkins Applied-Technical Education Act**: The Perkins Act authorizes vocational education programs, and is scheduled for reauthorization in 2003. NGA does not currently have policy on vocational education.

**Head Start Program:** The Head Start program is scheduled for reauthorization in 2003. The Human Resources Committee may want to consider revising the NGA policy (HR-8) to reflect issues that Governors want considered during the debate.

**Juvenile Justice and Delinquency Prevention Program**: The 108th Congress will continue attempts to reauthorize the Juvenile Justice and Delinquency Prevention Program. This program has not been reauthorized since 1996, and has continued through appropriations. Legislation passed the House in 2001; however, the Senate Judiciary has not reported a bill. NGA has a comprehensive Juvenile Crime policy (HR-12).

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The Human Resources Committee staff is looking forward to working with you during the year. Please feel free to contact either of us at any time.

Attachment:
Human Resources Staff Advisory Council

Cc: Frank Shafroth, Director, Office of State-Federal Relations
Human Resources Committee Staff

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## HUMAN RESOURCES STAFF ADVISORY COUNCIL
### 2002 -2003

| STATE | NAME/ADDRESS | TELEPHONE NUMBER | FAX NUMBER |
|---|---|---|---|
| **Indiana**<br>**Gov. Frank O'Bannon**<br>**Committee**<br>**Chair** | Jeff Viohl, Federal Liaison<br>State of Indiana<br>444 North Capitol Street, NW Suite 428<br>Washington, D.C. 20001<br>E-Mail jviohl@sso.org | 202-624-1474 | 202-624-1475 |
| **North Dakota**<br>**Gov. John Hoeven**<br>**Vice Chair** | Craig Pattee, Washington<br>Representative of State of North Dakota<br>Krista M. Carman<br>State of North Dakota<br>444 North Capitol Street, NW Suite 837<br>Washington, D.C. 20001<br>E-Mail craig.pattee@k-n-p.com<br>E-Mail krista.carman@k-n-p.com | 202-347-6607 | 202-544-5321 |
| **Arkansas**<br>**Gov. Mike Huckabee** | Beth Anne Rankin<br>Office of the Governor<br>State Capitol, Suite 122<br>Little Rock, AR 72201<br>E-Mail bethanne.rankin@gov.state.ar.us | 501-682-2345/6 | 501-682-9499 |
| **California**<br>**Gov. Gray Davis** | Paul Cunningham, Director<br>Washington office of the Governor<br>State of California<br>444 North Capitol Street, NW Suite 134<br>Washington, D.C. 20001<br>E-Mail paul.cunningham@wdc.ca.gov | 202-624-5270 | 202-624-5280 |
| **Florida**<br>**Gov. Jeff Bush** | T. Nina Oviedo, Director<br>Washington Office<br>State of Florida<br>444 North Capitol Street – Suite 349<br>Washington, D.C. 20001<br>E-Mail oviedon@sso.org | 202-624-5885 | 202-624-5886 |
| **Massachusetts**<br>**Gov. Jane Swift** | Anne Gavin, Director<br>Office of Federal-State Relations<br>Commonwealth of Massachusetts<br>444 North Capitol Street-Suite 208<br>Washington, D.C. 20001<br>E-Mail agavin@sso.org | 202-624-7713 | 202-624-7714 |
| **Michigan**<br>**Gov. John Engler** | LeAnne Redick Wilson, Director<br>Washington Office of the Governor<br>State of Michigan<br>444 North Capitol Street, Suite 411<br>Washington, D.C. 20001<br>E-Mail wilsonl@exec.state.mi.us | 202-624-5840 | 202-624-5841 |



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| **Mississippi**<br>**Gov. Ronnie Musgrove** | Michael Boyd, Policy & Planning Director<br>550 High Street 20th Floor Sillers Bldg.<br>Jackson, Mississippi 39201<br>E-Mail mboyd@governor.state.ms.us<br>Fred Zeytoonjian, Director<br>Washington Office of State of Mississippi<br>444 North Capitol Street, Suite 445<br>Washington, D.C. 20001<br>E-Mail fzeytoonjian@sso.org | 601-359-2971<br><br><br><br><br>202-220-1330<br>Dir.# 220-1332 | 601- 359-3741<br><br><br><br><br>202-220-1333 |
| **Missouri**<br>**Gov. Bob Holden** | Cristy Gallagher, Director<br>Washington Office State of Missouri<br>400 North Capitol Street, Suite 376<br>Washington, D.C. 20001<br>E-Mail cgallagher@sso.org | 202-624-7720 | 202-624-5855 |
| **Nevada**<br>**Gov. Kenny C. Guinn** | Michael Pieper, Director<br>Washington Office State of Nevada<br>444 North Capitol Street, Suite 209<br>Washington, D.C. 20001<br>E-Mail mpieper@sso.org | 202-624-5405 | 202-624-8181 |
| **North Carolina**<br>**Gov. Michael F. "Mike" Easley** | Jim McCleskey, Director<br>North Carolina Washington Office<br>444 North Capitol Street, Suite 332<br>Washington, D.C. 20001<br>E-Mail jmccleskey@gov.state.nc.us | 202-624-5830 | 202-624-5836 |
| **Northern Mariana Islands**<br>**Gov. Juan N. Babauta** | Malinda Matson, Senior Legislative Assistant<br>Edward DLG Pangelinan, Legal Counsel<br>Office of the Resident Representative<br>To The United States from the Northern Mariana Islands<br>2121 R Street, N.W.<br>Washington, D.C. 20008<br>E-Mail malinda@resrep.gov.mp<br>Robert Schwalbach, Senior Policy Advisor<br>Caller Box 10007<br>Saipan, MP 96950<br>E-Mail schwalbach@aol.co | 202-673-5869<br><br><br><br><br><br><br><br>670-664-2238 | 202-673-5873<br><br><br><br><br><br><br><br>670-664-2211 |
| **Ohio**<br>**Gov. Bob Taft** | June Garvin, Director<br>Washington Office State of Ohio<br>444 North Capitol Street, Suite 546<br>Washington, D.C. 20001<br>E-Mail jgarvin@sso.org | 202-624-5844 | 202-624-5847 |
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| **Pennsylvania**<br>**Gov. Mark Schweiker** | Terry Heubert<br>Washington Office of the Governor<br>Commonwealth of Pennsylvania<br>444 North Capitol Street, Suite 700<br>Washington, D.C. 20001<br>E-Mail heubert@sso.org | 202-624-7828 | 202-624-7831 |
| **Puerto Rico**<br>**Gov. Sila M. Calderón** | Mari Carmen Aponte, Executive Director<br>Puerto Rico Federal Affairs Administration<br>1100 17th Street, N.W. – Suite 800<br>Washington, D.C. 20036<br>E-Mail maponte@prfaa.com | 202-778-0710 | 202-632-1288 |
| **South Carolina**<br>**Gov. Jim Hodges** | Michael H. Tecklenburg, Director<br>Washington Office of the Governor<br>State of South Carolina<br>444 North Capitol Street- Suite 203<br>Washington, D.C. 20001<br>E-Mail mteckle@gov.state.sc.us | 202-778-0710 | 202-632-1288 |
| **Tennessee**<br>**Gov. Don Sundquist** | Nancy Menke<br>Senior Health Policy Advisor<br>State of Tennessee<br>27th Floor<br>William Snodgrass/Tennessee Tower<br>312 Eighth Ave. North<br>Nashville, Tennessee 37243-0405<br>E-Mail nmenke@mail.state.tn.us | 615-253-5143 | 615-253-4020 |
| **Vermont**<br>**Gov. Howard Dean** | Sue Allen<br>Governor's Office<br>109 State Street<br>Montpelier, Vermont 05609<br>E-Mail sue.allen@state.vt.us | 802-828-3333 | 802-828-3339 |
| **Virgin Islands**<br>**Gov. Charles Turnbull** | Clarence Wells, Director<br>Washington Office of the Governor of the U.S. Virgin Islands<br>444 North Capitol Street, Suite 305<br>Washington, D.C. 20001<br>E-Mail cwells@sso.org | 202-624-3560 | 202-624-3594 |



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| **Kentucky**<br>**Gov. Paul E. Patton**<br>**NGA Chairman** | Edward Ford<br>Deputy Secretary of the Executive Cabinet<br>Office of the Governor<br>State Capitol<br>700 Capitol Avenue<br>Frankfort, Kentucky 40601<br>E-Mail eford@mail.state.ky.us | 502-564-2611 | 502-564-7022 |
| | Marty Hammons<br>Assistant to the Chief of Staff<br>Office of the Governor<br>State Capitol<br>Frankfort, Kentucky 40601<br>E-Mail mhammons@mail.state.ky.us | 502-564-2611 | 502-564-2517 |
| | Kevin Goldsmith, Director<br>Washington Office<br>Commonwealth of Kentucky<br>444 North Capitol Street-Suite 224<br>Washington, D.C. 20001<br>E-Mail kgoldsmith@sso.org | 202-220-1350 | 202-220-1359 |
| **Idaho**<br>**Gov. Dirk Kempthorne** | Ron McMurray, Director<br>Washington Office<br>State of Idaho<br>444 North Capitol Street – Suite 715<br>Washington, D.C. 20001<br>E-Mail rmcmurray@sso.org | 202-434-8045 | 202-434-8047 |

**Committee Staff:**
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Matt Salo, Legislative Director, Health, 202-624-5336, msalo@nga.org
Gretchen Odegard, Legislative Director, Human Services, 202-624-5361,godegard@nga.org
Julie Manuel, Senior Legislative Associate, 202-624-7880, jmanuel@nga.org
Kristine Newswanger, Legislative Associate, 202-624-5328, knewswanger@nga.org
Cindy Atoigue, Administrative Coordinator, 202-624-5978, catoigue@nga.org
(Revised August 13, 2002)



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Date

## Houdek, Duane E.

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, January 28, 2003 5:32 PM
**To:** Rauschenberger, Ron W.; Houdek, Duane E.; Gaebe, Lance; Goetz, William G.; Ibach, Kathy M.
**Subject:** Excerpts from the State of the Union

**Importance:** High

Microsoft Word 4

This just came over from the WH...



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**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Wednesday, January 22, 2003 5:45 PM
**To:** Wagner, Marilyn K.; Gaebe, Lance; Harms, Bob W.
**Subject:** FW: Conf. call w/Governors & Sec. Gale Norton - Jan. 31st

On January 31 Department of the Interior Secretary Gale Norton proposes hosting her yearly anniversary conference call with interested western governors to highlight issues that are at the top of her agenda and hear from governors regarding high priority western issues.

The time for the call has not been finalized but they expect to propose a time in the afternoon on January 31. We will send you the proposed time as soon as it becomes available. We agreed to forward a combined list of governors areas of interest/topics to the secretary prior to the call. **Please let me know whether your governor would like to participate on this call and if so, what issues he/she would like to raise with the secretary.** Thank you!

Toni McCammon
Office Manager/Executive Secretary
Western Governors' Association
1515 Cleveland Place, Suite 200
Denver, CO 80202
ph: 303-623-9378 x100
fax: 303-534-7309

2/12/2003

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**Wagner, Marilyn K.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Wednesday, January 22, 2003 5:45 PM
**To:** Wagner, Marilyn K.; Gaebe, Lance; Harms, Bob W.
**Subject:** FW: Conf. call w/Governors & Sec. Gale Norton - Jan. 31st

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Toni McCammon
Office Manager/Executive Secretary
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1515 Cleveland Place, Suite 200
Denver, CO 80202
ph: 303-623-9378 x100
fax: 303-534-7309

**Wagner, Marilyn K.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, January 21, 2003 7:19 AM
**To:** Wagner, Marilyn K.
**Subject:** RGA EVENTS DURING NGA

2.22-2.24 Gov. Fact Sheet.doc

M,
You probably already received this.....just in case.

-----Original Message-----
From: Robyn Knecht [mailto:RKnecht@RGA.ORG]
Sent: Monday, January 20, 2003 6:33 PM
Subject: RGA EVENTS DURING NGA

MEMORANDUM FOR REPUBLICAN GOVERNORS
CHIEFS OF STAFF
WASHINGTON DIRECTORS
COMMUNICATION DIRECTORS
SCHEDULERS

FROM: ED TOBIN



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LaCosta Rickford 10/15/03
Operator's Signature Date

DATE: JANUARY 20, 2003

RE: RGA EVENTS DURING NGA

Now, your office should have received an invitation to RGA's rica's Majority Celebration on Monday, February 24th in Washington, DC.

In addition, the RGA will be holding other events during the NGA Winter Meeting. Please find attached draft information on all of the RGA events during the NGA. Locations for these meetings are to be determined; we will provide that information and draft agendas as soon as they are available.

To RSVP to the America's Majority Celebration or any of the RGA events during the NGA, please contact Robyn Knecht at rknecht@rga.org <mailto:rknecht@rga.org> or (202) 662-4151.

If you have questions relating to either of the two Governors-only meetings, please contact Philip Casper at pcasper@rga.org <mailto:pcasper@rga.org> or (202) 662-4142.

I look forward to seeing you next month here in Washington, D.C.

<<2.22-2.24 Gov. Fact Sheet.doc>>

**Wagner, Marilyn K.**

**om:** Krista Carman [Krista.Carman@dutkogroup.com]
**nt:** Wednesday, January 15, 2003 5:55 PM
**o:** Wagner, Marilyn K.
**Subject:** RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

I left a message trying to confirm a time.

-----Original Message-----
From: Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
Sent: Wednesday, January 15, 2003 5:24 PM
To: Krista Carman
Subject: FW: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

Krista: Please let us know if this meeting is confirmed. Thanks.
Marilyn

-----Original Message-----
From: Canton, Donald R.
Sent: Wednesday, January 15, 2003 4:09 PM
To: Wagner, Marilyn K.
Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

Great. We'll fold that in to the news releases while they're away.

----Original Message-----
rom: Wagner, Marilyn K.
Sent: Wednesday, January 15, 2003 4:08 PM
To: Canton, Donald R.; Ness, Laura B.
Subject: FW: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE



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LaCosta Rickford 10/15/03
Operator's Signature Date

COMMITTEE

Don: It's looking like we will get the meeting with Goodlatte. Krista
ll
.l me back to confirm.

-----Original Message-----
From: Gaebe, Lance
Sent: Thursday, January 09, 2003 8:28 AM
To: Krista Carman (E-mail)
Cc: Wagner, Marilyn K.
Subject: FW: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

if the schedule allows, it would be appropriate to request a meeting with
Goodlatte.

thanks for all of your good efforts

lance

-----Original Message-----
From: AgPress [mailto:AgPress@mail.house.gov]
Sent: Wednesday, January 08, 2003 10:08 PM
To: News Distribution
Subject: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

\dia Contact: FOR
IMEDIATE RELEASE
Elyse Bauer or Brent Gattis (202) 225-2171 January 8, 2003

GOODLATTE ELECTED
CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

'The Work of the Committee Affects the Lives of Every American.'
Goodlatte
says

WASHINGTON, DC-Congressman Bob Goodlatte (R-VA-06) today was elected by the House Republican Conference to serve as Chairman of the full House Agriculture Committee.

"I am honored to have been chosen to serve in this position of leadership," Goodlatte said. "The work of the Agriculture Committee affects the lives of every American. Just in the last session of Congress we addressed a wide number of issues ranging from bioterrorism and homeland security to food stamps and welfare reform, from conservation and nutrition to forest management, trade and rural development. Perhaps the most important work of the Agriculture Committee consists of maintaining policies which assure a safe, abundant and affordable food supply which is indeed the marvel of the
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"Bob's proven track record on the Agriculture Committee is a sure sign that he will effectively and efficiently oversee the work of



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LaCosta Rickford 10/15/03
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the House in setting agriculture policy," said Speaker of the House Dennis
Hastert.

odlatte served previously as Chairman of the Agriculture Subcommittee

Department Operations, Oversight, Nutrition and Forestry.
He was an active subcommittee chairman, holding fourteen hearings in the 107th Congress alone.

A vacancy in the full committee chairmanship arose when Rep. Larry Combest
(R-TX) announced that he was retiring from the House of Representatives effective May 2003, and would not seek reelection in January
as Chairman of the Committee in the interim months preceding his retirement.

Earlier this week, a 29 member Republican Steering Committee, primarily composed of Republican House leadership, interviewed
Goodlatte and others for the chairmanship. Today, the Steering Committee
voted and then made their recommendation to the House Republican Conference, which is composed of all Republican Members of the
House of Representatives. The Republican Conference later voted on a slate of chairmen, which included Goodlatte.

"I am pleased that the House Republican Conference has wisely chosen Bob Goodlatte to assume the gavel as the next Chairman of the
Agriculture Committee. Bob has been a leader on a variety of issues and today he ascends to a leadership post that will allow him
to bring his vision and energy to a committee that deals with issues of portance to all Americans," stated House Majority Whip Roy unt.

Goodlatte represents a heavily agricultural district. Virginia produces a
diverse array of commodities including livestock, fruit and vegetables among them corn, soybeans, grain sorghum, barley, oats, wheat, dairy, minor oilseeds, peanuts, cotton and tobacco.
Goodlatte becomes the first House Agriculture Committee Chairman from Virginia since John Flannagan who served as Chairman from 1945 to 1947.

"I look forward to assuming this position, and to giving agriculture and rural America fair representation and bold leadership in Congress," Goodlatte said.

Goodlatte, age 50, was elected to serve as the Sixth District's Congressman
in November of 1992. The campaign was his first attempt at public office. He was reelected to his sixth term in November of 2002.

He is a graduate of Washington and Lee University School of Law, and his undergraduate degree in Government was earned at Bates
College in Lewiston, Maine.

Before being elected to Congress, Goodlatte served as former Congressman Caldwell Butler's District Office Manager from 1977 to
1979, where he was responsible for helping folks across the Sixth Congressional District. In 1979, he founded his own private law practice in Roanoke. He was a partner in the law firm of Bird, Kinder and
Huffman, working there from 1981 until taking office.



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In addition to being elected Chairman of the Agriculture Committee, Goodlatte also currently serves on the Judiciary Committee and Education and the Workforce Committee. Goodlatte is also the co-chair of
e Congressional Internet Caucus and Chairman of the
ıse Republican High Tech Working Group.

###

The U.S. House Committee on Agriculture web site http://agriculture.house.gov has additional information on this and other subjects.

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To: news-request@aglist.house.gov
Subject: unsubscribe

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**Sent:** Wednesday, January 15, 2003 5:55 PM
**To:** Wagner, Marilyn K.
**Subject:** RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

Still haven't heard back - so I'm not sure if this will happen...

----Original Message-----
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Elyse Bauer or Brent Gattis (202) 225-2171 January 8, 2003

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**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Wednesday, January 22, 2003 8:15 AM
**To:** Houdek, Duane E.
**Subject:** Indiana Positions

**Importance:** High

Indiana Medicaid Positions.doc...

Attachment gives IN positions on Medicaid...



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**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Wednesday, January 22, 2003 6:37 AM
**To:** Hoeven, John H.; Gaebe, Lance
**Subject:** Drought Update

Negotiations ended late last night, and it looks as though the Cochran amendment will be changed to specifically target those farms where the weather conditions were the most severe. Right now this is all I am hearing due to the timing of this decision - I will come back with an update later today. The Daschle amendment ($5.9 billion) does not appear to be going anywhere and I believe it will be rejected.

Krista

Krista M. Carman
Kaufman Pattee Branstad & Miller
The Hall of States
444 North Capitol Street, Suite 837
Washington, DC 20001
202-347-6607
202-544-5321 (fax)

2/12/2003

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Operator's Signature Date

**Houdek, Duane E.**

**m:** Krista Carman [Krista.Carman@dutkogroup.com]
**t:** Monday, January 20, 2003 10:07 AM
**:o:** Houdek, Duane E.
**Subject:** FW: Re: Medicaid Advocate

This is the guy I am considering to sit w/ the rep for Families USA. Thoughts?

Jim Frogue

*Director of the Health and Human Services Task Force*

<http://www.alec.org/meSWFiles/commonFiles/frogue_300.jpg>Jim Frogue <mailto:jfrogue@alec.org> is the Director of ALEC's Health and Human Services Task Force. Mr. Frogue graduated from the University of Southern California with a B.A. in International Relations and Political Science. He also holds a master's degree in International Relations from Cambridge University. Prior to working for ALEC, Mr. Frogue worked as a legislative assistant for Rep. Carlos Moorhead, R-Calif. In addition, he worked in the office of the general counsel at the U.S. Chamber of Commerce, where he conducted research for a staff of five attorneys and compiled a judicial history of the Chamber's amicus briefs. He also served as a legislative assistant and principal staff advisor on health policy to Rep. Jay Kim, R-Calif. Mr. Frogue knows how Washington's health-care decisions affect American families. As a health-care policy analyst for The Heritage Foundation, he examined Medicare reform, children's health issues, and restructuring of the broader health-care system

**Recent Publications**

<http://www.alec.org/images/content/arrow_red.gif>"Improving Americans' Health Care Coverage Through Defined Contributions"(June 28, 2001),*The Heritage Foundation*
<http://www.alec.org/images/content/arrow_red.gif>"Top Ten Ways to Fix America's Health Insurance Market and Expand Coverage"(February 16, 2001), *The Heritage Foundation*
<http://www.alec.org/images/content/arrow_red.gif>"Right and Wrong Ways to Address the Needs of the Uninsured"(June 4, 2001), *The Heritage Foundation*
<http://www.alec.org/images/content/arrow_red.gif>"Recent Survey Points to Affordable Individual Health Insurance" (April 17, 2001), *The Heritage Foundation*
<http://www.alec.org/images/content/arrow_red.gif>"Vermont's Plan to Control Drug Prices For Seniors: A Bad Prescription" (April 12, 2001), *The Heritage Foundation*
<http://www.alec.org/images/content/arrow_red.gif>The Clinton Drug Plan; A Prescription for Massive Regulation (September 20, 2000), *The Heritage Foundation*
<http://www.alec.org/images/content/arrow_red.gif>"Overhauling Medicare: What It Will Take to Attract Private Providers" (Released May 18, 2001. Delivered March 6, 2001), *The Heritage Foundation*
<http://www.alec.org/images/content/arrow_red.gif>"Buyer Beware: The Failure of Single-Payer Health Care" (Released May 4, 2001. Delivered February 13, 2001), *The Heritage Foundation*
<http://www.alec.org/images/content/arrow_red.gif>"Patients' Rights? Try Prisoners' Rights" (March 28, 2001), The *The Heritage Foundation*

>From: "Krista Carman"
>To: "Frank Micciche"
>Subject: RE: Re: Medicaid Advocate
>Date: Mon, 20 Jan 2003 10:22:18 -0500
>
>Does he have a bio by chance?

>-----Original Message-----
>From: Frank Micciche [mailto:frankmicciche@hotmail.com]
>Sent: Monday, January 20, 2003 10:17 AM



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LaCosta Rickford
Operator's Signature

10/15/03
Date

>To: Krista Carman
>Subject: Fwd: Re: Medicaid Advocate
>
>Here's what you were looking for. Let me know if you want to get in
>touch with Jim.
>I'm here for the 10-3 shift, stop by if you're free.
> >From: Jim Frogue
> >To: Frank Micciche
> >Subject: Re: Medicaid Advocate
> >Date: Fri, 17 Jan 2003 12:01:46 -0800 (PST)
> >
> >Other than me...
> >http://www.heritage.org/Research/HealthCare/BG1618.cfm
> >
> >... and Richard Teske
> >http://www.alec.org/meSWFiles/pdf/0206.pdf
> >
> >don't know anyone else.
> >
> >--- Frank Micciche wrote:
> >
> >
> >_____
> >
> >
>Jim,
>
>NGA is looking to find a conservative advocate on
> >Medicaid issues for a panel they are doing. Does
> >such a creature exist? Can you recommend a
> >person/group that might fit the bill?
> >
>Thanks,
> >
>Frank
>
>
>_____
>
>MSN 8 helps
> >eliminate e-mail viruses. <>href="http://g.msn.com/8HMREN/2022">Get 2
>months
> >FREE*.
> >
> >
> >_____
> >Do you Yahoo!?
> >Yahoo! Mail Plus - Powerful. Affordable. Sign up now.
> >http://mailplus.yahoo.com
>
>



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**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Monday, January 20, 2003 10:02 AM
**To:** Gaebe, Lance
**Subject:** RE: Midwest Govs

That is a good choice for him.

-----Original Message-----
**From:** Gaebe, Lance [mailto:lgaebe@state.nd.us]
**Sent:** Monday, January 20, 2003 10:44 AM
**To:** Krista Carman
**Subject:** RE: Midwest Govs

yea, we talked about it on the way home, and he said that he WOULD do it. I reminded him about NGA Human Resources- and he said that we probably would Not do that.

he asked me to draft a letter to Johanns agreeing to vice-chair MGC. I don't know what the process is- if there is an election or what happens?

Lance

> -----Original Message-----
> **From:** Krista Carman [mailto:Krista.Carman@dutkogroup.com]
> **Sent:** Monday, January 20, 2003 8:56 AM
> **To:** Gaebe, Lance
> **Subject:** Midwest Govs
>
> Any more news on JH taking the MGC vice-chairmanship? No one asked at the meeting and I didn't bring it up.
>
> Krista M. Carman
> Kaufman Pattee Branstad & Miller
> The Hall of States
> 444 North Capitol Street, Suite 837
> Washington, DC 20001
> 202-347-6607
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**Subject:** RE: Midwest Govs

I am quite sure there is no election - and if there is we are uncontested!
Just make sure to cc Lauren Hill in Johanns office when you send the letter.

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**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Monday, January 20, 2003 8:52 AM
**To:** Houdek, Duane E.
**Subject:** Puerto Rico Medicaid Language

NGA PR Medicaid Language Winte...

Duane,
PR wants the attached language placed in the Medicaid policy....to sum up they are whining that FMAP is capped for the territories. What are your thoughts on this language? It seems to me that if the federal budget allows for a set amount of FMAP $ and if the territories begin to get more the states will get less...do you concur?

-----Original Message-----
**From:** Sinsi Hernandez [mailto:SHernandez@prfaa.com]
**Sent:** Thursday, January 09, 2003 1:14 PM
**To:** Krista Carman
**Subject:** Puerto Rico Medicaid Language

Hi Krista:

I am enclosing the language we would like to see somewhere in the NGA medicaid reform policy. Please call if you have any questions.

Sinsi Hernández-Cancio, Esq.
Legislative Division
Puerto Rico Federal Affairs Administration
Phone: (202) 778-0742
Fax: (202) 822-0916

Upgrade Your Email - Click here! <http://promos.hotbar.com/promos/promodll.dll?RunPromo&El=hotbar%5felement%3bst%3b&SG=&RAND=69629>



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LaCosta Rickford 10/15/03
Operator's Signature Date

**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, January 17, 2003 3:46 PM
**To:** Houdek, Duane E.
**Subject:** Medicaid Policies

http://www.nga.org/nga/legislativeUpdate/1,1169,C_POLICY_POSITION^D_533,00.html
<http://www.nga.org/nga/legislativeUpdate/1,1169,C_POLICY_POSITION%5eD_533,00.html>

http://www.nga.org/nga/legislativeUpdate/1,1169,C_POLICY_POSITION^D_534,00.html
<http://www.nga.org/nga/legislativeUpdate/1,1169,C_POLICY_POSITION%5eD_534,00.html>

http://www.nga.org/nga/legislativeUpdate/1,1169,C_POLICY_POSITION^D_1431,00.html
<http://www.nga.org/nga/legislativeUpdate/1,1169,C_POLICY_POSITION%5eD_1431,00.html>

Other than Medicare reimbursement language and I also think we should put in stronger language regarding federalization of the duals...do you have any other amendments / suggestions?

Krista M. Carman
Kaufman Pattee Branstad & Miller
The Hall of States
144 North Capitol Street, Suite 837
Washington, DC 20001
202-347-6607
202-544-5321 (fax)



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LaCosta Rickford 10/15/03
Operator's Signature Date

**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, January 17, 2003 1:49 PM
**To:** Houdek, Duane E.
**Subject:** NGA Winter Meeting

<http://coveringtheuninsured.org/week/>

Dear Pope,
This is the website that details what our opening speaker would talk about at the NGA meeting - it is endorsed by The US Chamber of Commerce...that is good.

Give me a ring when you get a moment so I can explain the materials - I'll fax this afternoon. I have a call w/ Cousin Jeff at 3pm - so I'll know more.
Thanks,
Krista

Krista M. Carman
Kaufman Pattee Branstad & Miller
The Hall of States
444 North Capitol Street, Suite 837
Washington, DC 20001
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202-544-5321 (fax)



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LaCosta Rickford 10/15/03
Operator's Signature Date

**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, January 17, 2003 7:33 AM
**To:** Ibach, Kathy M.; Houdek, Duane E.
**Subject:** FW: NGA Letter on 03 Omnibus

03Omnibus.
1.16.03.doc

Well, in the midst of the storm yesterday the attached letter was sent and signed on behalf of all Rs by Gov. Kempthorne. Kathy, not sure if you want to let the governor know what the latest is to come out of NGA. Great to see you and I will give you a ring after 2pm.



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LaCosta Rickford 10/15/03
Operator's Signature Date

**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Friday, January 17, 2003 7:22 AM
**To:** Houdek, Duane E.; Ibach, Kathy M.
**Subject:** FW: Omnibus letter

03Omnibus.
1.16.03.doc

Not looking for a signature from us....for your review.

-----Original Message-----
**From:** Moore, Tess [mailto:TMoore@NGA.ORG]
**Sent:** Thursday, January 16, 2003 2:25 PM
**To:** Goldsmith, Kevin; eford@mail.state.ky.us; gsmith@gov.state.id.us; jvlohl@sso.org; Krista Carman
**Subject:** Omnibus letter

For review/comment/approval.

Thanks



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LaCosta Rickford 10/15/03
Operator's Signature Date

**Wagner, Marilyn K.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Wednesday, January 15, 2003 9:42 AM
**To:** Wagner, Marilyn K.
**Subject:** FW: Registration Site for the 2003 NGA Winter Meeting

Just to be sure you have this...

-----Original Message-----
**From:** Welhofen, Suzan [mailto:SWelhofen@NGA.ORG]
**Sent:** Wednesday, January 15, 2003 10:40 AM
**To:** Reps
**Subject:** Registration Site for the 2003 NGA Winter Meeting

The following email was forwarded this morning to Governors' schedulers from Susan Dotchin, Director of NGA Conference Services. Please do not reply directly to this email since it is sent via a listserve.

TO ALL GOVERNORS' SCHEDULING CONTACTS (This email is being sent to schedulers in states where the Governor is in office as of January 10, 2003. As new Governors are inaugurated during the next week, this email will be sent to their offices as soon as scheduling contacts are identified.)

The 2003 Winter Meeting of the National Governors Association will be held at the JW Marriott Hotel in Washington, DC on February 22-25. The meeting website address for Governors, their spouses, official party staff, and security is http://www.nga.org/wm03hkx/gov . Through this site you can register for the meeting, request hotel accommodations, and view copies of both the Governors' official business program and the program for Governors' spouses. This website also contains a "New to the Meeting?" link, which provides basic information about the meeting, on-site services available in the hotel, and a list of NGA staff contacts who can answer questions about the winter meeting.

Arrangements for attendees from state, federal, and local governments, government associations, non-profits,, private sector, and media should be made through the following site: http://www.nga.org/wm03hkx/gen .

Important security notice: To improve security coverage for the meeting, photo IDs will be issued as part of the meeting registration process. Please allow extra time to accommodate new registration procedures. All attendees must have two (2) forms of personal identification, including one government-issued ID with a current photograph, to receive meeting credentials. Photo IDs for Governors and spouses will be prepared in advance, and their credentials can be picked up (only) by a member of their security detail. Meeting registration opens on Saturday, February 22. All other meeting attendees must register in person and complete the photo ID process on site. Security coverage in the hotel will be extensive and we appreciate everyone's assistance and cooperation.

If you have questions not answered in the materials on the winter meeting websites, please contact me. You may also contact the Winter Meeting Registration and Housing Center at (703) 679-3919 with additional questions about housing or registration.

Susan Dotchin

Director, NGA Conference Management
National Governors Association
Hall of the States
444 North Capitol St., NW
Suite 267
Washington, DC 20001-1512
(202) 624-5327

2/12/2003

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LaCosta Rickford 10/15/03
Operator's Signature Date

**Houdek, Duane E.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, January 14, 2003 5:38 PM
**To:** Houdek, Duane E.
**Subject:** FW: Medicaid Reform

-----Original Message-----
**From:** Salo, Matt [mailto:MSalo@NGA.ORG]
**Sent:** Tuesday, January 14, 2003 5:21 PM
**To:** Scheppach, Raymond; Jeff Vlohl; Krista Carman; Kevin Goldsmith; Gary Smith; Shafroth, Frank; Henneberry, Joan
**Subject:** Medicaid Reform

This is the press on this morning's Congressional staff briefing on this year's agenda

....MEDICAID REFORM....

The fighting spirit may be strongest over Medicaid. A Democrat predicted a GOP assault this year on both Medicare and Medicaid. A Republican staffer said the program is in crisis and has been giving "short shrift" but then outlined changes that will strain bipartisanship often apparent last year on the House Energy and Commerce Committee. A Republican indicated a willingness to look at the program's long term care burdens and oversight of the waiver process but added that to say Medicaid should be held "sacrosanct is grossly irresponsible." The GOPer expressed hope that Democrats would support Medicaid reform legislation, adding that giving states more flexibility in running the program "is not a negative." Republicans hope to move the Family Opportunity Act, which lets families with disabled children buy into the Medicaid program. The staffer said that families should be able to direct services, including negotiating various services with providers; demos testing this approach are very popular among patients.

A Democrat responded later though that the Medicaid crisis is that one million or more recipients this year will lose coverage. Democrats will push hard for fiscal relief for the states. The King-Brown bill providing states $20 billion in relief including $10 billion in FMAP increases will be reintroduced, the staffer said. The Democrat warned against GOP attempts to revive the mid-1990s effort to turn Medicaid into a block grant program. "Flexibility" should involve reexamining the repeal of the Boren amendment giving providers a legal tool to press for higher Medicaid payments. Flexibility should not involve shifting costs to beneficiaries who can't afford it, the Democratic staffer said.

The staffer also urged enactment quickly this year of the Dingell-Tauzin-Baucus-Grassley compromise language to prevent State Children's Health Insurance Program funds from reverting to the U.S. Treasury. That would give states an immediate boost, the staffer said.

Matt Salo

Legislative Director, Health
National Governors Association
444 North Capitol Street, Suite #267
Washington, DC 20001
phone (202) 624-5336
fax (202) 624-5313
msalo@nga.org



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LaCosta Rickford 10/15/03
Operator's Signature Date

**Wagner, Marilyn K.**

**From:** Wagner, Marilyn K.
**Sent:** Tuesday, January 14, 2003 4:20 PM
**To:** 'Krista Carman'
**Cc:** Ibach, Kathy M.
**Subject:** RE: Schedule

**Importance:** High

Krista: Please keep all the meetings you have scheduled. The Governor can call you Wednesday if he wants to cancel the Roberts meeting. Thanks for your work on this, Krista. You did a great job!!! Marilyn

Kathy: Would you please print this for the WIP file to discuss w/ the Governor on Wednesday? Thanks. Marilyn

-----Original Message-----
**From:** Krista Carman [mailto:Krista.Carman@dutkogroup.com]
**Sent:** Tuesday, January 14, 2003 3:29 PM
**To:** Wagner, Marilyn K.; ewehrl@state.nd.us
**Subject:** Schedule

11:30 - 12:15pm Scty. Gale Norton
12:30 - 1:30pm Sen Roberts Ag Staff (Mike Seyfert) - do you want to keep this one? - I don't want to overbook him....your call
1:45 - 2:45pm Sen Frist Senior Staff (Allen Moore)
3:00 - 3:30pm Sen Conrad Burns
4:15 - 5:00pm Chuck Connor, Dale Mohr, Debbie Spagnoli
6pm Dinner Bistro Bis

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Operator's Signature Date

**Wagner, Marilyn K.**

**From:** Wagner, Marilyn K.
**Sent:** Monday, January 13, 2003 4:16 PM
**To:** 'Krista Carman'
**Subject:** RE: Jan 16...

Krista: I think you should check w/ Roberts' staff. The governor seemed comfortable with his chief of staff or similar position.

I realize you might not have all the i's dotted by 4:00 tomorrow, but just get me what you have for his schedule. The restaurant would be good. Thanks!

Hopefully things will change so you can having a "lying down" date (rather than "standing date") with your sofa on Fridays (hopefully with another body next to you!!!)

-----Original Message-----
From: Krista Carman [mailto:Krista.Carman@dutkogroup.com]
Sent: Monday, January 13, 2003 4:03 PM
To: Wagner, Marilyn K.
Subject: RE: Jan 16...

That is a workable deadline for me....Sen. Roberts can't meet. I think we should wait for other headliners to decide tomorrow (Norton/Frist/etc.) and then see if staff in Roberts office can fit into the schedule....what is your advice on that?

-----Original Message-----
From: Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
Sent: Monday, January 13, 2003 5:00 PM
To: Krista Carman
Subject: RE: Jan 16...

Yes, I should have all information by tomorrow at 4:00 CST if possible. Thanks.

-----Original Message-----
From: Krista Carman [mailto:Krista.Carman@dutkogroup.com]
Sent: Monday, January 13, 2003 3:58 PM
To: Wagner, Marilyn K.
Subject: RE: Jan 16...

I will - is tomorrow ok?

-----Original Message-----
From: Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
Sent: Monday, January 13, 2003 4:29 PM
To: Krista Carman
Subject: Jan 16...

Krista: Please let me know where you have dinner reservations on Thursday.
Name, address and phone. Also, approximate time you will have them at Dulles for liftoff to Charlottesville. thanks.

-----Original Message-----
From: Krista Carman [mailto:Krista.Carman@dutkogroup.com]
Sent: Monday, January 13, 2003 12:19 PM
To: Wagner, Marilyn K.
Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE



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LaCosta Rickford 10/15/03
Operator's Signature Date

Thursday... I still need to get back to you on the specifics - it is probably going to be someone else until around 2:30 - then I will take over. I want to be there if he talks about fiscal relief so I can judge ere the members he speaks with are on this for my own knowledge - I l work that into this other NGA meeting that I have currently overlapping....ugh!

-----Original Message-----
From: Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
Sent: Monday, January 13, 2003 1:16 PM
To: Krista Carman
Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

Thanks Krista. I'll put you on the schedule as transportation Wednesday night and Thursday.

-----Original Message-----
From: Krista Carman [mailto:Krista.Carman@dutkogroup.com]
Sent: Monday, January 13, 2003 12:10 PM
To: Wagner, Marilyn K.
Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

Yours truly.
202-256-9518

-----Original Message-----
From: Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
Sent: Monday, January 13, 2003 1:09 PM
To: Krista Carman; Gaebe, Lance
bject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE MMITTEE

Good. Thanks Krista.

Krista: Who will be at the airport Wednesday night to pick up the Governor,
Kathy and Lance? Could I have their cell number also? Who will be transportation on Thursday? Thanks.

-----Original Message-----
From: Krista Carman [mailto:Krista.Carman@dutkogroup.com]
Sent: Monday, January 13, 2003 12:06 PM
To: Wagner, Marilyn K.
Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

Depends on if he is sticking around town- since he is a VA guy it still may be possible. His office called Friday to let me know that they received the request and they would get back to me early this week.

-----Original Message-----
From: Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
Sent: Monday, January 13, 2003 12:26 PM
To: Gaebe, Lance; Krista Carman
Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

ista: I'm assuming we won't be able to get this one now?

-----Original Message-----
From: Gaebe, Lance
Sent: Thursday, January 09, 2003 8:28 AM



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LaCosta Rickford 10/15/03
Operator's Signature Date

To: Krista Carman (E-mail)
Co: Wagner, Marilyn K.
Subject: FW: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

If the schedule allows, it would be appropriate to request a meeting with
Goodlatte.

thanks for all of your good efforts

lance

-----Original Message-----
From: AgPress [mailto:AgPress@mail.house.gov]
Sent: Wednesday, January 08, 2003 10:08 PM
To: News Distribution
Subject: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

Media Contact: FOR
IMMEDIATE RELEASE
Elyse Bauer or Brent Gattis (202) 225-2171 January 8, 2003

GOODLATTE ELECTED
CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

'The Work of the Committee Affects the Lives of Every American.'
Goodlatte
says

WASHINGTON, DC-Congressman Bob Goodlatte (R-VA-06) today was elected by the House Republican Conference to serve as Chairman of the full House Agriculture Committee.

"I am honored to have been chosen to serve in this position of leadership," Goodlatte said. "The work of the Agriculture Committee affects the lives of every American. Just in the last session of Congress we addressed a wide number of issues ranging from bioterrorism and homeland security to food stamps and welfare reform, from conservation and nutrition to forest management, trade and rural development. Perhaps the most important work of the Agriculture Committee consists of maintaining policies which assure a safe, abundant and affordable food supply which is indeed the marvel of the world," Goodlatte said.

"Bob's proven track record on the Agriculture Committee is a sure sign that he will effectively and efficiently oversee the work of the House in setting agriculture policy," said Speaker of the House Dennis Hastert.

Goodlatte served previously as Chairman of the Agriculture Subcommittee on Department Operations, Oversight, Nutrition and Forestry. He was an active subcommittee chairman, holding fourteen hearings in the 107th Congress alone.



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A vacancy in the full committee chairmanship arose when Rep. Larry Combest (R-TX) announced that he was retiring from the House of Representatives effective May 2003, and would not seek reelection in ...quary Chairman of the Committee in the interim months preceding his retirement.

Earlier this week, a 29 member Republican Steering Committee, primarily composed of Republican House leadership, interviewed Goodlatte and others for the chairmanship. Today, the Steering Committee voted and then made their recommendation to the House Republican Conference, which is composed of all Republican Members of the House of Representatives. The Republican Conference later voted on a slate of chairmen, which included Goodlatte.

"I am pleased that the House Republican Conference has wisely chosen Bob Goodlatte to assume the gavel as the next Chairman of the Agriculture Committee. Bob has been a leader on a variety of issues and today he ascends to a leadership post that will allow him to bring his vision and energy to a committee that deals with issues of importance to all Americans," stated House Majority Whip Roy Blunt.

Goodlatte represents a heavily agricultural district. Virginia produces a diverse array of commodities including livestock, fruit and vegetables among them corn, soybeans, grain sorghum, barley, oats, wheat, dairy, minor oilseeds, peanuts, cotton and tobacco. Goodlatte becomes the first House Agriculture Committee Chairman from Virginia since John Flannagan who served as Chairman from 1945 ... 1947.

I look forward to assuming this position, and to giving agriculture and rural America fair representation and bold leadership in Congress," Goodlatte said.

Goodlatte, age 50, was elected to serve as the Sixth District's Congressman in November of 1992. The campaign was his first attempt at public office. He was reelected to his sixth term in November of 2002.

He is a graduate of Washington and Lee University School of Law, and his undergraduate degree in Government was earned at Bates College in Lewiston, Maine.

Before being elected to Congress, Goodlatte served as former Congressman Caldwell Butler's District Office Manager from 1977 to 1979, where he was responsible for helping folks across the Sixth Congressional District. In 1979, he founded his own private law practice in Roanoke. He was a partner in the law firm of Bird, Kinder and Huffman, working there from 1981 until taking office.

In addition to being elected Chairman of the Agriculture Committee, Goodlatte also currently serves on the Judiciary Committee and Education and the Workforce Committee. Goodlatte is also the co-chair of ...he Congressional Internet Caucus and Chairman of the ...ouse Republican High Tech Working Group.

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Operator's Signature

10/15/03
Date

The U.S. House Committee on Agriculture web site http://agriculture.house.gov has additional information on this and other subjects.

*un*subscribe from the news releases mailinglist, simply send a *new* message with "unsubscribe" in the Subject field.

To: news-request@aglist.house.gov
Subject: unsubscribe

**Wagner, Marilyn K.**

**From:** Wagner, Marilyn K.
**Sent:** Monday, January 13, 2003 4:00 PM
**To:** 'Krista Carman'
**Subject:** RE: Jan 16...

Yes, I should have all information by tomorrow at 4:00 CST if possible. Thanks.

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Thursday... I still need to get back to you on the specifics - it is probably going to be someone else until around 2:30 - then I will take over. I want to be there if he talks about fiscal relief so I can judge where the members he speaks with are on this for my own knowledge - I will work that into this other NGA meeting that I have currently overlapping....ugh!

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Yours truly.
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Sent: Monday, January 13, 2003 1:09 PM
To: Krista Carman; Gaebe, Lance
Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

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To: Wagner, Marilyn K.
Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

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-----Original Message-----
From: Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
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Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

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Sent: Thursday, January 09, 2003 8:28 AM
To: Krista Carman (E-mail)
Cc: Wagner, Marilyn K.
Subject: FW: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

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LaCosta Rickford
Operator's Signature

10/15/03
Date

**Wagner, Marilyn K.**

**From:** Wagner, Marilyn K.
**Sent:** Monday, January 13, 2003 3:29 PM
**To:** 'Krista Carman'
**Subject:** Jan 16...

Krista: Please let me know where you have dinner reservations on Thursday. Name, address and phone. Also, approximate time you will have them at Dulles for liftoff to Charlottesville. thanks.

-----Original Message-----
From: Krista Carman [mailto:Krista.Carman@dutkogroup.com]
Sent: Monday, January 13, 2003 12:19 PM
To: Wagner, Marilyn K.
Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

Thursday... I still need to get back to you on the specifics - it is probably going to be someone else until around 2:30 - then I will take over. I want to be there if he talks about fiscal relief so I can judge where the members he speaks with are on this for my own knowledge - I will work that into this other NGA meeting that I have currently overlapping....ugh!

-----Original Message-----
From: Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
Sent: Monday, January 13, 2003 1:16 PM
To: Krista Carman
Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

Thanks Krista. I'll put you on the schedule as transportation Wednesday night and Thursday.

-----Original Message-----
From: Krista Carman [mailto:Krista.Carman@dutkogroup.com]
Sent: Monday, January 13, 2003 12:10 PM
To: Wagner, Marilyn K.
Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

Yours truly.
202-256-9518

-----Original Message-----
From: Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
Sent: Monday, January 13, 2003 1:09 PM
To: Krista Carman; Gaebe, Lance
Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

Good. Thanks Krista.

Krista: Who will be at the airport Wednesday night to pick up the Governor,
Kathy and Lance? Could I have their cell number also? Who will be transportation on Thursday? Thanks.

-----Original Message-----
From: Krista Carman [mailto:krista.Carman@dutkogroup.com]
Sent: Monday, January 13, 2003 12:06 PM



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To: Wagner, Marilyn K.
Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

ends on if he is sticking around town- since he is a VA guy it still may be possible. His office called Friday to let me know that they received the request and they would get back to me early this week.

-----Original Message-----
From: Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
Sent: Monday, January 13, 2003 12:26 PM
To: Gaebe, Lance; Krista Carman
Subject: RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

Krista: I'm assuming we won't be able to get this one now?

-----Original Message-----
From: Gaebe, Lance
Sent: Thursday, January 09, 2003 8:28 AM
To: Krista Carman (E-mail)
Cc: Wagner, Marilyn K.
Subject: FW: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

if the schedule allows, it would be appropriate to request a meeting with
Goodlatte.

thanks for all of your good efforts

nce

-----Original Message-----
From: AgPress [mailto:AgPress@mail.house.gov]
Sent: Wednesday, January 08, 2003 10:08 PM
To: News Distribution
Subject: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

Media Contact: FOR
IMMEDIATE RELEASE
Elyse Bauer or Brent Gattis (202) 225-2171 January 8, 2003

GOODLATTE ELECTED
CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

'The Work of the Committee Affects the Lives of Every American.'
Goodlatte
says

WASHINGTON, DC-Congressman Bob Goodlatte (R-VA-06) today was elected by the House Republican Conference to serve as
Chairman of the full House Agriculture Committee.

"I am honored to have been chosen to serve in this position of leadership,"
Goodlatte said. "The work of the Agriculture Committee affects the lives of every American. Just in the last session of Congress
we addressed a wide number of issues ranging from
bioterrorism and homeland security to food stamps and welfare reform, from



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LaCosta Rickford 10/15/03
Operator's Signature Date

conservation and nutrition to forest management, trade and rural development. Perhaps the most important work of the Agriculture Committee consists of maintaining policies which assure a [illegible]e, abundant and affordable food supply which is indeed the marvel of world," Goodlatte said.

"Bob's proven track record on the Agriculture Committee is a sure sign that he will effectively and efficiently oversee the work of the House in setting agriculture policy," said Speaker of the House Dennis Hastert.

Goodlatte served previously as Chairman of the Agriculture Subcommittee on Department Operations, Oversight, Nutrition and Forestry. He was an active subcommittee chairman, holding fourteen hearings in the 107th Congress alone.

A vacancy in the full committee chairmanship arose when Rep. Larry Combest (R-TX) announced that he was retiring from the House of Representatives effective May 2003, and would not seek reelection in January as Chairman of the Committee in the interim months preceding his retirement.

Earlier this week, a 29 member Republican Steering Committee, primarily composed of Republican House leadership, interviewed Goodlatte and others for the chairmanship. Today, the Steering Committee [illegible]ted and then made their recommendation to the House [illegible]publican Conference, which is composed of all Republican Members of the House of Representatives. The Republican Conference later voted on a slate of chairmen, which included Goodlatte.

"I am pleased that the House Republican Conference has wisely chosen Bob Goodlatte to assume the gavel as the next Chairman of the Agriculture Committee. Bob has been a leader on a variety of issues and today he ascends to a leadership post that will allow him to bring his vision and energy to a committee that deals with issues of importance to all Americans," stated House Majority Whip Roy Blunt.

Goodlatte represents a heavily agricultural district. Virginia produces a diverse array of commodities including livestock, fruit and vegetables among them corn, soybeans, grain sorghum, barley, oats, wheat, dairy, minor oilseeds, peanuts, cotton and tobacco. Goodlatte becomes the first House Agriculture Committee Chairman from Virginia since John Flannagan who served as Chairman from 1945 to 1947.

"I look forward to assuming this position, and to giving agriculture and rural America fair representation and bold leadership in Congress," Goodlatte said.

Goodlatte, age 50, was elected to serve as the Sixth District's [illegible]ongressman [illegible]n November of 1992. The campaign was his first attempt at public office. He was reelected to his sixth term in November of 2002.

He is a graduate of Washington and Lee University School of Law, and his



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LaCosta Rickford 10/15/03
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undergraduate degree in Government was earned at Bates College in Lewiston, Maine.

Before being elected to Congress, Goodlatte served as former Congressman ldwell Butler's District Office Manager from 1977 to 79, where he was responsible for helping folks across the Sixth Congressional District. In 1979, he founded his own private law practice in Roanoke. He was a partner in the law firm of Bird, Kinder and Huffman, working there from 1981 until taking office.

In addition to being elected Chairman of the Agriculture Committee, Goodlatte also currently serves on the Judiciary Committee and Education and the Workforce Committee. Goodlatte is also the co-chair of the Congressional Internet Caucus and Chairman of the House Republican High Tech Working Group.

###

The U.S. House Committee on Agriculture web site http://agriculture.house.gov has additional information on this and other subjects.

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To: news-request@aglist.house.gov
Subject: unsubscribe



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LaCosta Rickford 10/15/03
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**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Monday, January 13, 2003 2:51 PM
**To:** Gaebe, Lance
**Subject:** Perry

No on Gov. Perry - still checking on Owens.

Krista M. Carman
Kaufman Pattee Branstad & Miller
The Hall of States
444 North Capitol Street, Suite 837
Washington, DC 20001
202-347-6607
202-544-5321 (fax)

2/12/2003

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LaCosta Rickford 10/15/03
Operator's Signature Date

**Wagner, Marilyn K.**

**From:** Wagner, Marilyn K.
**Sent:** Monday, January 13, 2003 11:35 AM
**To:** 'Krista Carman'
**Subject:** Dinner on Jan 16.....

Krista: I spoke with the governor about Jan 16 schedule. He said you can make reservations for dinner after his last meeting. You can pick the most convenient location between USDA and Dulles airport. I'll need to get approximate arrival time to our security in Charlottesville, so let me know what you think. If we leave USDA around 5:00 and drive to dinner, allow time for dinner (one hour??), and drive to airport, what time do you think you will drop them off at the Dulles airport? I was thinking it would be about 7:30 p.m. that we depart Dulles? What are your thoughts on that??? Please try to estimate as close as possible so I can get a pretty accurate time to our security in VA. Thanks. Marilyn

-----Original Message-----
**From:** Wagner, Marilyn K.
**Sent:** Monday, January 13, 2003 11:16 AM
**To:** 'Krista Carman'
**Subject:** FW: talking points and mews release for Friday
**Importance:** High

And some more background information....

-----Original Message-----
**From:** Retterath, Rachel E.
**Sent:** Wednesday, January 08, 2003 12:47 PM
**To:** Ibach, Kathy M.; Wagner, Marilyn K.
**Subject:** talking points and mews release for Friday
**Importance:** High

<< File: Bicentennial kickoff news release.doc >> << File: Bicentennial kickoff news media advisory.doc >> << File: Bicentennial Kickoff talking points.doc >> Hi Kathy and Marilyn.
Attached are the talking points, media release and news release for Friday. Please review and let me know your feedback today if possible.
The Governor's talking points are in bold.
Thanks!

Rachel Retterath
*ND Lewis & Clark Coordinator*
North Dakota Department of Commerce
Tourism Division
701.328.2525
www.ndtourism.com
rretterath@state.nd.us



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Operator's Signature Date

**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Thursday, January 09, 2003 2:34 PM
**To:** Gaebe, Lance
**Subject:** RE: Proposed Letter to President Bush on Drought

That's good.

-----Original Message-----
From: Gaebe, Lance [mailto:lgaebe@state.nd.us]
Sent: Thursday, January 09, 2003 3:28 PM
To: Krista Carman
Subject: FW: Proposed Letter to President Bush on Drought

we haven't signed yet, but I am sure we will.
lance

-----Original Message-----
From: Goetz, William G.
Sent: Thursday, January 09, 2003 11:54 AM
To: Dalrymple, Jack S.; Gaebe, Lance
Subject: FW: Proposed Letter to President Bush on Drought

Please follow-up with review etc. Bill

Bill Goetz
Chief of Staff
Office of the Governor
Phone: 701-328-2200
Fax: 701-328-2205
wgoetz@state.nd.us

-----Original Message-----
From: John Erickson [mailto:erickson@pro.state.ne.us]
Sent: Thursday, January 09, 2003 11:24 AM
To: mknoedler@capitol.state.co.us; gsmith@gov.state.id.us; tbeck@state.mt.us; mpieper@sso.org; wgoetz@state.nd.us; rob.skjonsberg@state.sd.us; tgilman@governor.state.tx.us; jneumann@gov.state.ut.us
Subject: Proposed Letter to President Bush on Drought

All,

Governor Johanns is requesting that your Governors consider signing on to the attached letter. We intend to send copies to other appropriate Administration officials and to the Republican Senators from our respective states. Also attached, for your use, is a copy of the memo we will be sending to Senator Hagel. One drought aid bill was introduced yesterday and at least two more will be introduced today in the Senate. If you have any questions, please give me a call. Thank you for your consideration.

John O. Erickson
Policy Advisor



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Operator's Signature

10/15/03
Date

**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**nt:** Thursday, January 09, 2003 8:28 AM
**:** Gaebe, Lance
**Cc:** Wagner, Marilyn K.
**Subject:** RE: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

I'll get on that this morning.

-----Original Message-----
From: Gaebe, Lance [mailto:lgaebe@state.nd.us]
Sent: Thursday, January 09, 2003 9:28 AM
To: Krista Carman
Cc: Wagner, Marilyn K.
Subject: FW: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

if the schedule allows, it would be appropriate to request a meeting with
Goodlatte.

thanks for all of your good efforts

lance

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From: AgPress [mailto:AgPress@mail.house.gov]
Sent: Wednesday, January 08, 2003 10:08 PM
: News Distribution
ubject: GOODLATTE ELECTED CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

Media Contact: FOR
IMMEDIATE RELEASE
Elyse Bauer or Brent Gattis (202) 225-2171 January 8, 2003

GOODLATTE ELECTED
CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE

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"I am honored to have been chosen to serve in this position of leadership,"
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Committee consists of maintaining policies which assure a safe, abundant and affordable food supply which is indeed the marvel of the



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Goodlatte served previously as Chairman of the Agriculture Subcommittee on Department Operations, Oversight, Nutrition and Forestry. He was an active subcommittee chairman, holding fourteen hearings in the 107th Congress alone.

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Goodlatte represents a heavily agricultural district. Virginia produces a diverse array of commodities including livestock, fruit and vegetables among them corn, soybeans, grain sorghum, barley, oats, wheat, dairy, minor oilseeds, peanuts, cotton and tobacco. Goodlatte becomes the first House Agriculture Committee Chairman from Virginia since John Flannagan who served as Chairman from 1945 to 1947.

"I look forward to assuming this position, and to giving agriculture and rural America fair representation and bold leadership in Congress," Goodlatte said.

Goodlatte, age 50, was elected to serve as the Sixth District's Congressman in November of 1992. The campaign was his first attempt at public office. He was reelected to his sixth term in November of 2002.

He is a graduate of Washington and Lee University School of Law, and his undergraduate degree in Government was earned at Bates College in Lewiston, Maine.

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In addition to being elected Chairman of the Agriculture Committee, Goodlatte also currently serves on the Judiciary Committee and Education and the Workforce Committee. Goodlatte is also the co-chair of
the Congressional Internet Caucus and Chairman of the House Republican High Tech Working Group.

###

The U.S. House Committee on Agriculture web site http://agriculture.house.gov has additional information on this and other subjects.

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**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Thursday, January 09, 2003 8:05 AM
**To:** Gaebe, Lance
**Subject:** FW: 108th Congress

-----Original Message-----
**From:** Moran, Kevin [mailto:kmoran@SSONet.sso.org]
**Sent:** Thursday, January 09, 2003 8:42 AM
**To:** staffcouncil@westgov.org
**Subject:** 108th Congress

In a surprise move Rep. Richard Pombo (R. CA) was selected to become Chairman of the House Resources Committee. As late as yesterday, it was widely expected that Rep. John Duncan (R. TN) would take the Chair.

As expected, Rep. Goodlatte (R. VA) was selected to chair the House Agriculture Committee; and Rep. Taylor (R. N.C.) was selected to chair the House Interior Appropriations Subcommittee.

Kevin M. Moran
Western Governors' Association
Director, Washington, D.C. Office
(202) 624-5402
Fax 624-7707

2/12/2003

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**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Wednesday, January 08, 2003 9:04 AM
**To:** Gaebe, Lance
**Subject:** RE: Meeting on Friday, January 17

I would think that is ok - that is what we are going for, but we still don't have any admin. meetings yet.

-----Original Message-----
From: Gaebe, Lance [mailto:lgaebe@state.nd.us]
Sent: Wednesday, January 08, 2003 10:03 AM
To: Krista Carman
Subject: RE: Meeting on Friday, January 17

that's good,

in the press release that I am working on, can I say "I am traveling to DC
next week to meet with congressional leaders and administration officials to
continue to push for disaster" or something to that effect?

-----Original Message-----
From: Krista Carman [mailto:Krista.Carman@dutkogroup.com]
Sent: Wednesday, January 08, 2003 8:37 AM
To: Gaebe, Lance
Subject: RE: Meeting on Friday, January 17

emailed Marilyn this morning - the Gov. has a Sen. Burns meeting at
pm on 1/16.

-----Original Message-----
From: Gaebe, Lance [mailto:lgaebe@state.nd.us]
Sent: Wednesday, January 08, 2003 9:07 AM
To: Krista Carman
Subject: FW: Meeting on Friday, January 17

-----Original Message-----
From: Ilene Grossman [mailto:igrossman@csg.org]
Sent: Tuesday, January 07, 2003 12:40 PM
To: Audrey Haynes (KY) (E-mail); Bill Goetz (ND) (E-mail); Chris Priest (E-mail); Cristy Gallagher (E-mail); Jeff Viohl (E-mail); John Cacciatore (E-mail); Jon Allison (OH) (E-mail); Krista Carman (ND) (E-mail); Lance Gaebe (ND) (E-mail); Lauren Hill (E-mail); Marty Hammons (KY) (E-mail); Mike McGarey (E-mail); Ron Rauschenberger (E-mail); Sara Zeigler (E-mail); Sarah Grantham (MO) (E-mail); Steve Falck (IA) (E-mail)
Subject: Meeting on Friday, January 17

TO: Midwestern Governors' Conference Staff Advisory Committee

The next meeting of the Staff Advisory Committee will be Friday, January 17,
t 10:00 a.m. Eastern/9:00 a.m. Central time. The meeting will take
lace
in our conference room, in Suite 401 in the Hall of the States.

An agenda for the meeting and call-in information will be included in a



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LaCosta Rickford 10/15/03
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follow-up message. In addition to the regular agenda, you will have the opportunity to meet the new MGC Washington director, Jesse Heier. As many
of you know, Frank Micciche, who had just started in that position, received
an offer to become director of the Massachusetts Washington office.
Jesse
was the other finalist for the position.

Jesse comes to the MGC after working in Governor Glendening's administration. He spent several years as a special assistant in the Governor's office, working on energy, environment and natural resource issues. During the last year he served as senior advisor to the Maryland
DNR secretary. Jesse is a Wisconsin native. His first day in the MGC position is January 16.

Ilene
Ilene K. Grossman
Assistant Director
Midwestern Governors' Conference
641 East Butterfield Road, Suite 401
Lombard, Illinois 60148
630-810-0210
630-810-0145 (fax)
igrossman@csg.org



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**Schwartz, Denys F.**

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**Sent:** Wednesday, January 08, 2003 8:37 AM
**To:** Gaebe, Lance
**Subject:** RE: Meeting on Friday, January 17

I emailed Marilyn this morning - the Gov. has a Sen. Burns meeting at 3pm on 1/16.

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Sent: Wednesday, January 08, 2003 9:07 AM
To: Krista Carman
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Sent: Tuesday, January 07, 2003 12:40 PM
To: Audrey Haynes (KY) (E-mail); Bill Goetz (ND) (E-mail); Chris Priest (E-mail); Cristy Gallagher (E-mail); Jeff Viohl (E-mail); John Cacciatore (E-mail); Jon Allison (OH) (E-mail); Krista Carman (ND) (E-mail); Lance Gaebe (ND) (E-mail); Lauren Hill (E-mail); Marty Hammons (KY) (E-mail); Mike McGarey (E-mail); Ron Rauschenberger (E-mail); Sara Zeigler (E-mail); Sarah Grantham (MO) (E-mail); Steve Falck (IA) (E-mail)
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Jesse comes to the MGC after working in Governor Glendening's administration. He spent several years as a special assistant in the Governor's office, working on energy, environment and natural resource issues. During the last year he served as senior advisor to the Maryland
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Ilene
Ilene K. Grossman
Assistant Director
Midwestern Governors' Conference
641 East Butterfield Road, Suite 401
Lombard, Illinois 60148
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Operator's Signature Date

**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Thursday, December 19, 2002 1:13 PM
**To:** Harms, Bob W.; Gaebe, Lance; Goetz, William G.; Rauschenberger, Ron W.; Houdek, Duane E.
**Subject:** FW: Sen. Baucus Fiscal Relief - Congressional Outlook for the 108th Congress

From NGA...this is a more detailed version of the earlier email discussing the Baucus proposal.

This is to follow up on our earlier message with regard to Senator Baucus' package for release tomorrow and to provide you with the attached outlook for issues in the 108th Congress with potential impacts on states.

Senator Baucus intends to release an economic-fiscal stimulus plan tomorrow. The plan is expected to be in the $150-$160 billion range, including:

* the Senate version of a retroactive extension of unemployment insurance (UI),
* the $75 billion revenue sharing provision to states,
* a tax rebate provision, and
* a bonus depreciation provision for business equipment investment.

This proposal will be front-loaded, so that as much of the economic and fiscal assistance would be provided right away. It contrasts with the $300 billion economic growth package under consideration within the administration, which would be relatively evenly spread out over a ten-year time frame.

As soon as the package is released by Senator Baucus, we will provide you with more details.

2/12/2003

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LaCosta Rickford 10/15/03
Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Wednesday, October 23, 2002 5:30 PM
**To:** 'Craig Pattee'
**Cc:** 'Krista Carman (E-mail)'
**Subject:** RE: Wheat

Great. I also heard from Commerce that they are announcing today that they agree that there is enough basis for them to proceed with the investigation of Canadian dumping activities. Please set up a briefing, it will be appreciated.
Lance

-----Original Message-----
From: Craig Pattee [mailto:craig.pattee@k-n-p.com]
Sent: Wednesday, October 23, 2002 12:46 PM
To: Krista Carman; lgaebe@state.nd.us
Cc: wgoetz@state.nd.us; jhoeven@state.nd.us
Subject: FW: Wheat

Lance:
FYI, we have continued to work with Elizabeth at DOC, and it looks like we are finally getting some movement. When Liz gets back, Krista and I will set up a call for you with her to compare notes and for her to brief us on the process etc... Sound good?
CP

-----Original Message-----
From: edial@doc.gov [mailto:edial@doc.gov]
Sent: Wednesday, October 23, 2002 11:59 AM
To: Craig Pattee
Subject: Wheat

Craig,
Commerce is going to initiate an antidumping/cvd investigation. As soon as I get the fact sheet I will forward it to you. I know the Governor will be pleased to hear this.

I'm in Phoenix this week for Advance. If you need to reach me try email or call my cell 202-285-9815.

Thanks!
Elizabeth



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**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Wednesday, September 18, 2002 9:28 AM
**To:** Gaebe, Lance
**Subject:** FW: Hoeven talking points

hoevenmemo.wpd

Lance,
This came from WGA - there is no time for this out here this time - but JH may want to consider a call - what are your thoughts?

-----Original Message-----
From: Moran, Kevin [mailto:kmoran@SSONet.sso.org]
Sent: Monday, September 16, 2002 7:33 PM
To: Krista Carman
Subject: FW: Hoeven talking points

Per our discussion, here are proposed talking points on drought.

Kevin

Western Governors' Association
Director, Washington, D.C. Office
(202) 624-5402
Fax 624-7707

-----Original Message-----
From: Shaun McGrath [mailto:smcgrath@westgov.org]
Sent: Monday, September 16, 2002 4:27 PM
To: Moran, Kevin
Subject: Hoeven talking points

Kevin--
as discussed. hope this helps!

thanks,
shaun



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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Wednesday, July 17, 2002 10:25 AM
**To:** 'Craig Pattee'
**Subject:** RE:

at there request, I just e-mailed it t Mary Waters and USDA congressional, so maybe he was actually looking for it

-----Original Message-----
**From:** Craig Pattee [mailto:craig.pattee@k-n-p.com]
**Sent:** Wednesday, July 17, 2002 10:22 AM
**To:** Gaebe, Lance
**Subject:** RE:

Got it--thanks

-----Original Message-----
**From:** Gaebe, Lance [mailto:lgaebe@state.nd.us]
**Sent:** Wednesday, July 17, 2002 11:07 AM
**To:** Craig Pattee
**Subject:** RE:

I believe that it is jim.moseley@usda.gov ; but I have not used it. I usually fax him info, since he has never given me this address.

lance

-----Original Message-----
**From:** Craig Pattee [mailto:craig.pattee@k-n-p.com]
**Sent:** Wednesday, July 17, 2002 9:43 AM
**To:** lgaebe@state.nd.us
**Subject:**

L:
You don't happen to have Moseby's email address do you?
CP

2/12/2003

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LaCosta Rickford 10/15/03
Operator's Signature Date

**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Wednesday, July 03, 2002 12:30 PM
**To:** Gaebe, Lance
**Cc:** Craig Pattee
**Subject:** Washington Post Article

**washingtonpost.com**

# The Nation's Other, Slower Burn

## Wildfires Are a Symptom of a Bigger Problem: Drought

By William Booth
Washington Post Staff Writer
Wednesday, July 3, 2002; Page A01

LOS ANGELES -- From east to west, the countryside is as brown as toast. The rich loam of the Great Plains is crazed with cracks. In South Texas, they're saying it's as hot as a skillet on a stove in hell.

Stressed-out scrub jays in the Arizona pinyon forests have abandoned their young. Razorback suckers are stalled at the shuttered fish ladders along the Gunnison River in Colorado, dying for snow that never fell.

The California Poppy Reserve closed early for lack of blooms. The Kansas corn is pitiful. The Montana cows were sold. New Mexico river rafters have no river left to raft, and at the marinas around Lake Mead, they've had to move the docks a quarter-mile to reach the water's ever-retreating edge.

While the wildfires roaring across a dozen western states have received most of the attention, the conflagrations are only a symptom of a more insidious and lingering natural phenomenon: The nation is in deep drought.

"It is triple what we might see in an average year," said Mark Svoboda, a climatologist with the National Drought Mitigation Center at the University of Nebraska in Lincoln.

In a typical year, about 15 percent of the country might be experiencing drought. Now, more than 40 percent of the country is suffering. The worst recent drought, in July 1988, covered 36 percent of the nation; the worst of the Dust Bowl years was 1934, when in July 65 percent of the country baked.

Today, the entire West, with the exception of Washington state, is bone dry. Drought that experts refer to as "exceptional" and "extreme" has seized the Four Corners states. The borderlands in Texas along the Rio Grande are rated "D-4,", which is as bad as it gets (although the central part of the state is reeling from four days of biblical rains). Parts of New England and the mid-Atlantic states are in drought, too.

The Washington area suffered through six straight months of below-average rainfall from September 2001 to February 2002, and despite some promising June showers, a moderate drought persists in the region. Central Maryland communities have been under mandatory restrictions on lawn watering since April.

In Baltimore, city officials turned off the hydrant sprinklers in inner-city neighborhoods to conserve water. Things are so dry in Roanoke, where the Carvins Cove reservoir has dropped more than 25 feet below capacity, that city officials have forbidden residents to refill their backyard pools and hot tubs. In fact, a hot



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zone stretches from southern Virginia through the Carolinas to central Georgia.

"We have never seen such harsh drought conditions this early in the summer," said Woody Yonts, chairman of the North Carolina Drought Monitoring Council, who reported that 80 percent of the state's streams are running at less than 10 percent of their normal flow.

Yonts is talking about running out of water -- in North Carolina.

"This is a serious drought, not unprecedented, but we still have the hottest two months to go," Svoboda said. "It could get worse."

The climatologist also pointed out that this drought has lasted three or four years in many areas, even five in some, and that the global meteorological patterns appear to favor continuing dryness.

This spring was the driest in 107 years of data-gathering in Colorado, and the second-driest in Arizona and Southern California. Nebraska just weathered the hottest and driest June on record. New England, along with New York and New Jersey, just had its warmest year.

Droughts, of course, are as natural as summer wildfires -- and hurricanes, tornadoes and earthquakes.

In North America, droughts are caused primarily by La Niña winters -- seasons when warmer waters disappear along the equatorial Pacific Ocean. Three consecutive La Niña winters have brought less wet weather to the United States and pushed the jet stream to the north. That means less precipitation overall.

While some meteorologists see signs that the pattern could reverse, forecasters are divided.

The effects of drought are often hard to measure. An earthquake is over in seconds. A hurricane lasts for hours, maybe a few days. Droughts are measured in years, sometimes decades.

The estimated cost of Hurricane Andrew in 1992 was $25 billion to $33 billion. The 1988-89 drought in the Midwest cost $40 billion. Droughts wreak havoc in myriad ways. In the past, droughts were felt most keenly in farming and ranching communities. But today, with such boomtowns as Phoenix and Las Vegas rising in the desert, a few years of drought can suddenly put cities at risk of running out of water.

"First the drought, then come the fires. That's all anybody in the West is talking about," said Bill Blackstock, an outfitter with Far Flung Adventures in Taos, N.M., which runs river rafting trips on the Rio Grande and Rio Chama.

Blackstock said most of the outdoor recreation companies are hurting, booking only about 30 percent of their usual clientele.

"The outfitters are getting ready to apply for disaster relief," he said. The Rio Grande will barely float a raft. The Rio Chama has some water but is off-limits: The surrounding Santa Fe National Forest is closed because of fear of fire.

While it was once just a slice of the rural economies, recreation now often rivals agriculture in importance. At the Navajo Nation in Arizona, tribal officials are blaming the dry weather for a 50 percent decrease in tourists.

In Montana, they've been living with drought for four years. "Our ranchers have made as many management adjustments as they could, but it gets to the point where you just have no grass left," said Steve Pilcher,



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executive vice president of the Montana Stockgrowers Association.

Pilcher estimates that about 300,000 head of cattle have left the state because of drought. In the hardest-hit counties, such as Liberty and Tule, some ranchers have liquidated their entire herds. That's like selling the farm, Pilcher said.

Part of the state was blessed with a giant storm three weeks ago that dumped as much as four feet of snow on lands around Glacier National Park. "It killed 3,000 head of cattle," Pilcher said. "But we needed the precipitation."

In the western parts of Nebraska and Kansas, the wheat would typically reach a tall farmer's belt buckle. "But our plants come to about your knee," said Kimball County extension agent Karen DeBoer in Nebraska. The harvest will begin in a few weeks, but grain yields are expected to be half of normal.

"I heard one of the specialists from the university saying the other day that a lot of farmers won't make enough money from the sale to pay for their harvest," DeBoer said.

There is a white bathtub ring around man-made Lake Mead where the waves of the great artificial sea used to lap; water levels have dropped 20 to 30 feet.

"Even though the lake is down because of the drought, it's still tremendous," said Bob Clark, a vice president of operations at Lake Mead Resort and Marina. Yet the lake's 550-mile shoreline has been reduced by about 10 percent, and boat ramps keep closing around the lake because they no longer reach the water.

Melinda Kassen of Trout Unlimited said the Delores River in the southwest corner of Colorado requires 78 cubic feet of dam-released water per second to maintain the state-mandated "minimum necessary to preserve natural environment to a reasonable degree." The Delores, almost a blue-ribbon trout stream, is now running at 15 cubic feet per second at the dam.

"The fish can't run and they can't hide," Kassen said. And so what happens to them? "They poach," she said. "Literally."

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Krista M. Carman
Kaufman Pattee Branstad & Miller
444 North Capitol Street, Suite 837
Washington, DC 20001
202-347-6607
202-544-5321 (fax)

2/12/2003

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**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Wednesday, July 03, 2002 11:50 AM
**To:** Gaebe, Lance
**Cc:** Craig Pattee
**Subject:** Drought Legislation

Current drought legislation attached...it breaks down the bill.

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*Section By Section Analysis*

**S. _____**

# "NATIONAL DROUGHT PREPAREDNESS ACT OF 2002"

A BILL

To improve national drought monitoring, planning, mitigation and response, to provide grants for wildfire suppression, and for other purposes.

**SEC. 1. Short Title**

This Act may be cited as the "National Drought Preparedness Act of 2002."

**SEC. 2. Findings and Purposes**

This section establishes that drought is a reoccurring phenomenon that causes serious economic and environmental loss. Despite increasing demands for water which further exacerbate drought conditions, the federal government lacks a long-term, cohesive strategy for addressing droughts. List some of the guiding principles and goals enumerated by the National Drought Policy Commission in its May 2000 report.

**SEC. 3 Definitions**

## TITLE I – NATIONAL DROUGHT COUNCIL

**SEC. 101 – Establishment of a National Drought Council**

- Establishes the National Drought Council with 12 members:
  1) FEMA Director; 2) Interior; 3)Army; 4) USDA; 5) 4 governors–Western, Eastern, Southern, Midwestern–based on FEMA regions; 7) National Association of Counties; 8) a person representing the interests of Tribal governments; 9) a person representing local soil and water conservation districts; 10) a person appointed in coordination with the Conference of Mayors. ALL COUNCIL MEMBERS ARE ELECTED OFFICIALS.

- must make appointments 120 days after the date of the enactment

- Co-Chairs are 1) the FEMA Director; and 2) a non-federal Council member to be selected by the non-federal Council members.
- Appointment to Council is a 2-year term

**SEC. 102 – Duties of the Council**

Authorizes the National Drought Council to coordinate drought preparedness activities of the federal government and with the activities of the states, local governments, tribes, and neighboring countries.

This section also lists a number of charges to the Council including the following:



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- consistent with state laws and other applicable federal laws, develop a comprehensive National Drought Policy Action Plan that outlines and integrates the roles and responsibilities of the federal agencies for drought;
- make recommendations to establish common drought triggers;
- coordinate and prioritize specific actions to improve the national drought monitoring network;
- encourage and facilitate development of drought preparedness plans;
- develop and coordinate public awareness activities.

The Council is required to provide an annual report to Congress. On the 7th year after enactment, the Council must issue a report recommending changes in the Act and whether the Council should be continued.

**SEC. 103 – Powers of the Council**
Authorities to hold hearings, to secure information from federal agencies, to use the U.S. postal service like other federal agencies, and to accept gifts or donations.

**SEC. 104 – Council Personnel Matters**
- Standard language regarding compensation of Council members (no compensation authorized); and reimbursement of travel expenses to Council members.
- The detail of government employees is authorized to the Council.

**SEC. 105 – Authorization of Appropriations**
Authorizes annual funds to the federal co-chair for purposes of management and operation of the National Drought Council and the National Office of Drought.

**SEC. 106 – Termination of the Council**
The Council shall terminate after the eighth year from enactment of the Act unless Congress reauthorizes the Council (taking into consideration the report under SEC. 102).

**TITLE II – NATIONAL OFFICE OF DROUGHT**
**SEC. 111 – Establishment**
Establishes the National Office of Drought within FEMA to provide assistance to the Council in carrying out the Title I and II of the Act, and to serve as staff support to the Council.

**SEC. 112 – Director**
FEMA Director appoints the office director.

**TITLE III – DROUGHT PREPAREDNESS PLANS.**
**SEC. 121 – Drought Assistance Fund**
Authorizes the Drought Assistance Fund within the lead federal agency to be used for:
- technical and financial assistance to states, tribes, local governments and other entities for development and implementation of drought preparedness plans;



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- Federal funds to be cost-shared for mitigation risks and impacts of droughts;
- for the development of mitigation measures to address environmental, economic and human health and safety issues related to drought;
- to expand technology transfer of drought and water conservation strategies and innovative water supply techniques;
- to develop post-drought evaluations and recommendations.

The federal co-chair, in consultation with the National Drought Council, shall develop and promulgate guidance for the Drought Assistance Fund.

**SEC. 121 – Drought Preparedness Plans**
Authorizes the federal co-chair in conjunction with the National Drought Council to develop and publish guidance for assistance to states, tribes, local governments, and other public and private entities in developing, maintaining and implementing drought preparedness plans. Guidance shall recognize and incorporate existing drought plans.

**SEC. 123 Federal Plans**
Requires the development of federal drought preparedness plans from appropriate federal agencies. Plans must be completed within four years after enactment.

**SEC. 124 State and Tribal Plans**
Encourages the development of state and tribal drought preparedness plans.

**SEC. 125 – Regional and Local Plans**
Encourages the development of drought preparedness plans by local governments and regional water providers.

**SEC. 126 – Plan Elements**
This section lists key elements that may be included in drought preparedness plans.

## TITLE IV – WILDFIRE SUPPRESSION

**SEC. 201 – Grants for Prepositioning Wildfire Suppression Resources**
Authorizes FEMA to provide reimbursement to states for reasonable staging and pre-positioning costs when there is a threat of multiple and or large fire activity.



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**Schwartz, Denys F.**

**From:** Krista Carman [Krista.Carman@dutkogroup.com]
**Sent:** Thursday, June 27, 2002 5:06 PM
**To:** Harms, Bob W.; Gaebe, Lance
**Subject:** FW: Drought Letter

Attached are the drought letters that were sent to the House and Senate.
-KC

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NATIONAL GOVERNORS ASSOCIATION

*John Engler*
Governor of Michigan
Chairman

*Paul E. Patton*
Governor of Kentucky
Vice Chairman

*Raymond C. Scheppach*
Executive Director

June 19, 2002

**TO: <u>ALL MEMBERS OF THE U.S. SENATE</u>**

On behalf of the National Governors Association, we would like you to join us in supporting the National Drought Preparedness Act of 2002 (S. 2428) recently introduced by Senator Pete V. Domenici and Senator Max Baucus. We applaud their efforts to provide our nation with a much-needed cohesive national drought policy.

According to the National Drought Mitigation Center, nearly one third of the United States is currently in a "moderate" to "extreme" drought. History has proven that the impacts of such droughts can be very costly. The National Oceanic and Atmospheric Agency (NOAA) reports that 12 different drought events since 1980 have resulted in damages and costs exceeding $1 billion each as well as thousands of deaths. In 2000, for example, the severe drought in the south-central and southeastern states caused losses to agriculture and related industries of more than $4 billion — and 140 deaths.

In spite of these repeated droughts destroying crops, local economies, and human lives, our nation still does not have a national policy that coordinates and integrates our preparation and response to drought. The National Drought Preparedness Act addresses this deficiency by:

- **Creating a national drought policy** that would move the country from a costly, ad hoc, response-oriented approach to a pro-active, preparedness-based approach. As the Stafford Act did for natural disasters, this policy would provide the tools and focus for federal, state, tribal, and local governments to address the impacts and costs caused by drought.

- **Enhancing the delivery of federal drought programs** by designating the Federal Emergency Management Agency as the lead federal agency and by creating a coordinating council to bring all federal agencies with drought programs to the table. This council would coordinate and integrate the implementation of federal drought programs and make recommendations to improve them.

- **Establishing new tools for drought preparedness planning** by building on existing policy and planning processes, and by assisting state and local governments in the development and implementation of drought preparedness plans. The bill would <u>not</u> mandate state and local planning but would facilitate plan development and implementation through the establishment of the 'Drought Assistance Fund.'

- **Facilitating the development of a national forecasting and monitoring network** to improve the reporting of current drought conditions and the forecasting of future droughts and to provide a better basis to "trigger" federal drought assistance.

The National Drought Preparedness Act of 2002 will provide the tools needed to prepare for drought based on a cohesive national drought policy. We ask that you cosponsor S. 2428 and encourage its speedy consideration in the Senate this year.

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If you have any questions, feel free to contact Tom Lawler with NGA at (202) 624-7815; or if you wish to become a cosponsor, please contact Shelly Vaughn of Senator Domenici's office at 224-1964 or Karen Bridges in Senator Baucus' office at 224-2651.

Sincerely,

Governor John Hoeven
Chair
Committee on Natural Resources

Governor Ruth Ann Minner
Vice Chair
Committee on Natural Resources

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NATIONAL GOVERNORS ASSOCIATION

*John Engler*
Governor of Michigan
Chairman

*Paul E. Patton*
Governor of Kentucky
Vice Chairman

*Raymond C. Scheppach*
Executive Director

June 19, 2002

**TO: ALL MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES**

On behalf of the National Governors Association, we would like you to join us in supporting the National Drought Preparedness Act of 2002 (H.R. 4754) recently introduced by Representatives Alcee L. Hastings (D-Fla.) and Dennis Rehberg (R-Mont.). We applaud their efforts to provide our nation with a much-needed cohesive drought policy.

According to the National Drought Mitigation Center, nearly one third of the United States is currently in a "moderate" to "extreme" drought. History has proven that the impacts of such droughts can be very costly. The National Oceanic and Atmospheric Agency (NOAA) reports that 12 different drought events since 1980 have resulted in damages and costs exceeding $1 billion each as well as thousands of deaths. In 2000, for example, the severe drought in the south-central and southeastern states caused losses to agriculture and related industries of more than $4 billion — and 140 deaths.

In spite of these repeated droughts destroying crops, local economies, and human lives, our nation still does not have a national policy that coordinates and integrates our preparation and response to drought. The National Drought Preparedness Act addresses this deficiency by:

- **Creating a national drought policy** that would move the country from a costly, ad hoc, response-oriented approach to a pro-active, preparedness-based approach. As the Stafford Act did for natural disasters, this policy would provide the tools and focus for federal, state, tribal, and local governments to address the impacts and costs caused by drought.

- **Enhancing the delivery of federal drought programs** by designating the Federal Emergency Management Agency as the lead federal agency and by creating a coordinating council to bring all federal agencies with drought programs to the table. This council would coordinate and integrate the implementation of federal drought programs and make recommendations to improve them.

- **Establishing new tools for drought preparedness planning** by building on existing policy and planning processes, and by assisting state and local governments in the development and implementation of drought preparedness plans. The bill would not mandate state and local planning but would facilitate plan development and implementation through the establishment of the 'Drought Assistance Fund.'

- **Facilitating the development of a national forecasting and monitoring network** to improve the reporting of current drought conditions and the forecasting of future droughts and to provide a better basis to "trigger" federal drought assistance.

The National Drought Preparedness Act of 2002 will provide the tools needed to prepare for drought based on a cohesive national drought policy. We ask that you cosponsor H.R. 4754 and encourage its speedy consideration in the House of Representatives this year.

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10/15/03
Date

If you have any questions, feel free to contact Tom Lawler with NGA at (202) 624-7815; or if you wish to become a cosponsor, please contact David Goldenberg in Rep. Hastings' office at 225-1313 or Shelby Neal in Rep. Rehberg's office at 225-3211.

Sincerely,

Governor John Hoeven
Chair
Committee on Natural Resources

Governor Ruth Ann Minner
Vice Chair
Committee on Natural Resources

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Thursday, June 20, 2002 9:04 AM
**To:** 'Craig Pattee'; 'Krista Carman'
**Subject:** RE: BNSF Racicot?

probably the Rose meeting, now that he has Rocicot's phone number, he will try that. do we know if Rose is going to be at NGA?

lance

-----Original Message-----
**From:** Craig Pattee [mailto:craig.pattee@k-n-p.com]
**Sent:** Thursday, June 20, 2002 8:47 AM
**To:** Gaebe, Lance; Krista Carman
**Subject:** RE: BNSF Racicot?

Sure—(which one? The Rose mtg?)
CP

-----Original Message-----
**From:** Gaebe, Lance [mailto:lgaebe@state.nd.us]
**Sent:** Thursday, June 20, 2002 9:39 AM
**To:** Craig Pattee; Krista Carman
**Subject:** FW: BNSF Racicot?

Craig/Krista can you see if this is possible?

lance

-----Original Message-----
**From:** Hoeven, John H.
**Sent:** Wednesday, June 19, 2002 9:50 PM
**To:** Gaebe, Lance
**Cc:** -Grp-GO Senior Staff
**Subject:** RE: BNSF Racicot?

Lance,
I have not yet talked to Racicot. Yes, I would like to talk to Rose at NGA (not going to WGA). John

-----Original Message-----
**From:** Gaebe, Lance
**Sent:** Wednesday, June 19, 2002 3:43 PM
**To:** Hoeven, John H.
**Subject:** BNSF Racicot?

Governor-
did you ever get the opportunity to call Marc Racicot about the BNSF stuff? do you want Craig to organize a sidebar with MAtt Rose or other BNSF leadership at NGA or WGA?

Lance

2/12/2003

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LaCosta Rickford 10/15/03
Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, May 14, 2002 6:56 PM
**To:** 'Toburke@aol.com'
**Subject:** RE: Farm-State Senators Want Disaster Aid

thanks, we are supportive of this. we have been getting lots of calls. anything that you can do to get some additional republican support would be appreciated. Dorgan and and Conrad are having farmers call here and are blaming the R's for it not happening with the farm bill.

lance

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Tuesday, May 14, 2002 5:54 PM
**To:** lgaebe@state.nd.us
**Subject:** Farm-State Senators Want Disaster Aid

# Farm-State Senators Want Disaster Aid

**By PHILIP BRASHER**
*.c The Associated Press*

WASHINGTON (AP) - Fresh from winning a new farm bill that raises crop subsidies, farm-state senators now want more than $2 billion in election-year disaster aid to cover losses from weather-related crop damage.

That money is being sought to cover losses from 2001. Additional money may be sought for possible losses this year from a drought that continues over parts of the Great Plains, lawmakers say.

The aid could be added to a supplemental spending bill that the Senate Appropriations Committee will take up as early as next week. The Senate Agriculture Committee also is considering writing a disaster bill of its own.

Sen. Max Baucus, a four-term Montana Democrat up for re-election, tried to attach the disaster aid to the farm bill that President Bush signed into law on Monday, but House Republican leaders refused to allow the additional spending. Before that, Baucus tried to get the disaster aid passed as part of an economic stimulus plan.

The aid would benefit farmers and ranchers hurt by drought in Texas, Montana and other states as well as farmers in the upper Midwest whose crops were damaged by excessive moisture.

Texas had $298 million in crop losses that were not covered by federal crop insurance, the most of any state, followed by Montana with $247 million, Sen. Conrad Burns, R-Mont., said in a letter being sent to President Bush on Wednesday.

Keith Luse, the Republican staff director for the Senate Agriculture Committee, said the aid package could grow. ''It's almost impossible to predict how high the figure will go,'' he said. ''We've been told we can anticipate a number of different requests.''

This spring, wheat crops are so poor in parts of the southern Plains that farmers will let cattle graze them rather than harvest them. By the last week of April, crop conditions were the poorest they had been for any corresponding period since 1989, the Agriculture Department said.

Parts of Montana have been short of moisture for several years.

''Many producers are right on the edge of losing it, not because they're poor producers but because the weather has created undue circumstances,'' said Gary Broyles, a Montana farmer who is president of the



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National Association of Wheat Growers.

In 2000, Congress agreed to add $8 billion to the federal crop insurance system to make the coverage more affordable and do away with the need for emergency disaster assistance. But farmers say the insurance is still inadequate because of the deductibles.

The new farm bill increased subsidy rates for crops such as wheat, corn and cotton and created a new program to provide supplemental payments when commodity prices fall below certain levels. The bill is expected to cost about $190 billion over 10 years.

On the Net:

USDA's new farm bill site: http://www.usda.gov/farmbill

Senate Agriculture Committee: http://agriculture.senate.gov/

05/14/02 18:34 EDT

2/12/2003

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Friday, May 10, 2002 3:06 PM
**To:** 'Toby Burke (E-mail)'
**Subject:** home address

Toby-

my home address is:

307 5th Ave. NW
Mandan, ND 58554

701-667-4570

cell 701-391-5571

please come over for dinner when you are in town again

Lance Gaebe
lgaebe@state.nd.us
agriculture advisor to ND Governor Hoeven
701 328-2200



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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Wednesday, May 08, 2002 5:18 PM
**To:** 'Toby Burke (E-mail)'
**Subject:** BNSF letter

Governors' joint letter BNSF4 ...



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Operator's Signature Date

May 10, 2002

Mathew Rose
President and Chief Executive Officer
Burlington Northern Santa Fe Railway
2650 Lou Menk Drive
Fort Worth, TX 76161-0057

Mr. Rose:

As governors of states with prominent agriculture industries, we urge the Burlington Northern Santa Fe Railway to find an equitable solution to its preferential grain shipping rates policy.

We recognize the importance of an efficient and vital rail shipping system; however, we believe that in some corridors BNSF is using its market dominance to charge excessive rates to captive shippers and to provide advantageous preferential rates to a handful of large-scale shippers. BNSF is also using its market power to impact grain markets by offering a discounted inverse rate for shippers that move grain greater distances. We request that your company immediately evaluate the negative consequences of selective grain shipping rates and commit to adjusting them.

Our states are not opposed to shuttle shipment of agriculture products; however, we ask that the rate spreads be consistent and equitable. Your current business practices have the potential to negatively impact grain markets and rural communities as smaller elevators struggle to compete. These practices also shift the burden of shipping the bulky commodities to the states' highway infrastructure, which contributes to road deterioration and distorts longstanding traditional grain movement patterns.

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We ask BNSF to administer its pricing methods in a way that is fair to all of our railroad customers and grain elevators. In the absence of reasonable rate adjustments, we will have no other recourse but to look for alternatives that will provide equitable resolution of this issue, including support of federal regulatory intervention.

Signed,

John Hoeven
Governor of North Dakota

Judy Martz
Governor of Montana

William J. Janklow
Governor of South Dakota

Mike Johanns
Governor of Nebraska

Jim Geringer
Governor of Wyoming

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, April 30, 2002 9:37 AM
**To:** 'Toby Burke (E-mail)'
**Subject:** FW: North Dakota ranchers talk to Bush official about grasslands plan

-----Original Message-----
From: Harms, Bob W.
Sent: Tuesday, April 30, 2002 8:22 AM
To: Gaebe, Lance; Hoeven, John H.; Canton, Donald R.; Ness, Laura B.; -Grp-GO Senior Staff
Subject: RE: North Dakota ranchers talk to Bush official about grasslands plan

I hope we don't "bill" it as the 87 plan, because of the reaction from other North Dakota citizens and the potential backlash from the national environmental community. (Seems we can easily describe it as a modified plan that has been well vetted, modified as we (ND) envisioned and asked it to be, and that appears largely satisfactory to most. No doubt we will have furhter discussions. rh

-----Original Message-----
From: Gaebe, Lance
Sent: Tuesday, April 30, 2002 12:36 AM
To: Hoeven, John H.; Harms, Bob W.; Canton, Donald R.; Ness, Laura B.; -Grp-GO Senior Staff
Subject: RE: North Dakota ranchers talk to Bush official about grasslands plan

I gotta tell you, I am taken aback by Rey's reported comments. They DO NOT reflect what I or anybody else in the meeting heard this morning.

The situation as we arrive home, is essentially as the governor outlined it in his update, except that the ranchers all decided to go home and not meet in bismarck. They (we) will be working on formalizing the written acceptance of a ROD that would essentialy be a minimal action plan similar to the existing '87 plan.

Lance

-----Original Message-----
From: Hoeven, John H.
To: Harms, Bob W.; Canton, Donald R.; Ness, Laura B.; -Grp-GO Senior Staff
Sent: 4/29/02 10:34 PM
Subject: RE: North Dakota ranchers talk to Bush official about grasslands plan

Bob, Kathy, Don,
Update- Lance called and said that when the ranchers met with Sen Conrad he advised them not to go with Sec. Rey's proposal, but instead send a written request to operate under the 1987 plan as the ROD and then use a technical review team and interim rule to work on implementing any changes. I'll want to visit with Lance tomarrow and then have him contact Rey to see if FS willing to do it. Lance says ranchers will be meeting in Bismarck to determine their position. He should find out before he contacts Rey. John

-----Original Message-----
>From: Harms, Bob W.
>Sent: Monday, April 29, 2002 5:06 PM
>To: Canton, Donald R.; Ness, Laura B.; -Grp-GO Senior Staff
>Subject: RE: North Dakota ranchers talk to Bush official about



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>grasslands plan
>
>We also need to go back to the Governor's comments.....much of
>this is consistent with them and direction we were urging FS to take
>except the interim concept. rh

-----Original Message-----
> From: Canton, Donald R.
> Sent: Monday, April 29, 2002 5:02 PM
> To: Harms, Bob W.; Ness, Laura B.; -Grp-GO Senior Staff
> Subject: RE: North Dakota ranchers talk to Bush official
>about grasslands plan
>
> Should all of these parties come away satisfied, we should be
>thinking about how to make sure the Gov. gets credit for facilitating
>the resolution. Kathy, you may want to put this on the agenda for your
>editorial board meetings if it pans out.
>
> -----Original Message-----
> From: Harms, Bob W.
> Sent: Monday, April 29, 2002 4:59 PM
> To: Ness, Laura B.; -Grp-GO Senior Staff
> Subject: RE: North Dakota ranchers talk to Bush
>official about grasslands plan
> Importance: High
>
> THAT is far different than the conversation I had w/
>Lance (and discussions had w/ Forest Service last week.) Maybe we can
>staff this soon. In essence my understanding was:
>
> 1. That Rey said they will NOT re-write the
>plan (but will implement it in an orderly fashion, with an interim
>rule, a technical review team etc etc etc.....ALL of which the
>cowboys are said to like, and much of what is entirely consistent w/
>the Governor's comments from January. (They would do about 64 test
>AMPs (have done a couple that are well recieved) and it will take about
>2 years to do this.
>
> 2. In addtion, I understand that the FS will
>adjust the oil and gas piece to largely adopt the ND Pet. Council
>comments (if they can.)
>
> 3. And that the environmental community also
>seems to like the proposal of an interim decision(at least informally)
>
> 4. In short, I think the Governor is WELL
>positioned to help bring this to a satisfactory conclusion and put the
>controversy behind us. rh
>
> -----Original Message-----
> From: Ness, Laura B.
> Sent: Monday, April 29, 2002 4:26 PM
> To: -Grp-GO Senior Staff
> Subject: North Dakota ranchers talk to
>Bush official about grasslands plan
>
> North Dakota ranchers talk to Bush official
>about grasslands plan
> (Washington-AP) -- U-S Agric[illegible]
>Undersecretary Mark Rey says he will conside[illegible]he Forest Service
>rewrite a controversial new grasslands manageme[illegible].
> He made the comment today after meeting with
>North Dakota ranchers for about one-and-a-half hours.
> Ranchers say a proposed new management plan for
>the grasslands will limit grazing and result in (M) millions of dollars
>in losses for cattlemen.
> Environmentalists question that. And Rey says he



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>wants to talk to them later this week before making up his mind.
>
>
>

Laura Ness
Communications Department
Office of the Governor
701.328.2200

>



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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, April 30, 2002 9:37 AM
**To:** 'Toby Burke (E-mail)'
**Subject:** read the following string, and you will see how the rest of the day went. sorry I forgot to give your umbrella back to you.

-----Original Message-----
**From:** Harms, Bob W.
**Sent:** Tuesday, April 30, 2002 9:13 AM
**To:** Hoeven, John H.; Canton, Donald R.; Ness, Laura B.; -Grp-GO Senior Staff
**Subject:** RE: North Dakota ranchers talk to Bush official about grasslands plan

1. Senator Conrad's approach, would not be consistent with what FS and USDA has been saying, but urges that FS implement alternnative #1. (status quo.) FS and USDA preferred recommendation is Alternative #3. Conrad's plan runs the risk of not complying with the law. The FS is legally obligated to rewrite its plan, rather than simply implementing the old plan.

2. Keep in mind the process we are in. THE FS offered a Draft plan (#1) in1999, took comments to rewrite it. Governor's office entered into a consultative process to improve the first draft. Then 2001 Revised DRAFT came out last summer (again with a six month comment period.) WITH full expectation that additional changes would be made based upon comments. (Comments closed Jan. 2002).

3. Senator Conrad did not comment on the first draft. He did not offer comments on the second draft..

4. Enviros say privately they will agree to the USDA offer (ie., the interim decision; 64 AMPs, a technical review team etc.)

5. Oil is going to get fixed in THIS ROD.....will little or no economic impact to them.

6. Finally, keep in mind the often repeated $100 million "loss". It is grossly exaggerated. For example:
a.) It ignores the fact that the two oil scenarios BOTH assume drilling approximately 600 wells being drilled
b.) Estimates assumed 100% of oil revenue stays in ND. (We know that it doesn't. ie., oil companies take it home.)
c.) Losses on grazing were assumed to start immediately; (not valid); were based upon "permitted" aums (not valid)....rather than actual use over the last 20 years, which the FS used. That number alone added 14% of the "loss". It also "stacks" standards and guidelines to arrive at a worst case scenario to arrive at a 69% "cut". (Again, not valid.)
7. **My point**: We are near the finish line and could conclude this in a way satisfactory to cowboys, oil and enviros if we don't get sidetracked. rh

-----Original Message-----
**From:** Hoeven, John H.
**Sent:** Monday, April 29, 2002 10:35 PM
**To:** Harms, Bob W.; Canton, Donald R.; Ness, Laura B.; -Grp-GO Senior Staff
**Subject:** RE: North Dakota ranchers talk to Bush official about grasslands plan

Bob, Kathy, Don,
Update- Lance called and said that when the ranchers met with Sen Conrad he advised them not to go with Sec. Rey's proposal, but instead send a written request to operate under the 1987 plan as the ROD and then use a technical review team and interim rule to work on implementing any changes. I'll want to visit with Lance tomarrow and then have him contact Rey to see if FS willing to do it. Lance says ranchers will be meeting in Bismarck to determine their position. He should find out before he contacts Rey. John

-----Original Message-----
**From:** Harms, Bob W.
**Sent:** Monday, April 29, 2002 5:06 PM
**To:** Canton, Donald R.; Ness, Laura B.; -Grp-GO Senior Staff
**Subject:** RE: North Dakota ranchers talk to Bush official about grasslands plan



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We also need to go back to the Governor's comments.....much of this is consistent with them and direction we were urging FS to take except the interim concept. rh

-----Original Message-----
**From:** Canton, Donald R.
**Sent:** Monday, April 29, 2002 5:02 PM
**To:** Harms, Bob W.; Ness, Laura B.; -Grp-GO Senior Staff
**Subject:** RE: North Dakota ranchers talk to Bush official about grasslands plan

Should all of these parties come away satisfied, we should be thinking about how to make sure the Gov. gets credit for facilitating the resolution. Kathy, you may want to put this on the agenda for your editorial board meetings if it pans out.

-----Original Message-----
**From:** Harms, Bob W.
**Sent:** Monday, April 29, 2002 4:59 PM
**To:** Ness, Laura B.; -Grp-GO Senior Staff
**Subject:** RE: North Dakota ranchers talk to Bush official about grasslands plan
**Importance:** High

THAT is far different than the conversation I had w/ Lance (and discussions had w/ Forest Service last week.) Maybe we can staff this soon. In essence my understanding was:

1. That Rey said they will NOT re-write the plan (but will implement it in an orderly fashion, with an interim rule, a technical review team etc etc etc.....ALL of which the cowboys are said to like, and much of what is entirely consistent w/ the Governor's comments from January. (They would do about 64 test AMPs (have done a couple that are well recieved) and it will take about 2 years to do this.

2. In addtion, I understand that the FS will adjust the oil and gas piece to largely adopt the ND Pet. Council comments (if they can.)

3. And that the environmental community also seems to like the proposal of an interim decision(at least informally)

4. In short, I think the Governor is WELL positioned to help bring this to a satisfactory conclusion and put the controversy behind us. rh

-----Original Message-----
**From:** Ness, Laura B.
**Sent:** Monday, April 29, 2002 4:26 PM
**To:** -Grp-GO Senior Staff
**Subject:** North Dakota ranchers talk to Bush official about grasslands plan

# North Dakota ranchers talk to Bush official about grasslands plan

(Washington-AP) -- U-S Agriculture Undersecretary Mark Rey says he will consider having the Forest Service rewrite a controversial new grasslands management plan.

He made the comment today after meeting with North Dakota ranchers for about one-and-a-half hours.

Ranchers say a proposed new management plan for the grasslands will limit grazing and result in (M) millions of dollars in losses for cattlemen.

Environmentalists question that. And Rey says he wants to talk to them later this week before making up his mind.



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Laura Ness
Communications Department
Office of the Governor
701.328.2200



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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Thursday, April 25, 2002 5:12 PM
**To:** 'Toburke@aol.com'
**Cc:** Rauschenberger, Ron W.; Goetz, William G.
**Subject:** RE: Dorgan Requests Mtg w/ NGA...

Toby

don't worry about MGC, I will try to call in.

lance

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Thursday, April 25, 2002 5:07 PM
**To:** lgaebe@state.nd.us
**Cc:** rrausche@state.nd.us
**Subject:** Dorgan Requests Mtg w/ NGA...

Lance,

The NGA Economic Development Committee is meeting with Dorgan tomorrow to discuss his legislation (S. 1860 -- New Homestead Economic Opportunity Act or New Homestead Venture Capital Fund Act) that "rewards the hard work and risk of individuals who choose to live in and help preserve America's small, rural towns, and for other purposes."

The meeting has been set up for 10 AM, which would conflict with the MGC SAC -- do you have a preference of which one you would prefer me to attend.

Thanks.

Toby

2/12/2003

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**Schwartz, Donys F.**

**From:** Gaebe, Lance
**Sent:** Thursday, April 25, 2002 9:12 AM
**To:** 'Craig Pattee'
**Cc:** 'Toby Burke'
**Subject:** RE: DOC and USTR

Craig- I know that it is getting late, but I talked to the Gov. last night about this and he really would like us to meet with someone at Commerce about this issue, he hoped that one of you could accompany me so that you get some background on the topic- and assist with the political push. When he is in DC again, we can work on a meeting for him with Secretary Evans.

Could you check with your contact if a Monday afternoon meeting with Assistant Secretary for Import Administration Faryar Shirzad is possible or perhaps a political liaison from the office of Undersecretary Grant Aldonas's office.

thanks for you help.

lance

-----Original Message-----
**From:** Craig Pattee [mailto:craig.pattee@k-n-p.com]
**Sent:** Tuesday, April 23, 2002 6:02 PM
**To:** Gaebe, Lance
**Cc:** Toby Burke
**Subject:** RE: DOC and USTR

A call with her (and talking politics) is a great idea. Lets set it up sometime soon though—want to pick a time in the next week or so?
CP

-----Original Message-----
**From:** Gaebe, Lance [mailto:lgaebe@state.nd.us]
**Sent:** Tuesday, April 23, 2002 6:28 PM
**To:** Craig Pattee
**Subject:** RE: DOC and USTR

C-
I don't know if the brain trust would be appropriate for a visit from me. I just spent a couple of hours at the wheat commission getting educated, but this a pretty complicated issue. I was planning to give more of a political push than a review of the facts.

The wheat commission staff and their attorney met last week with several commerce folks, so they facts are pretty recently delivered.

Perhaps another time, or maybe we can set up a phone call- maybe with her and Jack.

lance

-----Original Message-----
**From:** Craig Pattee [mailto:craig.pattee@k-n-p.com]
**Sent:** Tuesday, April 23, 2002 5:19 PM
**To:** Gaebe, Lance
**Subject:** RE: DOC and USTR

L: My friend in the Secretary's office says she is traveling with the Secretary now that day. She can still pull together the brain trust on this issue for you, or reschedule when we will have you back



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and she can be here What's your preference?
C

-----Original Message-----
**From:** Gaebe, Lance [mailto:lgaebe@state.nd.us]
**Sent:** Tuesday, April 16, 2002 1:04 PM
**To:** Craig Pattee
**Cc:** Rauschenberger, Ron W.; AOL Toby Burke; Goetz, William G.
**Subject:** RE: DOC and USTR

Craig,

It is not a 'new' issue, but rather one that has been brewing here for a while. In February, the USTR found in favor of the ND Wheat Commission's (301 case) assertion that the Canadian Wheat board was an unfair trader, but they did not impose any tariff's or other immediate fixes. We issued a statement indicating G. Hoeven's disappointment with the lack of action.

The same days that we were in DC two weeks ago, USTR Ag Ambassador Allen Johnson came to ND. Toby tried to organize a meeting with him and LT Gov Dalrymple- but it never happened. The day before you sent this message, Johnson and Hoeven spoke about the ND visit. The Gov kind of scolded the USTR for not working with us to help them in the publicity arena, and for dissing Jack- indicating that our 'spin' could have helped them be viewed as proactive on this important issue, instead of dragging their feet, as they are perceived now. Hoeven asked Johnson for a contact at Commerce, so that he can push for a self initiated investigation of an Anti-dumping and counter valling duties case, where Commerce apparently has jurisdiction.

The way that the folks that you talked to (and the USDA) could help the governor is to be more aggressive on action on excessive and unfair Canadian wheat imports. The USTR, while agreeing that the Canadians are breaking rules, did nothing outside of promising to work on the issue in the WTO negotiations. A proactive and retaliatory tariff rate quota, even a small one, would be viewed positively here- especially if we can get credit for making it happen. The USTR is viewed as mealy mouthed and extremely cautious. People are very aware that steel and lumber got tariff quota's, and they think that we should be able to get that on wheat- the delegation can just pontificate that the administration is unresponsive, but we are expected to convince them to do it.

Lance

[Gaebe, Lance]
-----Original Message-----
**From:** Rauschenberger, Ron W.
**Sent:** Thursday, April 11, 2002 9:40 AM
**To:** Gaebe, Lance
**Subject:** FW: DOC and USTR

-----Original Message-----
**From:** Craig Pattee [mailto:craig.pattee@k-n-p.com]
**Sent:** Thursday, April 11, 2002 9:00 AM
**To:** rrausche@state.nd.us; Toby Burke; wgoetz@state.nd.us
**Subject:** DOC and USTR

I met yesterday with Elizabeth Gianini (CoS at USTR) and also got a call from Elizabeth Dial at Commerce—both called to see what they could do to help the governor re: Canadian wheat. Is there a new issue, or is there something we could be asking them to do? Toby and I have great relations at both agencies—what can we be doing more to help on such issues?

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Also, we had a great call the other day to follow-up with Cory and Lee—following a very successful meeting with John and Maximus. We are developing a more aggressive, ongoing strategy to support their corporate recruitment and economic development efforts—this is an area where I think we can provide a lot of value to the Governor and the state—Lee and Cory are also great to work with. We discussed some great ideas and targets and we are going to start spending a lot more time on that initiative (FYI).
Best
CP

2/12/2003

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LaCosta Rickford 10/15/03
Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, April 23, 2002 5:28 PM
**To:** 'Craig Pattee'
**Subject:** RE: DOC and USTR

C-
I don't know if the brain trust would be appropriate for a visit from me. I just spent a couple of hours at the wheat commission getting educated, but this a pretty complicated issue. I was planning to give more of a political push than a review of the facts.

The wheat commission staff and their attorney met last week with several commerce folks, so they facts are pretty recently delivered.

Perhaps another time, or maybe we can set up a phone call- maybe with her and Jack.

lance

-----Original Message-----
**From:** Craig Pattee [mailto:craig.pattee@k-n-p.com]
**Sent:** Tuesday, April 23, 2002 5:19 PM
**To:** Gaebe, Lance
**Subject:** RE: DOC and USTR

L: My friend in the Secretary's office says she is traveling with the Secretary now that day. She can still pull together the brain trust on this issue for you, or reschedule when we will have you back and she can be here. What's your preference?
C

-----Original Message-----
**From:** Gaebe, Lance [mailto:lgaebe@state.nd.us]
**Sent:** Tuesday, April 16, 2002 1:04 PM
**To:** Craig Pattee
**Cc:** Rauschenberger, Ron W.; AOL Toby Burke; Goetz, William G.
**Subject:** RE: DOC and USTR

Craig,

It is not a 'new' issue, but rather one that has been brewing here for a while. In February, the USTR found in favor of the ND Wheat Commission's (301 case) assertion that the Canadian Wheat board was an unfair trader, but they did not impose any tariff's or other immediate fixes. We issued a statement indicating G. Hoeven's disappointment with the lack of action.

The same days that we were in DC two weeks ago, USTR Ag Ambassador Allen Johnson came to ND. Toby tried to organize a meeting with him and LT Gov Dalrymple- but it never happened. The day before you sent this message, Johnson and Hoeven spoke about the ND visit. The Gov kind of scolded the USTR for not working with us to help them in the publicity arena, and for dissing Jack- indicating that our 'spin' could have helped them be viewed as proactive on this important issue, instead of dragging their feet, as they are perceived now. Hoeven asked Johnson for a contact at Commerce, so that he can push for a self initiated investigation of an Anti-dumping and counter vailing duties case, where Commerce apparently has jurisdiction.

The way that the folks that you talked to (and the USDA) could help the governor is to be more aggressive on action on excessive and unfair Canadian wheat imports. The USTR, while agreeing that the Canadians are breaking rules, did nothing outside of promising to work on the issue in the WTO negotiations. A proactive and retaliatory tariff rate quota, even a small one, would be viewed positively here- especially if we can get credit for making it happen. The USTR is viewed as mealy mouthed and



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extremely cautious. People are very aware that steel and lumber got tariff quota's, and they think that we should be able to get that on wheat- the delegation can just pontificate that the administration is unresponsive, but we are expected to convince them to do it.

Lance

[Gaebe, Lance]
-----Original Message-----
**From:** Rauschenberger, Ron W.
**Sent:** Thursday, April 11, 2002 9:40 AM
**To:** Gaebe, Lance
**Subject:** FW: DOC and USTR

-----Original Message-----
**From:** Craig Pattee [mailto:craig.pattee@k-n-p.com]
**Sent:** Thursday, April 11, 2002 9:00 AM
**To:** rrausche@state.nd.us; Toby Burke; wgoetz@state.nd.us
**Subject:** DOC and USTR

I met yesterday with Elizabeth Gianini (CoS at USTR) and also got a call from Elizabeth Dial at Commerce—both called to see what they could do to help the governor re: Canadian wheat. Is there a new issue, or is there something we could be asking them to do? Toby and I have great relations at both agencies—what can we be doing more to help on such issues?
Also, we had a great call the other day to follow-up with Cory and Lee—following a very successful meeting with John and Maximus. We are developing a more aggressive, ongoing strategy to support their corporate recruitment and economic development efforts—this is an area where I think we can provide a lot of value to the Governor and the state—Lee and Cory are also great to work with. We discussed some great ideas and targets and we are going to start spending a lot more time on that initiative (FYI).
Best
CP

2/12/2003

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Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, April 23, 2002 11:17 AM
**To:** 'Toburke@aol.com'
**Subject:** RE: BNSF Letter...

Toby-

you have the correct version of the letter, we will probably time the mailing with a press conference- date unknown. I will keep you up to date.

Lance

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Tuesday, April 23, 2002 10:50 AM
**To:** lgaebe@state.nd.us
**Subject:** BNSF Letter...

Lance,

Got your message -- ND, SD, WY, NE and MT have called test. Is anyone missing?

Also, to make sure I have the latest letter approved by everyone, I have attached the one I currently have -- or do you just want to resend the letter to me to make sure I have the right one.

Once sent, I can have it out the door within an hour -- maybe two, since I am going to lunch right now.

Thanks.

Toby

2/12/2003

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Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Monday, April 22, 2002 2:38 PM
**To:** 'Toby Burke (E-mail)'
**Subject:** MGC SAC Meeting 4/26 10 am ET/9 am CT

**Importance:** High

Draft Agenda 4-26.doc

Toby- I am not sure that I am going to be able to make this conference call / meeting. Were you planning on attending?

on of the agenda items is the European union trade mission. We had told the MGC that Hoeven would not be going, but last week Johanns called to ask him to reconsider- and he is thinking about it. I don't know what the decision is, but at least you know that we are reconsidering in case Audrey asks you.

lance

-----Original Message-----
From: Audrey Adamson [mailto:aadamson@csg.org]
Sent: Monday, April 22, 2002 1:05 PM
To: Wendy Underwood; Toby Burke; Steve Falok; Shashrina Thomas; Scott Kelly; Sarah Grantham; Sara Zeigler; Ron Rauschenberger; Phil Buchan; Pam Roberts; Nancy Payne; Mike McGarey; Marsha Quebbeman; LeAnne Wilson; Lauren Hill; Lance Gaebe; June Garvin; Julia Chemotti; Jon Allison; John Murray; John Erickson; John Cacciatore; Jim Soyer; Jeff Viohl; Jacqueline Kocinski; Ilene Grossman; Gerry Del Rosario; Eric Brenner; DeAnn Tiede; Cristy Gallagher; Craig A. Johnson; Corey Weierke; Clay McClure; Chris Priest; Audrey Adamson; Audrey Tayse Haynes; Marty Hammons
Subject: Action: Next MGC SAC Meeting 4/26 10 am ET/9 am CT
Importance: High

Hello to All:

Attached is the draft agenda for our next MGC SAC meeting. The dial in instructions are on this draft agenda. Please forward comments/additions by COB 4/24.

Thank You

Audrey J. Adamson
Midwestern Governors' Conference
P(202) 624-7842
F(202) 624-5452



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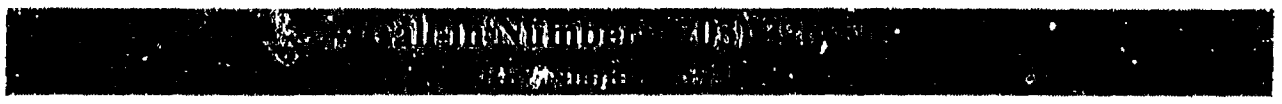
LaCosta Rickford 10/15/03
Operator's Signature Date

**Midwestern Governors' Conference**
**Staff Advisory Committee**
**Meeting/ Conference Call**

**April 26, 2002**
**10 a.m. ET/ 9 a.m. CT**
**Suite# 401-- Hall of the States**



## *DRAFT*----AGENDA

1. **Self –Introductions**

2. ***New* Business:**

3. ***Old* Business:**
- **MGC-EU Biotechnology Initiative/Trip**
- **Agroterrorism Summit Update**
- **Proposed MGC Electricity Task Force**
    - **NGA MW Electricity Task Force**

**Next Meeting: May 24?**



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LaCosta Rickford 10/15/03
Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Friday, April 19, 2002 11:52 AM
**To:** 'Toby Burke (E-mail)'
**Subject:** FW: Farm Bill Conference: Reconvenes at 1:30pm EASTERN today (Friday)

**Importance:** High

-----Original Message-----
From: AgPress [mailto:AgPress@mail.house.gov]
Sent: Friday, April 19, 2002 11:44 AM
To: Ahead Distribution
Subject: Farm Bill Conference: Reconvenes at 1:30pm EASTERN today (Friday)
Importance: High

Friday, April 19
Senate Dirksen Building - Room G - 50
Reconvenes again this afternoon 1:30 pm Eastern Time

Listen to the meeting as it occurs <http://agaudio2.house.gov/conference>

(**note that this is a new audio link**)

This Internet connection uses the Windows Media Player <http://www.microsoft.com/windows/windowsmedia/download/default.asp> which you may download at no cost.

Background information on the Farm Bill Conference is at agriculture.house.gov/farmbill.htm <www.agriculture.house.gov/farmbill.htm>

You can also review the offer by House negotiators <www.agriculture.house.gov/fbhouse.pdf> presented to the Senate.

The House Agriculture Committee web site http://agriculture.house.gov has additional information on this and other subjects.

To *un*subscribe from the hearing schedules mailinglist, simply send a *new* message with "unsubscribe" in the Subject field.

To: ahead-request@aglist.house.gov
Subject: unsubscribe



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LaCosta Rickford 10/15/03
Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Thursday, April 18, 2002 6:17 PM
**To:** 'Craig Pattee'; Gaebe, Lance; -Grp-GO Senior Staff
**Cc:** Rauschenberger, Ron W.; 'AOL Toby Burke'; Goetz, William G.
**Subject:** RE: DOC and USTR

Craig-

that meeting time with Commerce will be fine. Before then, I will get some research done on their role in a anti-dumping countervailing duty case. I will put it on my colander and hope that you and Toby will join me and then get me to the airport for a 5:30 flight.

Lance

-----Original Message-----
**From:** Craig Pattee [mailto:craig.pattee@k-n-p.com]
**Sent:** Wednesday, April 17, 2002 1:46 PM
**To:** Gaebe, Lance
**Cc:** Rauschenberger, Ron W.; AOL Toby Burke; Goetz, William G.
**Subject:** RE: DOC and USTR

L: I have set a mtg for you (and/or Toby and I) over at Commerce with the Secretary's office (Elizabeth Dial) and she will pull together the right people on this issue. 4/29 at 3pm over at DOC. We can discuss our strategy or talking points as we get closer.. Sound good?
CP

-----Original Message-----
**From:** Gaebe, Lance [mailto:lgaebe@state.nd.us]
**Sent:** Tuesday, April 16, 2002 1:04 PM
**To:** Craig Pattee
**Cc:** Rauschenberger, Ron W.; AOL Toby Burke; Goetz, William G.
**Subject:** RE: DOC and USTR

Craig,

It is not a 'new' issue, but rather one that has been brewing here for a while. In February, the USTR found in favor of the ND Wheat Commission's (301 case) assertion that the Canadian Wheat board was an unfair trader, but they did not impose any tariff's or other immediate fixes. We issued a statement indicating G. Hoeven's disappointment with the lack of action.

The same days that we were in DC two weeks ago, USTR Ag Ambassador Allen Johnson came to ND. Toby tried to organize a meeting with him and LT Gov Dalrymple- but it never happened. The day before you sent this message, Johnson and Hoeven spoke about the ND visit. The Gov kind of scolded the USTR for not working with us to help them in the publicity arena, and for dissing Jack- indicating that our 'spin' could have helped them be viewed as proactive on this important issue, instead of dragging their feet, as they are perceived now. Hoeven asked Johnson for a contact at Commerce, so that he can push for a self initiated investigation of an Anti-dumping and counter vailing duties case, where Commerce apparently has jurisdiction.

The way that the folks that you talked to (and the USDA) could help the governor is to be more aggressive on action on excessive and unfair Canadian wheat imports. The USTR, while agreeing that the Canadians are breaking rules, did nothing outside of promising to work on the issue in the WTO negotiations. A proactive and retaliatory tariff rate quota, even a small one, would be viewed positively here- especially if we can get credit for making it happen. The USTR is viewed as mealy mouthed and extremely cautious. People are very aware that steel and lumber got tariff quota's, and they think that we should be able to get that on wheat- the delegation can just pontificate that the administration is



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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, April 16, 2002 4:42 PM
**To:** 'Toby Burke (E-mail)'
**Subject:** FW: Letter to the President

MS Word document

-----Original Message-----
From: Dale_Thorenson@dorgan.senate.gov
[mailto:Dale_Thorenson@dorgan.senate.gov]
Sent: Tuesday, April 16, 2002 3:45 PM
To: banderson@chsco-ops.com; lbarth@ndwheat.com; bebakke@btinet.net; mcdbird@ndak.net; bkramer@ndfb.org; "Ed Loraas"@mail.senate.gov; rcarlson@ndfu.org; jdiepolder@email.com; dmaatz@corpcomm.net; mfleck@ndak.net; lgaebe@state.nd.us; geist.farms@westriv.com; jgray@state.nd.us; mgrieve@ndfu.org; aguebert@worldnet.att.net; ndgga@btinet.net; jheitkam@state.nd.us; reh@stellarnet.com; sherslip@minot.com; dhill@ndarec.com; thunskor@amfam.com; dale.ihry@nd.usda.gov; curtjabs@stellarnet.com; tom.jewett@nd.usda.gov; rojohnso@state.nd.us; klngrtnr@sunflowernsa.com; jknudson@state.nd.us; rokorn@ndak.net; krauter@pop.ctctel.com; lewallen@stellarnet.co; kivimaa@daktel.com; dmcbeth@gordley.com; mcgreevy@pea-lentil.com; ndbarley@corpcomm.net; brian.natwick@nd.usda.gov; ndcorn@state.nd.us; nddpla@btinet.net; danelson@state.nd.us; gary.nelson@nd.usda.gov; ford@cenexharveststates.com; doconnel@state.nd.us; joday@agribank.com; ryan.olschlager@bbs.usda.gov; kprice@crystalsugar.com; rcalf@wtp.net; tschwartz@corpcomm.net; reg@mcleanelectric.com; jsatrom@ducks.org; dscheflo@metigoshe.ndak.net; rsfarm@drtel.net; pthomas@btigate.com; morrenew@nccray.com; witteman@ndak.net; eric@ndf.org; mokeeff@farmcredit.com; dnaolson@baktel.com; roryt@ssbnp.com; matto@ssbnd.com; rgfarm@daktel.com; terdman@farmcredit.com; peblen@state.nd.us; aleta.botts@mail.house.gov; mzutz@gvtel.com; bluemax@polarcomm.com
Cc: Scott_Stofferahn@budget.senate.gov; Tim_Galvin@budget.senate.gov
Subject: Letter to the President

fyi

April 16, 2002

The President
The White House
Washington DC 20500

Dear Mr. President,

In March 2001, at Agriculture Secretary Anne Veneman's swearing-in ceremony, you said "This Administration is going to be a friend to the American farmer. In times of emergency, they will get the assistance they need, when they need it." Later that month, you repeated those sentiments during your visit to Fargo, North Dakota, where you were very warmly received and where your reiteration of that pledge was welcomed with great enthusiasm.

I'm writing to alert you to the fact that, unfortunately, a number of positions



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LaCosta Rickford 10/15/03
Operator's Signature Date

taken by your Administration's spokespersons during congressional consideration of the new Farm Bill seem directly counter to those representations. I'm asking that you direct your representatives to support and advance the following positions during these final hours of consideration of the Farm Bill, in order to support our farmers.

- Support 2001 crop loss and livestock assistance as emergency spending as passed by the Senate. This is vital to the survival of family farmers and ranchers in many parts of the country and yet Administration spokespersons are opposing this.

- Support a floor on all commodity loan rates. Your administration has not been willing to assure farmers that loan rates will not be lowered if the new farm bill retains this administrative option. And because the Secretary of Agriculture has failed to freeze 2001 crop loan rates, more and more farmers are beginning to believe that your administration just wants lower loan rates, which weaken the safety net.

- Support "Country of Origin" labeling of meat and perishable products. Food safety has become a top priority for American consumers due to outbreaks of foot-and-mouth disease and bovine spongiform encephalopathy in Europe. Our place in a global market demands high food safety standards and high confidence with the safety of our food. Consumers want and deserve to know if the food they are purchasing was grown outside America. American producers will benefit from such labeling, as they grow the safest food in the world.

- Support the ban on packer ownership. Ranchers need a competitive market to survive, yet four large packers are using captive supply to control the current cattle market. The result has been collapsed cattle prices and harm to the vast majority of the nation's ranchers. We need to ban packers from owning livestock so that the packer- and cattle-producing industries remain independently owned.

- Actively support payment limitations. There is no excuse for the federal government to be bankrolling the expansion of the largest corporate farms in this country. We simply don't have the funds to support every last unit of production and should focus our support on small to medium sized family farms.

If your representatives are accurately advancing your views in these negotiations, then I strongly urge you to reconsider your positions.

You pledged that you and your administration would make it possible for farmers to "get the assistance they need, when they need it." But, that is not the effect the policies your aides are currently advancing would have in rural America.

North Dakota's family farmers and ranchers are counting on your support. It is my hope that you will not let them down.

Sincerely,

Byron L. Dorgan
U. S. Senator



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LaCosta Rickford 10/15/03
Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Friday, April 12, 2002 9:29 AM
**To:** 'Toby Burke (E-mail)'
**Subject:** Meeting with USDA Under Secretary Mark Rey

Meeting
rticipants with USDA

these are the people that will be coming to DC for the USDA meeting. you could use this for the hotel reservations list. some of them are planning to bunk together ( cowboy term) so you should probably reserve some doubles too. we don't need anything too fancy, but would prefer not to be fighting cockroaches.

lance



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Operator's Signature Date

Meeting with USDA Under Secretary Mark Rey
217 –E Jamie L. Whitten Building

April 29, 2002 10:00 to noon

Participants:

Dale Patten, Co-Chairman of the Heritage Alliance of North Dakota
McKenzie County Commissioner

Keith Winter, Co-Chairman of the Heritage Alliance of North Dakota
President, McKenzie County Grazing Association

Jim Arthaud, Billings County representative

Roger Chinn, McKenzie County Commissioner

Ray Clouse, President, Little Missouri Grazing Association
Representative of Golden Valley and Slope Counties

Bruce Hakanson, President, Sheyenne Valley Grazing Association

Randy Mosser, President, Medora Grazing Association

Connie Brooks, Counsel to Heritage Alliance of North Dakota

Lance Gaebe, Office of Governor John Hoeven

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Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Friday, April 05, 2002 10:45 AM
**To:** 'Toby Burke (E-mail)'
**Subject:** FW: USDA Homeland Security proposal

Microsoft Word 4

toby- the 4th paragraph on the 1st page talks about the $40.3 million that would be granted to the states. Are question is how? and to who? and when?

let me know what you can dig up

lance

-----Original Message-----
From: Friez, Douglas C.
Sent: Friday, April 05, 2002 8:00 AM
To: Gaebe, Lance
Cc: Haugen, General Michael J.; Goetz, William G.; -Grp-NDDEM Management
Subject: USDA Homeland Security proposal

Lance,
Attached is a budget breakdown of a USDA emergency supplemental designed to boost resources for USDA to enhance animal borne bio-terrorism preparedness capabilities nationwide. We need to watch this. Perhaps you have dealt with Ms. Phillips or have other contacts in USDA that can provide insight as to how the ND share of the $40.3 million would come into the state.
Doug
-----Original Message-----
From: Christopher_Furlow@who.eop.gov
Sent: Thursday, April 04, 2002 7:39 PM
USDA-related funds - 02 Emergency Supplemental (signed by the President)

Regarding the 02 emergency supplemental passed by Congress and signed by the President in January, the U.S. Department of Agriculture recently announced the allocation of $328 million in funding from the act. Please find below an executive summary of the complete allocation of these supplemental dollars. Of particular interest to the states, note that $40.3 million is included for pest detection, one-time grants to states to support emergency preparedness and for Animal Health Monitoring and Surveillance. The grant procedure is still being worked on by USDA, but we will keep you updated as it is finalized so you may coordinate with state agriculture officials. In the meantime, questions related to this funding may be directed to Molly Phillips at the U.S. Department of Agriculture - 202-720-7095.

(See attached file: USDA 02 Sup..doc)



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**HOMELAND SECURITY**
**ALLOCATION OF SUPPLEMENTAL FUNDING**
**By Agency and Funding Source**
**(Dollars in Millions)**

| | | Amount |
|---|---|---|
| **APPROPRIATION** | | **$328** |
| **APHIS** | **PROGRAMS:** | **105** |
| | AQI | 35 |
| | PEST DETECTION/ANIMAL HEALTH MONITORING | 40 |
| | PHYSICAL/OPERATIONAL SECURITY | 25 |
| | APHIS CONTINGENCY | 5 |
| | **BUILDINGS AND FACILITIES:** | **14** |
| | ANIMAL HEALTH FACILITIES, AMES | 14 |
| **ARS** | **PROGRAMS:** | **40** |
| | ARS RESEARCH | 15 |
| | SECURITY UPGRADES-LABS AND ASSESSMENTS | 22 |
| | ARS CONTINGENCY | 3 |
| | **BUILDINGS AND FACILITIES:** | **73** |
| | PLANNING, PLUM ISLAND ANIMAL DISEASE CENTER | 23 |
| | ANIMAL HEALTH FACILITIES, AMES | 50 |
| **FSIS** | | **15** |
| | FSIS ACTIVITIES | 12 |
| | FSIS CONTINGENCY | 3 |
| **OSEC** | | **81** |
| | PHYSICAL AND CYBER SECURITY | 43 |
| | SANDIA PHASES 2 & 3 | 2 |
| | FSIS ENHANCED IMPORT INSPECTIONS | 2 |
| | FOOD/AGRICULTURE SECURITY | 25 |
| | HOMELAND SECURITY STAFF SUPPORT | 3 |
| | OSEC CONTINGENCY | 7 |
| **TOTAL ALLOCATED** | | **310** |
| **TOTAL CONTINGENCY** | | **18** |

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## HOMELAND SECURITY
## ALLOCATION OF SUPPLEMENTAL FUNDING

**Executive Summary**

A total of $328 million was appropriated to upgrade and enhance security for the U.S. Department of Agriculture's (USDA) resources. The Department's mission for homeland security for American agriculture and rural America is to provide: protection from intentional harm to our Nation's quality of life, continuance of a secure and reliable food supply, and maintenance of USDA operations and infrastructure. The Secretary is in charge of overseeing the Department's homeland security effort. This effort is being managed by the USDA Homeland Security Council, chaired by the Deputy Secretary. The Council consists of USDA's Under and Assistant Secretaries, the Inspector General, select staff office directors and the communications director. The Secretary and the Council have spent considerable time and effort defining priorities to make the following allocation of the Supplemental Appropriations.

### Animal and Plant Health Inspection Service (APHIS)

The appropriation provided $105 million for APHIS of which up to $50 million may be merged with the Agricultural Quarantine Inspection (AQI) user fee account. In addition, $14 million for facilities construction is provided.

**AQI.** The Department has allocated $35 million to offset lower user fee revenues as a result of reduced international travel following September 11. The use of these funds includes purchasing rapid pathogen identification devices and diagnostic equipment, which can significantly reduce the time required to identify and subsequently respond to a potential introduction of foreign pest and animal diseases at U. S. ports. The funding will also be provided to accelerate the development of an Automated Targeting System to be used in conjunction with the border security activities with the Customs Service, and to enhance smuggling interdiction activities.

**Pest Detection/Animal Health Monitoring.** For Pest Detection/Animal Health Monitoring, a total of $40.3 million has been provided. These funds are allocated for Pest Detection, one-time grants to States to support Emergency Preparedness, and for Animal Health Monitoring and Surveillance (AHMS). The funding for AHMS will enhance overseas surveillance to prevent contaminated plants or animals from entering the U.S., improve monitoring of swine feeding operations, provide increased USDA personnel training, establish animal vaccine banks, and enhance the ongoing International Pest Risk Intelligence program whereby USDA works with foreign governments to identify and prevent the introduction of plant and animal pests and diseases. The APHIS one-time grants will facilitate increased preparedness by States in the event of an attack.

**Physical/Operational Security.** A total of $25 million is allocated for improved APHIS security/operational needs. APHIS will use $12.1 million for enhanced building security at

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critical domestic facilities as well as the Medfly facility in Guatemala. Funds will also be used to cover the costs already incurred for securing the Anthrax facility in Ames, Iowa, and increased security measures at the Wildlife Services facilities in Logan, UT; Olympia, WA; Gainesville, FL; Hilo, HI; and Bismarck, ND. APHIS will enhance the biosecurity program by developing a risk assessment system, connecting the Emergency Management Operations Center with the field, developing area-wide databases, testing electronic sensors and developing bioremediation procedures and acquiring protective suits. Finally, extensive training will be provided on identifying and dealing with high risk animal diseases, and establishing overseas surveillance for foot and mouth disease in Uruguay and China.

**APHIS Contingency.** A contingency reserve of $4.7 million has been set aside pending a vulnerability assessment of APHIS facilities.

**Animal Health Facilities, Ames.** The relocation of the APHIS' laboratory in Ames, Iowa to the main National Veterinary Services Laboratory campus is expected to cost $14 million. APHIS is working closely with the Agricultural Research Service (ARS) to assure that these funds are used cost effectively in conjunction with the overall master plan to construct the new USDA Animal Health Facility. A report to Congress on the management and construction schedule for the project will be submitted soon.

## Agricultural Research Service (ARS)

The appropriation provided $40 million for ARS program and $73 million for construction. Report language directs that no less than $21,700,000 of the $40 million shall be made available for facility and operational security needs. ARS funds have been allocated as follows.

**ARS Research.** The Department has allocated $15.3 million for research to develop rapid detection capacity for all priority threat agents and genomics databases required for outbreak investigation and diagnostic validation. The Department anticipates significant results from this work in 1 to 2 years when technology can be transferred to APHIS, the Food Safety and Inspection Service (FSIS), and others. In addition to pest detection technology, ARS would support the development of a real-time epidemic tracking system to provide a communications network for Federal, State, and local governments, and private sector partners. ARS will cooperate with a consortium of university and private sector partners, but work on high consequence pathogens will be restricted to ARS Biosafety level 3 facilities at Ames, IA; Plum Island, NY; Laramie, WY; Athens, GA; and Fort Detrick, MD. The funding for the pathogen information systems will be committed initially to develop a database for foot and mouth disease. Genomics databases will be useful in diagnostics and vaccine development. They will also be valuable to provide information to law enforcement agencies to help pinpoint the origin of an outbreak.

**Security Upgrades-Labs and Assessments.** The Department has allocated $21.7 million for physical and operational security needs, including $2 million for assessments of those needs. Initial investments will be made at the five ARS biocontainment laboratories guided by internal

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assessments and the outside evaluation conducted by Sandia. An ongoing assessment of all other ARS locations is underway. Preliminary reports are being filed as fieldwork is done. The assessments are to be completed by September 30, 2002, and will serve as a guide for procurement of physical security needs. Examples of security spending include intrusion detection equipment, closed circuit television, lock upgrades, guard services, cyber security, access and perimeter control.

**ARS Contingency Reserve.** The Secretary is reserving $3.0 million for additional spending to meet physical security needs, dependant on the results of the ongoing assessment and for research needs that may arise in the future.

**Buildings and Facilities:** The appropriation provides $73,000,000 to remain available until expended. Report language stipulates, "$50,000,000 is for construction of an animal bio-containment facility at the National Animal Disease Laboratory at Ames, Iowa and $23,000,000 is for planning and design at the
Plum Island Animal Disease Center in New York. The conferees are aware of an ongoing review of security issues at Plum Island and direct that funds provided for planning and design at Plum Island not be obligated until the Secretary reports to the Appropriations Committees of the House and Senate on the conclusions of that review."

**Planning, Plum Island Animal Disease Center.** The Department will commit to $700,000 of the $23 million provided for planning at Plum Island pending the outcome of the security analysis and further decision making within the Executive Branch on the needs and priorities for facilities at Plum Island. However, the Department will do an analysis to determine whether there is need for a USDA BSL-4 facility and a broader review of options for relocating work now conducted at Plum Island to other locations. The Department will provide further information to Congress on the plans for this review as they are developed.

**Animal Health Facilities, Ames.** The Department will use the $50 million provided for construction of an animal bio-containment facility at Ames, Iowa in accordance with Congressional direction. This will be the first major structure of the new USDA Ames Animal Health Facilities being planned and built under an accelerated, 6-year time line.

## Food Safety and Inspection Service (FSIS)

**FSIS Activities.** The appropriation of $15 million will provide funding for physical security upgrades to the Omaha, Des Moines, and other critical facility laboratories. It will also provide funding to: 1) provide expanded laboratory capabilities to support testing of meat and poultry products for bacterial agents; 2) enhance the existing surveillance system for monitoring and tracking of food related consumer complaints; 3) improve detection analytical capability; 4) develop in coordination with other Federal agencies an integrated emergency response to potential food supply threats; and 5) provide technical assistance and public information to stakeholders to enhance bio-security awareness. A reserve of $2.6 million will be set aside for contingencies.

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## Office of the Secretary (OSEC)

The Supplemental provides $80.9 million for OSEC and the Conference report directs that the funds be used for upgrading facility and operational security and other unforeseen needs. The following outlines how the Department plans to spend these funds.

**Physical Security.** Funding of $40 million will be used for the highest priority physical and operational security needs of the Department (other than those discussed elsewhere in this report), including covering unforeseen costs expended since September 11. In addition, a small portion of these funds will be used to develop a risk-based approach for conducting and setting priorities for facility, cyber and human security needs.

**Sandia Phases 2&3.** Funding of $1.5 million for a follow-on program with Sandia based on their analysis of security needs at the five USDA laboratories that store and study pathogens warranting biosafety level three containment. Sandia will manage the design and construction of the physical enhancements to each site. Sandia will also develop procedures for each facility with the aim of producing a field manual and training guide for all laboratories and facilities so as to establish a uniform Departmentwide level of security.

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**Cyber Security.** Cyber security remains a central factor in the Department's homeland security planning given the critical relationship between information systems and all other aspects of USDA's activities. The allocation of $3 million will be used to increase the security of the Department's systems and initiate development of plans for information survivability and business resumption if the systems are compromised.

**FSIS Enhanced Import Inspections.** The allocation of $1.5 million will be used to increase the number of FSIS inspectors at U.S. ports to protect against terrorist tampering with imported meat, poultry, and egg products. An additional 20 inspectors will be added to the 80 staff years devoted to import inspection.

**Food/Agriculture Security.** A total of $24.7 million will fund a number of activities aimed at protection of the food supply. An allocation of $9.6 million will fund the creation of both a Rapid Detection and Response Network and an Extension Disaster Education Network which will establish a national animal and plant database, new test methods and standards, as well as early detection and warning systems, and a system to deliver critical information during times of crisis in the agricultural sector. The Economic Research Service (ERS) will receive $1.7 million for a Geographic Information Systems Area Analysis to provide critical information that will be useful for planning containment activities. A total of $10 million will go towards the creation of a laboratory redundancy capability, which will upgrade several State labs to better equip them to identify and work on pathogens such as anthrax and foot and mouth disease. The Office of the Inspector General will receive $2 million for programs to enhance its emergency response abilities. Finally, $1.2 million will be spent on a vulnerability assessment, for APHIS, FSIS, and ARS to better understand what could happen to America's agricultural supply, how best to prevent those events, and how to respond to them should they occur.

**Homeland Security Staff Support.** This staff will provide day-to-day support and coordination of the homeland security effort and will provide USDA a greater capacity to strategize, prepare, respond, and recover to any incident affecting America's agricultural assets. About $1 million of this allocation will be used to establish and oversee a Departmentwide Incident Command Training Program similar to what the Forest Service uses for emergency situations.

**OSEC Contingency Reserve.** Given the wide scope of security needs for the various agencies, the Secretary reserves $7.4 million for decision and release once reviews of facility security concerns are complete, cyber security plans are more fully established, and for the possibility of unforeseen events.

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Thursday, April 04, 2002 7:03 PM
**To:** 'Toby Burke (E-mail)'
**Cc:** Canton, Donald R.
**Subject:** BNSF letter

Governors' joint letter BNSF4 ...

Toby- attached is the BNSF letter with 5 governors undersigned. All have agreed to sign it except Gerringer, and I should have that OK by Monday, if not sooner.

Can you please print it on our letterhead and get it to NGA? I will let the other governors offices know that they should contact Tess Moore at NGA to authorize their signatures.

Please verify that it prints on your computer the same way that it looks here, so the page break doesn't move, and that the font is Garamond 13 bit.

thanks

Lance



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April 5, 2002

Mathew Rose
President and Chief Executive Officer
Burlington Northern Santa Fe Railway
2650 Lou Menk Drive
Fort Worth, TX 76161-0057

Mr. Rose:

As governors of states with prominent agriculture industries, we urge the Burlington Northern Santa Fe Railway to find an equitable solution to its preferential grain shipping rates policy.

We recognize the importance of an efficient and vital rail shipping system; however, we believe that in some corridors BNSF is using its market dominance to charge excessive rates to captive shippers and to provide advantageous preferential rates to a handful of large-scale shippers. BNSF is also using its market power to impact grain markets by offering a discounted inverse rate for shippers that move grain greater distances. We request that your company immediately evaluate the negative consequences of selective grain shipping rates and commit to adjusting them.

Our states are not opposed to shuttle shipment of agriculture products; however, we ask that the rate spreads be consistent and equitable. Your current business practices have the potential to negatively impact grain markets and rural communities as smaller elevators struggle to compete. These practices also shift the burden of shipping the bulky commodities to the states' highway infrastructure, which contributes to road deterioration and distorts longstanding traditional grain movement patterns.

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We ask BNSF to administer its pricing methods in a way that is fair to all of our railroad customers and grain elevators. In the absence of reasonable rate adjustments, we will have no other recourse but to look for alternatives that will provide equitable resolution of this issue, including support of federal regulatory intervention.

Signed,

John Hoeven
Governor of North Dakota

Judy Martz
Governor of Montana

William J. Janklow
Governor of South Dakota

Mike Johanns
Governor of Nebraska

Jim Geringer
Governor of Wyoming

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Wednesday, April 03, 2002 9:10 PM
**To:** Toby Burke (E-mail)
**Subject:** FW: Hemp

**Follow Up Flag:** Follow up
**Due By:** Wednesday, April 03, 2002 5:00 PM
**Flag Status:** Flagged

Toby- thanks for all of your help these last two days in DC. I hope you realize that we appreciate your advice and knowledge and not just your wheels.

I forgot to give you a piece of paper that had a suggested contact that would maybe help in the search for a republican who likes Hemp (industrial).

This legislator that wants your help, suggest that you get in touch with the NAIHC, the North American Industrial Hemp Council. I don't know where they are headquartered, but apparently they have former CIA director James Woseley under contract helping them to try to legalize industrial hemp in the US. If you can't track them down, I will see if I can help you out. The gov asked me about this on the way home, so I suppose we should do a little digging.

thanks- Lance

-----Original Message-----
**From:** Hoeven, John H.
**Sent:** Thursday, March 21, 2002 12:26 AM
**To:** Gaebe, Lance
**Cc:** -Grp-GO Senior Staff
**Subject:**

Lance,

Dave Monson asked us to see if our DC consultants know of any Republican Senators who might be willing to support legislation to legalize HEMP. Apparantly, Conrad is willing to do it but wants a Republican co-sponsor. Please chack and let me now so we can get back to Rep. Monson. Thanks- John



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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Thursday, March 21, 2002 8:33 AM
**To:** 'Toby Burke (E-mail)'
**Subject:** do you have any ideas?

the guy that the governor refers to is the republican assistant floor leader in our House of Reps

can you do a little digging around?

Lance

-----Original Message-----
**From:** Hoeven, John H.
**Sent:** Thursday, March 21, 2002 12:26 AM
**To:** Gaebe, Lance
**Cc:** -Grp-GO Senior Staff
**Subject:**

Lance,

Dave Monson asked us to see if our DC consultants know of any Republican Senators who might be willing to support legislation to legalize HEMP. Apparantly, Conrad is willing to do it but wants a Republican co-sponsor. Please chack and let me now so we can get back to Rep. Monson. Thanks- John



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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, March 12, 2002 3:17 PM
**To:** 'Toburke@aol.com'
**Subject:** RE: USDA official is coming to ND

you're correct it was an effective meeting, I have been calling Dale Moore trying to get this put together, and I was about to write to you to get your help - when suddenly I got the call that Moseley was coming.

I don't need your help on too much except maybe how to frame the visit publicly- i.e the visit was requested so that he can talk to ranchers- but since he is the deputy secretary of ag, maybe we should highlight his visit on a greater agriculture issues. can you find out if he would say nice things about Hoeven's influence on the farm bill debate?

lance

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Tuesday, March 12, 2002 3:09 PM
**To:** lgaebe@state.nd.us
**Subject:** Re: USDA official is coming to ND

Lance -- let me what you would like me to do. The visit with the Sec. was effective. Toby

2/12/2003

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Thursday, February 28, 2002 5:43 PM
**To:** 'Toburke@aol.com'
**Subject:** RE: FYI -- from Bureau of National Affairs....call me about this.

apparently people really read this stuff

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Thursday, February 28, 2002 4:35 PM
**To:** lgaebe@state.nd.us
**Subject:** FYI -- from Bureau of National Affairs....call me about this.

BNA article 2/27/02

## Governors Want Congress to Back Off Fixed Payments for Farmers in Farm Bill

The National Governors Association asked Congress Feb. 26 to move away from traditional agricultural assistance programs when it considers a final farm bill in the coming weeks.
The governors approved by voice vote a "Farm and Agriculture Policy" paper at their Winter 2002 meeting in Washington, D.C., that lays down their priorities for new U.S. agricultural policy. Congress is preparing to reconcile differences between the House and Senate versions of the farm bill (S. 1731, H.R. 2646).
The governors said that the fixed payments and marketing loan programs featured in the 1996 Freedom to Farm bill "have not adequately protected farmers from depressed commodity prices." Further, they said, while emergency supplemental assistance packages have helped U.S. farmers for the past five years, they do not provide long-term protection.
"The governors support creation of a countercyclical program that will provide income support payments when income or the per-acre return of a commodity sector declines," the governors wrote in their policy paper. "This program would diminish the need for ad hoc emergency payments. Funding for this program should be in addition to modifications to direct decoupled payments and the marketing loan program."
While neither the House or Senate bill dispenses of fixed payments or marketing loan programs, the Senate bill seeks to move some of the funding from fixed payments into conservation incentives programs--a move the governors readily support in their paper.

### Need for Consultation Urged

As stressed throughout their agricultural policy, governors are also pushing for the federal government to consult them on all agricultural issues. They requested that in regards to conservation as well, and they asked for direct state block grants for conservation purposes.
"The governors support innovative programs that offer targeted incentives for land conservation and stewardship," they wrote. "When such incentives are provided by the federal government, states must be consulted."
The governors also gave their blessing to federal crop insurance, alternative fuels, and improved food safety, but their top priority was the commodity programs.
They said the commodity programs should minimize distortions in the marketplace and help farmers manage market downturns; foster efficient, family-based agriculture; avoid interference with international market opportunities; and pursue natural resource conservation goals.
"Harmonizing these goals in the context of a limited budget is a challenge for the federal government," they wrote.

The governors did not discuss agricultural trade issues in any detail, but noted that agricultural industries are "notable" for maintaining a "consistent positive balance of trade."
"The governors believe that this position should be enhanced to enable producers to take advantage of new international market opportunities in light of the new trade agreements," they wrote.
The governors' policy will remain in effect until their Winter 2004 meeting.

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, February 26, 2002 7:14 PM
**To:** Toby Burke (E-mail)
**Subject:** FW: Earmarks for Governors' Ethanol Coalition and Regional Biomass Program

Earmark Language for Governors...

Earmark Lanuage for RBEP (Draf...

-----Original Message-----
From: Larry Pearce [mailto:lpearce@mail.state.ne.us]
Sent: Friday, February 22, 2002 10:35 AM
To: 'Berents, Kevin'
Subject: Earmarks for Governors' Ethanol Coalition and Regional Biomass Program

Kevin -

As you requested, attached is the suggested earmark language and background for the Governors' Ethanol Coalition and the Regional Biomass Energy Program. On behalf of the coalition, we really appreciate your willingness to consider adding these requests to Representative Latham's appropriation request. Please do not hesitate to suggest any changes to our language. We'll rely on your good judgment.

Your suggestions regarding next steps are welcomed. We can generate very strong constituent and trade association support for both requests. However, I would like to be a bit circumspect with respect to letters of support for the Governors' Ethanol Coalition. As you know, we eventually pay a price whenever we request trade association support, and the coalition has refused any private funding since it was created. If you need additional information on the Governors' Ethanol Coalition, call me or take a look at the coalition's web site: http://www.ethanol-gec.org

Thanks for your help.

Larry Pearce
402-471-3362



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**Draft Language for Earmarked Funding for the Governors' Ethanol Coalition**
*(Draft February 12, 2003)*

The Representatives include $100,000 for the Governors' Ethanol Coalition. The Representatives direct the Department of Energy to fund the 27-member Governors' Ethanol Coalition to continue existing activities to promote the utilization of alternate transportation fuels in cooperation with members, non-members and other interested parties in the 50 states and territories.

**Background**

Since the Governors' Ethanol Coalition was formed in 1991 with nine members, its goals have remained consistent: To increase the use of ethanol based fuels, to decrease the nation's dependence on imported energy resources, improve the environment and stimulate the national economy. In 2002, the Coalition added its 27th member. Geographically, the group stretches from the Atlantic to the Pacific, and from Mexico to Canada. The group also includes international affiliates in Europe and Central and South America. The Coalition's activities are designed to educate and demonstrate to the public the benefits of ethanol use; to encourage ethanol fuel production and use through research and market development efforts; and to make investments in the infrastructure to support expansion of the ethanol market.

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**Draft Language for Earmarked Funding for the Regional Biomass Energy Program**
*(Draft February 12, 2003)*

The Representatives include $5,000,000 for the Regional Biomass Energy Program. The Representatives direct the Department to fund the existing five Biomass Energy Regions to continue existing activities to promote and develop the utilization of biomass energy in cooperation with the 50 states and territories.

**Background**

In spite of widespread support of the Regional Biomass Energy Program by bioenergy businesses, educational institutions, states, and governors, the Department of Energy has significantly reduced funding for FY02 and now proposes the elimination of funding in FY03 for the program. Congress initiated the program in 1987. In 1995, Congress approved funding of $4.7 million.

The program has a long history of implementing effective programs and projects and obtaining high levels of matching funds. The program has representatives in every state and has done an effective job of integrating state goals into the program and communicating these goals to the Department of Energy. The program helps leverage funds for key projects and maintains a network of bioenergy professionals who work in each state to develop and carry out state-specific goals. In an era when energy security is an ever increasing issue, it is important to maintain and expand this important program.

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Friday, February 22, 2002 8:58 AM
**To:** 'Toburke@aol.com'
**Subject:** RE: Sec. Veneman mmeting on Monday..

Toby

I still haven't had the chance to talk tot he governor about it.

Tell them that he wants to talk about farm bill, trade (wheat 301 decision), buffalo section 32 and forest service management plan for the Dakota national Grasslands

are you picking me up at the airport? if it is a inconvenience, don't worry, I can take a cab

Lance

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Wednesday, February 20, 2002 4:36 PM
**To:** lgaebe@state.nd.us
**Subject:** Sec. Veneman mmeting on Monday..

Lance,

What issues will the Governor be bringing up -- bison etc?

In order to be a substantive visit, Sec. office would like to know.

Thanks.

Toby

2/12/2003

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Wednesday, February 20, 2002 4:52 PM
**To:** 'Toburke@aol.com'
**Subject:** RE: Sec. Veneman meeting on Monday..

they requested the meeting?!
this is as a result of of the Dale Moore's call yesterday.

I will talk to the gov this evening and try to sort that out.

lance

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Wednesday, February 20, 2002 4:36 PM
**To:** lgaebe@state.nd.us
**Subject:** Sec. Veneman mmeting on Monday..

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, February 19, 2002 7:07 PM
**To:** 'Craig Pattee'
**Subject:** RE: NGA Schedule/meetings

Marilyn is going to join us for our call in the AM, good thing, this schedule is really in flux

-----Original Message-----
**From:** Craig Pattee [mailto:craig.pattee@k-n-p.com]
**Sent:** Tuesday, February 19, 2002 6:46 PM
**To:** Gaebe, Lance
**Subject:** RE: NGA Schedule/meetings

K---we'll hold off on Veneman

-----Original Message-----
**From:** Gaebe, Lance [mailto:lgaebe@state.nd.us]
**Sent:** Tuesday, February 19, 2002 5:11 PM
**To:** Craig Pattee
**Subject:** RE: NGA Schedule/meetings

We probably do not a separate sit down, except that is when they bring in other staff to really take notes, I would guess that the reason that Dale Moore wants to meet with John, is related to the situation with Sen Conrad and how the USDA is now in a feud with him.

also, they have developed a decent relationship and it will be good to keep them in touch with each other- the Gov often calls Dale on topics and this might be partially social.

Marylyn indicates that the 4:30 - 5:30 deal is still sketchy and unconfirmed. It pretty much would scuttle the MGC meeting where Veneman was scheduled at 4:30.

-----Original Message-----
**From:** Craig Pattee [mailto:craig.pattee@k-n-p.com]
**Sent:** Tuesday, February 19, 2002 4:02 PM
**To:** Gaebe, Lance
**Subject:** RE: NGA Schedule/meetings

Given that he is therefore visiting with her twice, do we need another sit-down?

-----Original Message-----
**From:** Gaebe, Lance [mailto:lgaebe@state.nd.us]
**Sent:** Tuesday, February 19, 2002 5:00 PM
**To:** Craig Pattee
**Cc:** Wagner, Marilyn K.; AOL Toby Burke; Goetz, William G.; Gaebe, Lance; Ibach, Kathy M.
**Subject:** RE: NGA Schedule/meetings

Marilyn and lance agree- we should keep on working on the Veneman appointment- he IS sitting with her at the WH dinner. and now they (WGA) are scheduling a WH meeting with Gale Norton and Ann V 4:30 to 5:30 Sunday- so he should be able get some extended chance to visit with her.

lance

2/12/2003

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LaCosta Rickford 10/15/03
Operator's Signature Date

-----Original Message-----
**From:** Craig Pattee [mailto:craig.pattee@k-n-p.com]
**Sent:** Tuesday, February 19, 2002 3:57 PM
**To:** Wagner, Marilyn K.; AOL Toby Burke; Goetz, William G.; Rauschenberger, Ron W.; Gaebe, Lance; Ibach, Kathy M.
**Subject:** RE: NGA Schedule/meetings

Skip the morning NGA sessions to fit in Pentagon.
As for USDA, didn't we decide that he should try to visit with the Secretary? I have a call in with her to set this up, but will scrub that request if we are setting up a mtg. with the CoS. (By the way, I still think he ought to try to meet with Veneman if she is available...)
CP

-----Original Message-----
**From:** Wagner, Marilyn K. [mailto:mkwagner@state.nd.us]
**Sent:** Tuesday, February 19, 2002 4:22 PM
**To:** AOL Toby Burke; Craig Pattee; Goetz, William G.; Rauschenberger, Ron W.; Gaebe, Lance; Ibach, Kathy M.
**Subject:** NGA Schedule/meetings
**Importance:** High

I just received a call from Corliss at USDA. She wants to schedule a meeting between Dale Moore, Ann Veneman's COS, and Governor Hoeven. Because the Governor might leave for Bismarck on Monday night (he'll let me know when he decides for sure), the only day I can look at is Monday. Since the Preisdent's meeting has been moved to the afternoon (2:00 to 4:00), we might have a window of opportunity in the morning. We have the "**Forum on State Leadership on the Global Economy**" from 9:00 to 10:30 (Governors Engler and Patton co-chairs). We also have the "**Challenge of Bioterrorism Special Session for All Meeting Attendees**" from 10:45 to 12:15, and "**Governor's Only Luncheon and Work Session**" from 11:30 to 1:30. However, because the President's meeting has been rescheduled to the afternoon 2:00 to 4:00, I will have to reschedule the 2:30 meeting he had at the Pentagon w/ Major General Mike Haugen and Dr. James Roche, the Secretary of the Air Force (1 hour). And I'm looking to the morning again to do that. So what are the priorities here? Do you think we should skip the morning NGA sessions (except the Govs Only Luncheon/Work Session) to fit in the meetings w/ Secy of Air Force and Dale Moore????

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Tuesday, February 19, 2002 2:08 PM
**To:** wgoetz@state.nd.us; rrausche@state.nd.us; mkwagner@state.nd.us; lgaebe@state.nd.us
**Cc:** clpattee@k-n-p.com
**Subject:** Messge from the President for National Gaurd..

Friends,

I understand that the Governor wrote the President requesting a video message for the North Dakota National Guard that you all are working on. I think you all wanted something by the 21st and the White House was wondering if they could have an extra week. What is your drop dead point for needing something?

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LaCosta Rickford 10/15/03
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Enjoy your staff retreat.

Toby

2/12/2003

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LaCosta Rickford 10/15/03
Operator's Signature Date

**Schwartz, Denys F.**

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**To:** 'Craig Pattee'
**Subject:** RE: NGA Schedule/meetings

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**To:** wgoetz@state.nd.us; rrausche@state.nd.us; mkwagner@state.nd.us; lgaebe@state.nd.us
**Cc:** clpattee@k-n-p.com
**Subject:** Messge from the President for National Gaurd..

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LaCosta Rickford 10/15/03
Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, February 19, 2002 3:12 PM
**To:** 'Toburke@aol.com'
**Subject:** RE: Messge from the President for National Gaurd..

Toby we have the letter from the Conrad and from Veneman responding- USDA and Sara Taylor sent them to us-

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Tuesday, February 19, 2002 2:08 PM
**To:** wgoetz@state.nd.us; rrausche@state.nd.us; mkwagner@state.nd.us; lgaebe@state.nd.us
**Cc:** clpattee@k-n-p.com
**Subject:** Messge from the President for National Gaurd..

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LaCosta Rickford 10/15/03
Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Wednesday, February 06, 2002 10:20 AM
**To:** 'Toby Burke (E-mail)'
**Subject:** FW: bison section 32- still waiting

-----Original Message-----
**From:** Gaebe, Lance
**Sent:** Sunday, January 27, 2002 1:51 PM
**To:** Hoeven, John H.
**Subject:** RE: bison section 32- still waiting

John-

no, the guy wouldn't tell me poundage or any dollar amount the study recommended- or even IF it recommended a purchase. He said that was a confidential report that the secretary would use to make her decision.

I need to develop some closer relationships with some of these USDA types, so that they can "share" some information. I will ask Toby if he knows anybody that can clue us in.

Lance

-----Original Message-----
**From:** Hoeven, John H.
**Sent:** Saturday, January 26, 2002 3:13 PM
**To:** Gaebe, Lance
**Subject:** RE: bison section 32- still waiting

Lance,
Any idea on the poundage approved in the market analysis, $10 million equivalent? John

-----Original Message-----
**From:** Gaebe, Lance
**Sent:** Thursday, January 24, 2002 8:02 PM
**To:** Hoeven, John H.
**Subject:** FW: bison section 32- still waiting

-----Original Message-----
**From:** Gaebe, Lance
**Sent:** Thursday, January 24, 2002 7:00 PM
**To:** Erbele, Robert S.
**Subject:** bison section 32- still waiting

Robert-
I called Bill Sessions, the deputy director of the USDA Agriculture Marketing Service animal division, to inquire about the status of the section 32 for a bison meat purchase.

He said that the economic assessment has just been completed and was starting through the red tape channels at the USDA, he expected that it would get to Veneman's desk in 3 weeks.

I will note that time frame and have the governor drop a line to the secretary's office during that week. It really is important that we get the USDA to make a substantial meat purchase, we will do what we can to urge that to happen.

call me if I can answer any specific questions 328-1048

Lance Gaebe



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Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Friday, February 01, 2002 11:04 AM
**To:** 'Toburke@aol.com'
**Subject:** RE: Draft Confirmation Letter - Connor

toby
I agree with you. with your change, the letter is fine.

do we somehow let Harkin know that he has agreed so that they are more inclined to geta higher level Dem senator there?

lance

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Friday, February 01, 2002 10:58 AM
**To:** lgaebe@state.nd.us
**Subject:** Fwd: Draft Confirmation Letter - Connor

lance,

confirmation letter for chuck conner -- basic letter, the only editing recommendation that I would be would be to take out "brief" in the second paragraph, so that it would read "followed by a discussion with the Govs" -- no need to give the appearance that it is a quick in and out discussion. thoughts?

t-

2/12/2003

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Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, January 29, 2002 8:49 AM
**To:** 'Toby Burke (E-mail)'
**Subject:** chuck conner

I guess that now we have both spoken with Chuck Conner's office. we should here something pretty soon.

Lance



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LaCosta Rickford 10/15/03
Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Monday, January 28, 2002 3:35 PM
**To:** 'Toby Burke (E-mail)'
**Subject:** FW: Draft MGC SAC Meeting Notes from 1/25/02

Draft meeting notes2.0.doc

is this characterized accurately?

-----Original Message-----
From: Audrey Adamson [mailto:aadamson@csg.org]
Sent: Monday, January 28, 2002 2:22 PM
To: William Goetz; Wendy Underwood; Todd Bledsoe; Toby Burke; Shashrina Thomas; Scott Kelly; Sarah Grantham; Sara Zeigler; Ron Rauschenberger; Phil Buchan; Paolo DeMaria; Pam Roberts; Nancy Payne; Mike McGarey; Marsha Quebbeman; Lori Kidwell; Lauren Hill; Lance Gaebe; June Garvin; Julia Chemotti; John M. Murray; John Erickson; John Cacciatore; Jim Soyer; Jeff Viohl; Jacqueline Kocinski; Ilene Grossman; Steve Falck; Gerry Del Rosario; Eric Brenner; DeAnn Tiede; Cristy Gallagher; Corey Weierke; Chris Priest; Audrey Adamson; LeAnne Wilson; Kristin Hartgrove
Subject: Draft MGC SAC Meeting Notes from 1/25/02

Hello to All:

Attached you will find the draft meeting notes from the most recent MGC SAC Meeting. Please review and forward comments or changes by COB 1/31/02.

Thank You--

Audrey J. Adamson
Midwestern Governors' Conference
P(202) 624-7842
F(202) 624-5452



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Operator's Signature Date

Midwest
The Council of State Governments
Midwestern Governors' Conference

*DRAFT*

# Staff Advisory Committee (SAC)
# January 25, 2002
# Meeting Notes

**Attendees**: SAC Chair Lauren Hill (NE), Nancy Payne (IA), Corey Weirke (MN), Wendy Underwood (MN), Toby Burke (ND), Sara Zeigler (OH), Chris Priest (IN), Derek Persico (IL), Kristen Hartgrove (MI), Sarah Grantham (MO), Lance Gaebe (ND), Ilene Grossman and Audrey Adamson (MGC).

1. Update on the MGC Agroterorism Steering Committee. Eleven Governors have submitted their appointments. A Steering Committee call has been planned for Friday, February 8th. The time is TBD. Governor Johanns will designate a Steering Committee Chair/Co-Chair. The purpose of the call is to develop a series of recommendations for future actions on the issue. These recommendations will be presented to the Governors for discussion at the MGC Winter meeting.
2. Governor Vilsack and Governor Johanns are working to ensure that the MGC maintain its bi-partisan leadership. Governor Vilsack will propose Nominating Committee of two other Governors. The Nominating Committee will formally nominate Governor Johanns and another Governor as Vice Chair. Ideally, this will be completed by the end of January to ensure that the Governors have the requisite 10-day mail ballot time period. The SAC will be advised as the Nominating Committee is named.
3. The MGC will hold its Winter 2002 Meeting on Sunday, February 24th from 4:30 pm to 5:30 pm. The meeting will take place in the J.W. Marriott Hotel. The meting will be held in the State Room. A memo went to all Governors on January 16th (cc'ed to the SAC) asking them to hold the date and time. **February 4th is the deadline for proposed resolutions. The resolutions must receive proposed resolutions 10-days prior to the meeting.** Items currently on the agenda include: Farm Bill: Next Steps; a report on the recommendations from the MGC Agroterrorism Steering Committee; a Methamphetamine Task Force Update; and planning for a spring or early summer or fall trip to Brussels to hold MGC-EU meetings on the issues of biotechnology and genetically enhanced crops. (According to our grant extensions, our trip must be completed by June 30th.)
4. NE has proposed that the MGC and the WGA (Western Governors Association) join forces to sponsor a joint analysis of the House-Senate farm bill proposals and their impact on each state in each conference. A company called Agrilogic would complete the proposed analysis. They have produced similar analyses for various commodity groups during the most recent House debates on H.R. 2646. Agrilogic has agreed to complete these analyses at a fraction of the standard costs. WGA has the funds available to pay for the western portion of the analyses. The MGC would have to raise approximately $10K through corporate and or foundation sources. SAC members were generally supportive of the idea. Issues of concern included: timeliness, information presentation, and the public availability of this report. The information should be available before the House and Senate conference starts. Concerns were raised about the focus of the information. **The SAC was asked to discuss this proposal with the appropriate state officials and determine (1) what information and (2) the most useful format. Send this information, by January 31st, via-email to: aadamson @csg.org.**
5. MGC staff noted that it have received several phone calls asking whether the Governors would be developing a policy on the reauthorization of the ISTEA or T-21. IN is taking the lead in developing a "Donor Coalition." NGA's TRUST Coalition is also being revitalized but it has a very narrow focus, addressing the "guaranteed minimum." Across the region we have a combination of Donor and Donee states. Thus it might be difficult to develop and overall policy on this legislation. Recent discussions with SAC reps have indicated that two issues might be of interest: rural transportation and the ethanol tax issue. **IN will provide a breakdown of Donor vs. Donee states to be shared with the SAC.**
6. **The next SAC meeting will take place on February 19th from 10 –10:30 am ET. The focus of this meeting is to complete any final planning for the February 24th Winter Meeting. The post-Winter meeting follow-up meeting will take place on Friday, March 8th from 10-11 am ET.**



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LaCosta Rickford 10/15/03
Operator's Signature Date

**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Thursday, January 24, 2002 7:06 PM
**To:** 'Toby Burke (E-mail)'
**Subject:** I can't make this, can you stop in?

**Importance:** High

Final Agenda1-25.doc

AGROTERRRoster.DOC

NAEGA Memo.doc

-----Original Message-----
From: Audrey Adamson [mailto:aadamson@csg.org]
Sent: Thursday, January 24, 2002 2:38 PM
To: William Goetz; Wendy Underwood; Todd Bledsoe; Toby Burke; Shashrina Thomas; Scott Kelly; Sarah Grantham; Sara Zeigler; Ron Rauschenberger; Phil Buchan; Paolo DeMaria; Pam Roberts; Nancy Payne; Mike McGarey; Marsha Quebbeman; Lori Kidwell; Lauren Hill; Lance Gaebe; June Garvin; Julia Chemotti; John M. Murray; John Erickson; John Cacciatore; Jim Soyer; Jeff Viohl; Jacqueline Kocinski; Ilene Grossman; Steve Falck; Gerry Del Rosario; Eric Brenner; DeAnn Tiede; Cristy Gallagher; Corey Weierke; Chris Priest; Audrey Adamson; LeAnne Wilson; Kristin Hartgrove
Subject: REMINDER: MGC SAC CALL--1/25 10 AM ET
Importance: High

Hello to All:

Just a reminder about tommorrow's MGC SAC Call. Attached you will find several items to be discussed.

Audrey J. Adamson
Midwestern Governors' Conference
P(202) 624-7842
F(202) 624-5452



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Operator's Signature Date

# Midwestern Governors' Conference
# Staff Advisory Committee
# Meeting/ Conference Call

**January 25, 2002**
**10 a.m. ET/ 9 a.m. CT**
**Suite# 401-- Hall of the States**

[redacted]

## AGENDA

1. **Self –Introductions**

2. ***OLD* Business:**
   - **MGC Agricultural Agroterrorism Steering Committee/Working Group**
     - **Appointments**
     - **Conference Call Objectives**
   - **Update on 2002 MGC Officer Nominations**

3. ***New* Business:**
   - **MGC Winter Meeting Agenda—February 24th**
   - **Proposal for MGC-WGA Joint Farm Bill Analysis**
   - **Reauthorization of ISTEA (T-21)**

## Next Meeting: February 22



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The Council of State Governments
Midwestern Governors' Conference

# *AGROTERRORISM SUMMIT PLANNING COMMITTEE*

**ILLINOIS**

Matt Bettenhausen
Deputy Governor for Public Safety & Illinois Homeland Security Director
Chicago, IL 60601
Office: 312-814-2166
Fax: 312-814-5274
e-mail: matt_bettenhausen@gov.state.il.us

Jim Watts
Chief of Operations for the Illinois Emergency Management Agency
110 East Adams
Springfield, IL 62701
Office: 217-557-4794
Fax: 217-557-1978
e-mail: jwatts@iema.state.il.us

Mike Williams
Chief Policy Advisor for the Illinois State Fairgrounds
Department of Agriculture
P.O. Box 19281
Springfield, IL 62794-9281
Office: 217-785-4743
Fax: 217-785-4505
e-mail: mwilliams@agr.state.il.us

**INDIANA**

Dr. Bret Marsh
State Veterinarian
Indiana State Board of Animal Health
805 Beachway Drive, Room 50
Indianapolis, IN 46224
Office: 317-227-0300
Fax: 317-227-0330
e-mail: bmarsh@boah.state.in.us

Clifford Ong
Director, Counter-Terrorism and Security Council
Indiana State Police
Indiana Government Center North
100 North Senate Avenue, 3rd Floor
Indianapolis, IN 46204
Office: 317-232-8998
Fax: 317-232-5682
e-mail: cong@c-tasc.state.in.us

Joe Pearson
Assistant Commissioner of Agriculture
Office of the Commissioner of Agriculture
ISTA Center
150 West Market Street, Suite 414
Indianapolis, IN 46204
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Fax: 317-232-1362
e-mail: jpearson@commerce.state.in.us

**IOWA**

**KANSAS**

**KENTUCKY**

Jeff Frodge
Emergency Management Planner
Kentucky Division of Emergency Management
100 Minuteman Parkway
Frankfort, KY 40601-6168
Office: 502-607-1633
Fax: 502-607-1614

Gary Mitchell
Administrative Supervisor
Kentucky Transportation Operation Center
501 High Street
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Operator's Signature Date

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*Secretariat:*
Midwestern Office
The Council of State Governments
641 East Butterfield Road, Suite 401
Lombard, IL 60148
Phone: 630-810-0210
Fax: 630-810-0145
February 12, 2003
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Midwest
The Council of State Governments
Midwestern Governors' Conference

**INFORMATION**

Date: **February 12, 2003**

To: **MGC SAC Representatives**

From: **Audrey Adamson, MGC DC Coordinator**
(p) (202) 624-7842; (f) (202) 624-5452; e-mail: aadamson@csg.org

Re: Meeting with W. Kirk Miller, Director of International and Regulatory Affairs, North American Export Grain Association (NAEGA)

NAEGA has 32 member companies representing grain exporters as large as ADM and Cargill to very small specialty exporters. Their membership also includes several Japanese trading houses. They have a small grant ($110,000) with the USDOC Market Cooperator Program. Attached you will find a copy of NAEGA's Policy Statement on Biotechnology. (hard copy only)

I recently met with Mr. Miller to discuss concerns NAEGA had about several statements made in our *MGC Policy Objectives and Recommendations on the 2002Farm Bill.*

Of particular concern to NAEGA were statements made on page 16 of the document which addressed the issue of the federal role in ensuring that GE and non-GE crops can be segregated and the issue of increased federal support to establish reasonable tolerances for GE crops.

NAEGA believes that "segregation" has failed to prevent GE crops from entering the food chain and they cite the Starlink situation in 2000. They believe that segregation will not allow their members to delivery grains that meet tolerances (from zero or 1% or less of GE grains in a shipment) now being debated in Europe and Japan.

Further they do not support the use of identity preservation (IP) schemes to meet specific customer needs because they require extraordinary efforts and additional costs. They believe that these costs will make US grains uncompetitive in the world market.

They believe that market based solutions are the answer to provide consistency and stability in world grain markets. Their top priorities are (1) ensuring support for the idea of "advantageous presence" or a more realistic approach to the issue of tolerances; (2) resolution of IP issues through commercial contracts; and (3) no unnecessary government testing schemes imposed on grain exporters.

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, January 22, 2002 9:54 AM
**To:** 'Toburke@aol.com'
**Subject:** RE: (no subject)

While it is true that wheat planting is the lowest since 1991, and winter wheat (grown mostly in TX, OK, KS, NE) is the lowest planting since 1971, the "wheat industry" wants a recoupling in order in increase acres. At least the farmers are not interested in having more wheat grown, the milling industry might want more acres- in order to keep prices low, but the farmers do not want that for the same reason. traditional wheat areas have gone toward milo, corn soybeans and specialty crops.
lance

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Monday, January 21, 2002 9:12 AM
**To:** lgaebe@state.nd.us
**Subject:** (no subject)

Lance -- Is it true as mentioned by the staff director of the senate ag committee that wheat planting is at its lowest since 1991 and his point on "recoupling".

Toby

AGRICULTURE
Bush Food Stamp Plan Costs $1B More Than Harkin Plan
ORLANDO, Fla. - Senate Agriculture Committee staff director Mark Halverson told CongressDaily this week that the Bush administration's plan for restoration of food stamps to legal immigrants would cost $1 billion more than a food stamp proposal in the farm bill offered by Senate Agriculture Chairman Harkin. If the Senate were to support the $2.1 billion, 10-year Bush plan announced by OMB, it could further complicate the finances of the $170 billion farm bill, which contains a total of $73.5 billion in new money under the FY02 budget resolution. Halverson said the $2.1 billion restoration "goes farther" than the proposal in the pending Harkin farm bill. While the nutrition title of Harkin's bill contains $6.2 billion in additional spending, only $1.1 billion of that is for restoration of food stamps to legal immigrants, Halverson said. Much of the rest of the money is to simplify eligibility requirements and application procedures, which would also lead to increased participation on the program and higher costs. Halverson said Harkin, a long-time advocate of increased nutrition spending, found the Bush administration's proposal "a commendable suggestion" and that it is "not necessarily undoable," but that it would have to be "balanced" with the simplification proposals, which have also won the support of state governments and anti-hunger groups.
Halverson noted OMB has been silent on the simplification issue, but said Agriculture Undersecretary for Food, Nutrition and Consumer Services Eric Bost had "sat in" at the writing of the nutrition title and "did not object" to the inclusion of the simplification section. Halverson also noted the House farm bill does not contain any food stamp restoration for legal immigrants and only $3.6 billion for simplification of eligibility and applications. The Senate, he said, is already expecting to face pressure from the House in conference to reduce its $6.2 billion plan. Halverson said the most prominent question facing the Bush proposal is "whether Republicans in Congress" support it. A

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spokeswoman for House Agriculture Chairman Combest said he would not have any reaction to the Bush proposal on food stamp restoration for legal immigrants until he receives a formal communication from the White House.

In other remarks on the farm bill, Halverson said Senate committee staff do not believe the Harkin plan would lead to the United States exceeding its commitment to the World Trade Organization to cap trade-distorting subsidies at $19.1 billion per year and said, "We don't want to get gun-shy" or be "afraid we'd back too far away in supporting U.S. farmers." House Agriculture Committee economist Craig Jagger noted the House bill would have "minimal market distortion." But Halverson noted USDA has said wheat plantings are at their lowest levels since 1991, and suggested the wheat industry may want some "recoupling" of farm benefits to crops to keep wheat production up. - by Jerry Hagstrom

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Thursday, January 17, 2002 2:50 PM
**To:** 'Toburke@aol.com'
**Subject:** RE: CAFO Letter...

I have e-mailed and called him- if you don't hear from me soon, just send it.

lance

-----Original Message-----
From: Toburke@aol.com [mailto:Toburke@aol.com]
Sent: Thursday, January 17, 2002 6:33 AM
To: lgaebe@state.nd.us
Subject: CAFO Letter...

Any response from Dennis -- this is a time issue with submitting the letter?

Thanks.

T-



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**Schwartz, Denys F.**

From: Gaebe, Lance
Sent: Wednesday, January 16, 2002 11:14 AM
To: 'Toby Burke (E-mail)'

link to the web broadcast of state of the state

http://www.governor.state.nd.us/sos.html

Lance



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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, January 15, 2002 6:39 PM
**To:** 'Toburke@aol.com'
**Subject:** RE: Jan 15 - Comments on CAFO NODA.doc

I gotta tell you Toby- this letter is way over my head. I read it but only understood about 40% of it. I am going to send it to our health and environmental quality division to get somebody there to evaluate it.

lance

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Tuesday, January 15, 2002 2:18 PM
**To:** lgaebe@state.nd.us
**Subject:** Fwd: Jan 15 - Comments on CAFO NODA.doc

Comments on EPA's request for comments on CAFOs....lets talk when you get a chance. Toby

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**nt:** Wednesday, January 09, 2002 10:14 AM
**:** Toby Burke (E-mail)
**Subject:** nd suggestions are in plum color

NGA AG Policy with ND suggeste...



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Legend:

- ALL ADDITIONS TO THE EXISTING POLICY (PROPOSED AND AGREED) ARE IN UPPERCASE.
- ~~All deletions are depicted as strikethroughs~~
- **Green, bolded language has been reviewed and agreed to by the working group.**
- Underlined language are proposed revisions not yet reviewed or agreed to by the working group.

## NR-9 Farm and Agriculture Policy

### 9.1 Preamble

Agriculture, including the wide variety of industries involved in farm inputs and outputs, constitutes one of the largest sectors of the U.S. economy. In 1999, the most recent year for which official U.S. Department of Agriculture (USDA) data are available, the food and fiber industries, which include producers of farming equipment and supplies, processors, transporters, manufacturers, retailers, and the financial and insurance services industries that serve them, accounted for almost 16 percent of the gross domestic product. The agriculture industry also is notable for maintaining a consistent positive balance of trade. The Governors believe that this position should be enhanced to enable producers to take advantage of new international market opportunities in light of the new trade agreements. Environmental stewardship and rural development should also be **PROMINENT** in farm policy, with an increased emphasis on coordinating the myriad federal programs and requirements. **[Working Group:** AGRICULTURAL POLICY MUST EMPHASIZE THE IMPORTANCE OF AGRICULTURE, AND BUILD A NATIONAL UNDERSTANDING OF THE MANY BENEFITS A STRONG AGRICULTURAL ECONOMY PROVIDES TO THE ENTIRE NATION. ] The Governors recommend that Congress establish pilot programs to explore innovative policy options for future consideration. Congress must also afford states greater flexibility and an increased role in the allocation of federal grant monies to accommodate state priorities. This new strengthened state-federal partnership is critical to the more efficient and effective delivery of programs.

### 9.2 Recommendations

#### 9.2.1 Commodity Programs.

No long-term economic-development strategy in rural America can succeed without a solid farm sector. The Governors support value-added agriculture, agricultural diversification and rural development, and a federal farm bill that offers along term effective safety net for farmers The Governors believe the primary goal of commodity programs should be to provide economic stability and opportunity for producers over time consistent with a responsible view of market realities, resource sustainability and food security and safety issues. These programs must ensure a reasonable level of cash flow and producer income to maintain a sustainable, independent family farm production agricultural structure.



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We believe the only responsible way these important commitments can be met is by developing a commodity policy that maintains an adequate and workable safety net for producers, while proactively addressing new demand-creating opportunities.

Low commodity prices have brought out the inadequacy of the current farm program safety net, including AMTA payments and the Marketing Loan Program. Producers of all commodities need an additional program that will provide income support payments when income or the per-acre return of a commodity sector declines. Recent emergency supplemental assistance programs have been extremely helpful, but they provide no long-term protection, which causes great uncertainty among producers and their lenders.

The Governors support creation of a counter-cyclical income support program based on projected shortfalls in commodity cash receipts. This program would replace current ad hoc emergency payments, and funding for this program should be in addition to modifications to the Marketing Loan Program and direct decoupled payments.

The goal of federal agriculture policy should be the pursuit of a healthy and prosperous economy for America's farmers and ranchers. U.S. agricultural policy attempts to achieve a variety of often conflicting goals. These goals include efforts to:

- minimize distortions in the marketplace and help farmers manage market downturns;
- foster efficient, family-based agriculture;
- avoid interference with international market opportunities; and
- pursue natural resource conservation goals.

The Governors:

- Support a farm program that provides continued planting flexibility
- We want a bill that provides counter-cyclical payments to help farmers weather the broad market swings that are common in commodity prices
- Support a strong commodity title in a farm bill because it encourages young people to stay on the farm because they can plan for their future and depend on a reliable, stable market price.
- A farm bill is an economic stimulus package. While 2 percent of the nation's workforce is actually directly involved in farming and ranching, over 30 percent of the population benefits from the agricultural industry. Food and fiber manufacturers and other support industries all benefit from the hard work of our family farmers.



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- Farm policy is essential to national security: For well over 40 years we have become increasingly dependent on foreign oil. Only during times of national crisis do we hear calls for energy independence. Do we want to be having the same dialogue about food production and reserves in five years?

Harmonizing these goals in the context of a limited budget is a challenge for the federal government.

The Governors support a comprehensive ~~review of~~ agricultural policy ~~to ensure~~ that ~~farm programs~~ incorporates the most efficient means of accomplishing established goals. The Governors endorse farm support programs that foster a rural America that includes family-based productive capacity and that are consistent with resource conservation goals. The Governors support increased flexibility in agricultural programs to allow farmers to make market-responsive production and marketing decisions. **IN ADDITION**, the Governors believe Congress should provide appropriate mechanisms, [**Working Group:** ~~such as~~ INCLUDING A COUNTER-CYCLICAL SUPPORT PROGRAM,] to protect family farmers and ranchers.

With respect to dairy programs, the Governors urge that the Federal Milk Marketing Order system be reformed. The current system is complex and outdated and should be modified to reflect changes in technology and costs. The Governors also recommend that Congress give states flexibility to enhance farm profitability. Such authority should not be intended to permit states to erect trade barriers.

**9.2.2 Natural Resources Conservation and Stewardship.** Farmers, by the nature of their work, are close to the land and deserve their reputation as the "first conservationists." Nonetheless, the need to ensure genuine stewardship of the nation's natural resources poses one of the most significant challenges and opportunities facing agriculture today. [**Working Group:** RESOURCE STEWARDSHIP IS THE RESPONSIBILITY OF ALL, AND STATE AND FEDERAL PROGRAMS MUST HELP LANDOWNERS BY SPREADING THE COSTS OF CONSERVATION TO ALL WHO BENEFIT. THE GENERAL PUBLIC BENEFITS WHEN LANDOWNERS EMPLOY GOOD CONSERVATION PRACTICES, AND FARMERS SHOULD BE COMPENSATED FOR PRODUCING THESE VALUABLE ENVIRONMENTAL COMMODITIES.] ~~**This challenge is particularly difficult when farm prices are depressed.**~~

The Governors believe that conservation programs have been of significant value to farmers, many communities, the nation, wildlife, and the environment. The Governors support innovative programs that offer targeted incentives for ~~private~~ land conservation and stewardship. When such incentives are provided by the federal government, states must be consulted. **CONGRESS MUST WORK TO PROVIDE GREATER INCENTIVES FOR LANDOWNERS TO EMPLOY BEST CONSERVATION PRACTICES ON ALL OF THEIR LANDS - INCLUDING WORKING LANDS. WE MUST WORK IN PARTNERSHIP WITH PRIVATE LANDOWNERS TO PRESERVE AND PROTECT OUR NATIONAL ASSETS FOR**



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**FUTURE GENERATIONS, WHILE MAXIMIZING THEIR LANDS' PRODUCTIVITY TODAY.**

In addition, the U.S. Department of Agriculture operates a number of **other** environmentally oriented programs ~~**,such as the Wetlands Reserve Program and watershed protection programs,**~~ that are of significant value to the nation[**Working Group:** INCLUDING:]~~.~~

- **THE CONSERVATION RESERVE PROGRAM (CRP) CONTINUES TO PROVIDE FARMERS WITH AN ALTERNATIVE TO PRODUCTION ON ENVIRONMENTALLY SENSITIVE LANDS. NGA SUPPORTS THE REAUTHORIZATION OF CRP, AND BELIEVES THE BENEFITS JUSTIFY CONTINUED FUNDING.**
- **THE GOVERNORS ALSO BELIEVE THAT USDA SHOULD BE DIRECTED TO APPROVE, IN A MORE TIMELY MANNER, STATE-SUBMITTED CONSERVATION RESERVE ENHANCEMENT PROGRAMS, WHICH ARE DESIGNED TO FOCUS FEDERAL AND STATE RESOURCES ON ENVIRONMENTALLY SENSITIVE LANDS. CONGRESS SHOULD ALSO LOOK TO FUND OTHER PROGRAMS THAT WOULD BENEFIT FROM LEVERAGED STATE AND FEDERAL CONSERVATION DOLLARS.** USDA SHOULD WORK WITH STATES TO ENSURE THAT CONSERVATION RESERVE PROGRAM AND CONSERVATION RESERVE ENHANCEMENT PROGRAM RENTAL PAYMENTS ACCURATELY REFLECT FARMLAND VALUE, RECOGNIZING THE DISTINCT CHARACTERISTICS OF INDIVIDUAL STATES AND GEOGRAPHIC REGIONS
- **THE WETLANDS RESERVE PROGRAM (WRP) IS ANOTHER IMPORTANT CONSERVATION PROGRAM. IT ENSURES THAT WETLANDS WILL BE RESTORED OR PROTECTED FROM DEVELOPMENT OR AGRICULTURAL PRODUCTION. THIS POPULAR AND IMPORTANT PROGRAM CAN AND SHOULD BE EXPANDED.**
- **THE ENVIRONMENTAL QUALITY INCENTIVES PROGRAM (EQIP) IS AN EFFECTIVE MECHANISM FOR ASSISTING FARMERS AND RANCHERS FACING SOIL, WATER, AND NATURAL RESOURCES ISSUES. EQIP FUNDS SHOULD BE AVAILABLE TO ALL SIZES OF OPERATIONS. CONGRESS SHOULD ENHANCE THIS PROGRAM'S FUNDING AS WELL AS ALLOW STATES GREATER FLEXIBILITY TO ADJUST ELIGIBILITY CRITERIA AND APPROVED PRACTICES TO BETTER REFLECT LOCAL CIRCUMSTANCES.**

All USDA conservation programs should be coordinated ~~**and applied with an integrated approach in conjunction with the goals and objectives of the Clean Water Act.**~~ and implemented through partnerships among USDA, state governments, political subdivisions, or agencies, [**Missouri:** -PROPERLY COORDINATED CONSERVATION PROGRAMS SHOULD ALLOW FARMERS AND RANCHERS TO DEVELOP A HOLISTIC RESOURCE MANAGEMENT PLAN, WHILE PROVIDING A STREAMLINED APPLICATION FORMAT AIMED AT REDUCING PAPERWORK AND REDUNDANCY. THIS INTEGRATED APPROACH MUST MAINTAIN A FOCUS ON ENVIRONMENTALLY SENSITIVE LANDS,



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SUCH AS PRIOR CONVERTED WETLANDS, EXISTING WETLANDS, RIPARIAN ZONES, AND AREAS SENSITIVE TO WATER CONTAMINATION.

WITHIN THE STRUCTURE OF CURRENT AGRICULTURAL PROGRAMS, FARMERS AND RANCHERS OFTEN CAN NOT PARTICIPATE IN FEDERAL CONSERVATION PROGRAMS BECAUSE OF RIGID ELIGIBILITY REQUIREMENTS AND OVER ENROLLMENT IN POPULAR PROGRAMS, (SUCH AS THE WILDLIFE HABITAT INCENTIVES PROGRAM). AS A SUPPLEMENT TO EXISTING CONSERVATION PROGRAMS, CONGRESS SHOULD PROVIDE CONSERVATION BLOCK GRANTS TO STATES TO BEGIN TO ADDRESS THESE GAPS. GOVERNORS ARE UNIQUELY SITUATED TO UNDERSTAND THE SPECIFIC NEEDS OF THEIR STATES. THE FLEXIBILITY OF A BLOCK GRANT PROGRAM WOULD ALLOW GOVERNORS TO WORK CLOSELY WITH THEIR AGRICULTURAL COMMUNITIES TO ADDRESS THREATS TO NATURAL RESOURCES, ASSIST LANDOWNERS IN COMPLYING WITH STATE AND FEDERAL ENVIRONMENTAL LAWS, MAKE BENEFICIAL, COST-EFFECTIVE CHANGES TO CROPPING SYSTEMS, AND IMPLEMENT OTHER PRACTICES OR OBTAIN OTHER SERVICES BENEFICIAL TO THE PUBLIC.

~~with a presumption that an interested state can operate the program, in whole or in part, under delegation, with maximum flexibility given to Governors for implementation. The focus of this integrated program should include environmentally sensitive lands, such as prior converted wetlands, existing wetlands, riparian zones, and areas sensitive to water contamination. ] The program should allow farmers and ranchers to develop a holistic farm resource management plan and obtain "one stop" approval. Program priorities should be set by the states, with program funds targeted to farmers and ranchers for projects that provide natural resource benefits, [North Dakota: ????????] including endangered species and water quality. Farmers and ranchers who participate in such a program should be entitled to certainty that if they implement measures consistent with the state program, they will be protected against program revisions or additional requirements for a reasonable period.~~

States must continue to have responsibility for ensuring attainment and maintenance of federally approved state water quality standards, including the responsibility for ensuring that animal feeding operations do not cause violations of federally approved state water quality standards. The Governors recognize that the federal government has the authority to require a state to attain federally approved state water quality standards. However, the Governors should have the flexibility to design functionally equivalent programs best suited to their state's needs to bring water quality into compliance with those standards, such as improving conservation practices through a voluntary, incentive-based approach.

Many states have nutrient management and permitting programs to address animal feeding operations. The current authority for states to develop these programs should not be preempted, nor should the federal government add conflicting requirements to existing state programs. The federal government should work with the states in developing a new strategy for animal feeding operations and should allow existing state programs to operate in lieu of new federal requirements, provided the existing state program, in combination with other point and nonpoint source measures, is effective in attaining and maintaining the federally approved state water quality standards.



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**9.2.3 Market Promotion.** Passage of the North American Free Trade Agreement, the Uruguay Round, and the upcoming negotiations of the World Trade Organization (WTO) promise expanded trade opportunities for the agriculture industry. Timely and effective marketing and development programs must be supported and modified to meet the new demands and changes in the domestic and international markets as the nation moves into the next century. The Governors recommend the following principles to guide those efforts.

- The role of the states and USDA in market promotion must be clarified to ensure complementary work and reduce duplication of effort.
- Emphasis should be placed on expanding the marketing of high-value and processed agricultural products [**North Dakota:** ~~and building a strong food processing base~~ ALONG WITH COMMODITY CROPS.]
- Domestic and foreign marketing programs should be better connected.
- Application and reporting processes should be streamlined for export promotion programs.
- Biotechnology has created tremendous benefits and opportunities for agriculture and promises even more. The Governors support development of agricultural biotechnology and recognize its role in providing safe, environmentally sound, nutritious, and affordable products to U.S. consumers and a growing global population. A process must be established to identify and assess the scientific, consumer, or political barriers that inhibit the marketing of these products so the barriers can be addressed appropriately.
- Results-driven, long-term, sales-oriented programs should be encouraged.
- State agriculture agencies should be authorized on behalf of USDA to certify shipments.
- The Animal and Plant Health Inspection Service and Food Safety and Inspection Service should be better integrated into export efforts.
- The United States Trade Representative, with consultation from the states, should negotiate new and expand existing trade agreements in an effort to achieve greater economic security and prosperity through the global marketplace for America's farmers and ranchers.
- [**Delaware:** MARKET DEVELOPMENT AND EXPANSION IMPEDIMENTS SHOULD BE QUICKLY IDENTIFIED AND ADDRESSED TO ENSURE FARMERS AND AGRIBUSINESSES OF ALL SIZES HAVE OPPORTUNITIES TO ENTER NEW MARKETS.]

With respect to program funding, the Governors recommend the following.

- Funding for the Export Enhancement Program (EEP) should be maintained at maximum WTO levels, and USDA should be allowed to shift funds from EEP to the Market Access Program and Foreign Market Development Program to stimulate and expand the country's value-added market share.



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- Support for market enhancement programs, such as USDA's Market Access Program, should be provided to assist farmers, cooperatives, and small companies in accessing the international market.

- Agricultural export credit guarantee programs should include shorter term (i.e., less than one year) credit guarantees.

- Support for state market development and promotion and for regional marketing associations should be increased to the extent allowed under international agreements.

- The commitment to public plant and animal science research for development of new uses of agricultural products should be continued.

- **[Delaware:** ESTABLISH BLOCK GRANTS FOR THE PURPOSE OF ASSURING THAT FARMERS AND SMALL AGRIBUSINESSES HAVE OPPORTUNITIES TO ENTER NEW MARKETS.]

**9.2.4 Rural Development and Farm Credit.** Legislation should launch a national rural development policy that clearly defines rural and economic development initiatives and goals, including more effective targeting of federal resources through greater reliance on states, increased flexibility for states in using federal programs, and improved coordination between federal programs and state services. One important goal should be a stable source of credit that meets the needs of a new generation of producers and rural communities working to diversify their economies.

Specifically, the federal government should do the following.

- Consolidate today's individual federal rural development programs, which are administered by numerous federal agencies, into fewer, more flexible programs to provide states with development grants, loans, research grants, and technology transfer support for rural development. States can more effectively direct funds to priority needs that vary across the country, but that represent the best use of scarce public resources.

- Coordinate with state programs.

- Continue support for the National Rural Development Partnership, which today boasts more than thirty-nine state rural development councils. This state-federal partnership can help to more effectively target both state and federal resources.

- Permit states to utilize regional partnerships in the use of federal rural development programs. Federal programs should permit flexibility for "cross-border" uses and joint strategic planning when states so choose.

- Federal rural development programs exist in more than one federal agency. Consequently, the secretary of the U.S. Department of Agriculture needs to be given authority to ensure that all federal efforts can be coordinated at the state level. The National Rural Development Partnership is an important step toward coordination, but USDA needs greater authority as a lead agency to enforce this coordination to promote greater efficiency.



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- The beginning farmers' loan program should be expanded and the guaranteed loan programs' qualification requirements and loan limits should be reviewed to meet critical needs for credit at reasonable rates. In addition, the Internal Revenue Service's prohibition on intrafamily transfers of farm assets under the beginning farmers' agricultural bond program should be eliminated.

- Create additional credit opportunities to allow independent family farmers to form cooperatives for investment in value-added processing opportunities so individual producers have the ability to reap a greater portion of the economic benefits from the raw commodities they raise.

**9.2.5 Research and Development.** Because sound scientific research and technology transfer are the foundation for the continued success of American agriculture, the Governors support renewed efforts to strengthen agricultural research and extension programs and urge USDA to maintain an emphasis on its technology transfer mission to farmers. Specifically, the Governors support the identification, promotion, and expansion of research and development and commercialization of value-added products in agriculture. The Governors also urge that support be maintained for land-grant universities and agriculture experiment stations.

**9.2.6 Nutrition and [Michigan: ~~Food Safety~~].** Hunger continues to be a problem for millions of Americans, despite ongoing government programs and private efforts. The Governors believe that changes are needed to improve the Food Stamp and child nutrition programs.[**Working Group:** AND SUPPORT THE OPTIONS FOR FOOD STAMP REFORM OUTLINED IN NGA POLICY HR-22, FOOD STAMPS POLICY.]

[**Michigan:** 9.2.7 FOOD SECURITY. ~~The Governors strongly urge that farm policy allow all food products, including dairy, meat, and poultry, to be shipped interstate if they have been approved by a state inspection program meeting federal standards. This will allow small business owners to enjoy the same market benefits enjoyed by large corporations.~~

FOOD SAFETY IS THE JOINT RESPONSIBILITY OF FEDERAL, STATE AND LOCAL AGENCIES THROUGHOUT THE UNITED STATES. BECAUSE OF THE VAST NUMBER OF AGENCIES INVOLVED IN SOME ASPECT OF FOOD SAFETY, THE FEDERAL GOVERNMENT MUST TAKE THE LEAD IN DEVELOPING AN EFFECTIVE, SEAMLESS FOOD SAFETY SYSTEM. THE ROLES AND RESPONSIBILITIES OF EACH AGENCY AND LEVEL OF GOVERNMENT MUST BE CLEARLY DEFINED, UNDERSTOOD AND SUPPORTED. BEFORE FEDERAL AGENCIES EXPAND, THEY SHOULD STRIVE TO BETTER UTILIZE AND COORDINATE STATE AND LOCAL PARTNERS AND INFRASTRUCTURE, RATHER THAN DUPLICATING EFFORTS. IN ADDITION, THE FEDERAL GOVERNMENT SHOULD LEAD THE DEVELOPMENT OF AN ELECTRONIC COMMUNICATION MECHANISM FOR SHARING INFORMATION QUICKLY AND SEAMLESSLY ACROSS ALL LEVELS OF GOVERNMENT AND THE FOOD AND AGRICULTURE INDUSTRIES.

FOOD PRODUCTS MOVE THROUGHOUT INTERNATIONAL COMMERCE DAILY, RAW AND PROCESSED FOOD ITEMS, AS WELL AS LIVE ANIMALS, ROUTINELY COME INTO THE U.S. FROM AROUND THE WORLD. IT IS CRITICAL THAT THESE PRODUCTS AND ANIMALS UNDERGO SUFFICIENT SURVEILLANCE AND INSPECTION TO HELP ENSURE FOOD SAFETY, WITH THE FEDERAL GOVERNMENT TAKING THE LEAD



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RESPONSIBILITY FOR THIS EFFORT. BY PARTNERING WITH STATE AND LOCAL GOVERNMENTS, FEDERAL AGENCIES CAN INCREASE SURVEILLANCE AND INSPECTION ACTIVITIES, INCLUDING BORDER AND POST-ENTRY CHECKS.

OFFICIALS AT ALL LEVELS OF GOVERNMENT RESPOND TO EMERGENCIES AND DISASTERS. HOWEVER, STATE AND LOCAL AGENCIES ARE USUALLY THE FIRST RESPONDERS. THESE AGENCIES ALSO COORDINATE TRACE BACKS AND TRACE FORWARDS OF FOOD PRODUCTS, ANIMALS AND ANIMAL FEED, AND FOLLOW UP ON COMPLAINTS. IT IS CRUCIAL THAT THEY RECEIVE PROPER, COMPREHENSIVE TRAINING. THE FEDERAL GOVERNMENT SHOULD ENHANCE THE AVAILABLE RESOURCES TO ADEQUATELY PREPARE AND TRAIN STATE AND LOCAL ENTITIES, AND ENSURE THAT APPROPRIATE COMMUNICATION MECHANISMS ARE IN PLACE TO ENSURE THAT ACCURATE INFORMATION IS DISSEMINATED AS RAPIDLY AS POSSIBLE.

SUFFICIENT LABORATORY AND SCIENTIFIC CAPACITY IS A CORNERSTONE OF FOOD SECURITY. IT IS ESSENTIAL IN THE TRACING OF POTENTIAL FOODBORNE ILLNESS OUTBREAKS, DETECTING FOOD CONTAMINATION AND INFECTIOUS ANIMAL DISEASES, AND DETERMINING IF FOOD INCIDENTS ARE RELATED. THE FEDERAL GOVERNMENT MUST WORK TO ENSURE THAT STATE AND/OR REGIONAL LABORATORY CAPACITY IS AMPLE AND RECOGNIZED, AND THAT THE DATA FROM FOOD/AGRICULTURE, PUBLIC HEALTH AND VETERINARY DIAGNOSTIC LABORATORIES IS COORDINATED AND UTILIZED. THE CONTINUED DEVELOPMENT OF RAPID AND ACCURATE DIAGNOSTIC TESTING METHODS IS ALSO AN IMPORTANT FEDERAL RESPONSIBILITY. IN ADDITION, IMPROVED COMMUNICATION AND INFORMATION SYSTEMS BETWEEN ALL GOVERNMENTAL AGENCIES ARE CRITICAL TO THE TIMELY SHARING AND ANALYSIS OF DATA, AND THE MITIGATION OF ILLNESS AND DEATH.

[**Michigan**: 9.2.8 STATE INSPECTION PROGRAMS.] The Governors Strongly Urge That Farm Policy Allow All Food Products, Including Dairy, Meat, And Poultry, To Be Shipped Interstate If They Have Been Approved By A State Inspection Program Meeting Federal Standards. This Will Allow Small Business Owners To Enjoy The Same Market Benefits Enjoyed By Large Corporations.

**9.2.7 Pesticides.** The debate on farm and agriculture legislation may also encompass issues related to the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). Modifications to this law should preserve and maintain the current balanced cooperative partnership between the U.S. Environmental Protection Agency (EPA) and the states in the administration and enforcement of FIFRA. Any expanded or additional requirements delegated to the states should be readily attainable by the states and accompanied by sufficient funding.

The Governors urge EPA to implement the 1996 Food Quality Protection Act (FQPA) by relying on sound science, with the interests and needs of farmers and consumers in mind. EPA and USDA should work together to assess actual farmer pesticide use and exposure data when conducting tolerance risk assessments. Reliance on default assumption, though sometimes necessary and appropriate, may vastly overestimate actual pesticide use and should be minimized whenever



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possible. Alternative pest management tools should also be reviewed prior to pesticide cancellation. EPA should be required to fulfill its obligations under FQPA.

[**Delaware:** ~~Minor~~ SPECIALTY ]crops, including many fruit, vegetable, nursery stock, and horticultural products, contribute more than $30 billion to the farm-level agricultural economy. Because sales from minor use pesticides do not pay for the high cost of generating the data required by EPA, for economic reasons, pesticide manufacturers are voluntarily dropping smaller volume minor use products scheduled for reregistration under the compressed schedule of FIFRA and deferring registering new products for uses for [**Delaware:** ~~minor~~ SPECIALTY crops. HOWEVER, AS PESTICIDE PRODUCTS ARE ELIMINATED THE ECONOMIC FEASIBILITY OF PRODUCING CROPS DIMINISHES GREATLY. The ~~minor~~ SPECIALTY ]crop pesticide issue should be resolved by correcting this unintended consequence of the reregistration process established in the 1988 pesticide legislation.

[**North Dakota**: A COMPETITIVE DISADVANTAGE EXISTS WHEREBY U.S. FARMERS DO NOT HAVE EQUAL ACCESS TO THE SAME PESTICIDES AND AT SIMILAR PRICES AS FARMERS AND RANCHERS ALONG OUR BORDERS.

~~Finally~~THUS, THE FEDERAL GOVERNMENT'S REVIEW OF PESTICIDE USE AND APPLICATION SHOULD PROVIDE A BALANCED AND HARMONIZED APPROACH THAT STRENGTHENS THE ABILITY OF AMERICAN FARMERS AND RANCHERS TO PRODUCE WHILE COMPETING IN THE GLOBAL MARKETPLACE.]

**9.2.8 Forestry.** The Governors support the [**Working Group:** CURRENT PROGRAMS AUTHORIZED UNDER THE FORESTRY TITLE OF THE FARM BILL THAT ~~state and private forestry title of the 1996 farm bill. The Governors have found that the programs authorized under this title~~ ] have been effective in the areas of community and landowner assistance, forestry incentives, and fire protection.

**9.2.9 Strategic Farmland.** Farmland that is the basis of a healthy local economy, provides critical environmental benefits, or is of exceptional value for food production should be protected from conversion to nonagricultural uses. The Governors recommend that the Farmland Protection Program continue to authorize one-to-one federal matching grants to states and state-approved local jurisdictions. Organizations such as nonprofit land trusts and conservancies should be allowed to hold easements purchased with the grants. These funds would enhance the implementation of the Farmland Protection Policy Act across all federal departments and agencies.

**9.2.10 USDA Structure and Organization.** The Governors support USDA's ongoing reorganization efforts and urge the department to place a high priority on improving federal coordination in the delivery of services to producers and the public, while ensuring that these reorganization efforts do not impair customer services. The Governors also encourage the use of alternative dispute resolution techniques for the prompt and informal resolution of financial and environmental disputes.

The Governors believe that natural resource conservation should remain a core mission of USDA. The Natural Resource Conservation Service and Farm Service Agency should coordinate the delivery of their conservation programs through state and local entities, and should each continue



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on their different, though related, missions[**North Dakota**: WITH THE NRCS PROVIDING TECHNICAL ASSISTANCE AND THE FSA PROGRAM PROVIDING ADMINISTRATIVE.]

[**Working Group:** ~~The 1996 Farm Bill required development of the~~ State Technical CommitteeS ARE~~, which is~~ responsible for providing recommendations to USDA on conservation programs. ~~This committee consists of representatives from state and federal natural resource agencies and agricultural and environmental organizations.~~ The Governors believe the STATE TECHNICAL committeeS haVES improved coordination among local, state, and federal programs, including USDA programs, and should be continued.]

**9.2.11 Crop Insurance.** The Governors support privately delivered federal crop insurance, but they are concerned that crop insurance must be based on all relevant data and be actuarially sound. The Governors also support a substantial increase in incentives at each level of insurance coverage with an emphasis on higher levels of coverage, [**North Dakota:** THE CREATION OF REVENUE PROTECTION COVERAGE,] the development of more insurance options for noncovered farm commodities, and better rewards for low-risk producers and producers that maintain a long-term relationship with crop insurance. The Governors urge the federal government to conduct a thorough review of the crop insurance system in consultation with farmers and state officials to ensure that it is sound, effective, [**Delaware:** ~~and~~ workable, AND PROVIDE ADEQUATE OVERSIGHT OF PRODUCT INSURERS] [**North Dakota:** ~~and provide adequate oversight of product insurers~~??????]

**9.2.12 Alternative Fuels.** The Governors support the development of alternative fuels, such as ethanol, biodiesel, and other biomass fuels, [**Delaware:** AS THEY CAN PLAY A SIGNIFICANT ROLE IN PROVIDING OPTIONS TO STATES FOR MEETING CLEAN AIR ACT GOALS. GOVERNORS ~~and~~ support the federal tax credit for ethanol ~~recently~~ WHICH WAS extended until 2007. HOWEVER, THE TAX CREDIT SHOULD BE EXPANDED TO INCLUDE OTHER BIOBASED FUELS AND THE FUNDING OF PRODUCER PLANT START-UP ASSISTANCE, AS OUTLINED IN NGA'S COMPREHENSIVE ENERGY POLICY, NR-18. FEDERAL INCENTIVES SHOULD ALSO BE PROVIDED FOR THE PRODUCTION OF ALTERNATIVE TRANSPORTATION FUELS IN THE NEAR TERM AND EXPANDED INCENTIVES FOR AGRICULTURAL BIOMASS DEVELOPMENT GENERALLY. INCENTIVES FOR INVESTMENT IN RENEWABLE FUELS WOULD ENHANCE THE ENERGY SECURITY AND INDEPENDENCE OF THE UNITED STATES, INCREASE FARM INCOME, PROMOTE NEW MARKETS FOR AGRICULTURAL PRODUCTS, AND PROVIDE ENVIRONMENTAL AND PUBLIC HEALTH BENEFITS SUCH AS CLEANER AIR AND WATER. ~~ETHANOL CAN PLAY A SIGNIFICANT ROLE IN PROVIDING OPTIONS TO STATES FOR MEETING CLEAN AIR ACT GOALS.~~]

**9.2.13 Price Reporting.** The Governors are pleased to note that Congress has enacted federal mandatory price reporting in the meatpacking industry.

**9.2.14 Emergency Relief for Farmers and Ranchers.** The Governors are concerned that the survival of farmers and ranchers is periodically threatened by such factors as extreme price fluctuations, natural disasters, and instability in international markets. In times of farm crisis, Congress and the President should work together in supporting U.S. farmers and ranchers and rural communities to create a more predictable and permanent [**North Dakota:** ~~structure~~ FARM SUPPORT POLICY]in addressing crisis situations. Assistance should be available only to farmers



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and ranchers currently engaged in production agriculture and better targeted to the neediest. In addition, Congress also needs to address the lack of assistance available to businesses impacted or affected by adverse weather conditions.

**9.2.15 Supporting Family Farms.** The Governors are concerned about anticompetitive practices in agriculture that result in artificially low farm prices[**Delaware:** AND HIGHER PRODUCTION COSTS], placing further stress on family farmers and higher costs on farm programs. The Governors urge the federal government to ensure fair competition in the marketplace.

*Time limited (effective Winter Meeting 2000-Winter Meeting 2002).*
*Adopted Annual Meeting 1989; revised Winter Meeting 1990; reaffirmed Winter Meeting 1994; revised Winter Meeting 1995, Annual Meeting 1996, Winter Meeting 1997, Annual Meeting 1998, Annual Meeting 1999, Winter Meeting 2000, and Annual Meeting 2001 (formerly Policy G-10).*



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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, January 08, 2002 5:43 PM
**To:** 'Toburke@aol.com'
**Subject:** RE: Invitation letters- Winter Meeting

yes, they can be signed and sent
lance

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Tuesday, January 08, 2002 1:37 PM
**To:** lgaebe@state.nd.us
**Subject:** Re: Invitation letters- Winter Meeting

nope -- chuck conners will be speaking for the administration. everything else seem ok? toby

2/12/2003

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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Tuesday, January 08, 2002 11:41 AM
**To:** 'Toburke@aol.com'
**Subject:** RE: Invitation letters- Winter Meeting

the harkin letter says that we are also inviting veneman, is that right?

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Tuesday, January 08, 2002 9:04 AM
**To:** rrausche@state.nd.us; lgaebe@state.nd.us
**Subject:** Fwd: Invitation letters- Winter Meeting

Friends,

Draft invite letters to Harkin and Conners attached. Do they look okay to you all to sign and send out?

Thanks.

Toby



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**Schwartz, Denys F.**

**From:** Gaebe, Lance
**Sent:** Wednesday, January 02, 2002 9:27 AM
**To:** 'Toburke@aol.com'
**Subject:** RE: Ag Working Group Meeting Next Monday at 10:30 AM EST...

we do have a senior staff meeting scheduled at that time, but I could participate if you need me.
lance

-----Original Message-----
**From:** Toburke@aol.com [mailto:Toburke@aol.com]
**Sent:** Wednesday, January 02, 2002 7:59 AM
**To:** lgaebe@state.nd.us
**Subject:** Ag Working Group Meeting Next Monday at 10:30 AM EST...

Are you available?

T-



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