

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET SECTION SOUTHEAST TOUR GROUP

Tuesday and Wednesday, September 15-16, 1998
Valley City, Lisbon, Wahpeton, Fargo, and Casselton, North Dakota

Senator Ken Solberg, Chairman, called the meeting to order at 7:30 a.m. on Tuesday, September 15, 1998, at Valley City State University. The following members listed as present attended all or a portion of the tour.

Members present: Senators Ken Solberg, Aaron Krauter, Gary J. Nelson, Rolland W. Redlin; Representatives Ole Aarsvold, James Boehm, Robert Huether

Members absent: Senator Pete Naaden; Representative Rex R. Byerly

VALLEY CITY STATE UNIVERSITY

Others present: See attached Appendix A

Following a breakfast provided by Valley City State University, Dr. Ellen Chaffee, President, Valley City State University, welcomed the tour group to the campus of Valley City State University and had the Valley City State University staff members present introduce themselves.

The Honorable Riley Rogers, Mayor, Valley City, welcomed the tour group to Valley City. He said the community and Valley City State University have had an excellent working relationship. He said he anticipates the cooperation between the university and the city to continue.

Dr. Chaffee reviewed the tour group packet contents. A copy of the tour group packet is on file in the Legislative Council office.

Mr. Steve Bensen, Vice President, Business Affairs, Valley City State University, said when comparing the 1997 FTE level to the 1993 FTE level it shows that Valley City State University has reduced administrative positions in nearly every department. He said this reduction in administrative FTE positions is due to the partnership with Mayville State University. Mr. Bensen said from 1993 to 1997 the number of state-funded instructional positions remained approximately the same while the number of administrative positions was reduced by 11.5.

Mr. Bensen said a six-year comparison, reflecting a two percent inflation rate, shows that salaries and wages has kept pace with a two percent inflation rate while operating expenses and equipment funding have not kept pace with a two percent inflation rate. He said when comparing funding by functional area over the last six years, reflecting a two percent inflation rate, instructional funding and plant funding have not kept pace with a two percent inflation rate while

academic support, student services, and institutional support have grown at a rate greater than a two percent inflation rate.

Mr. Bensen said the 95 percent budget for the upcoming biennium will require a reduction of between \$725,000 and \$1 million at Valley City State University. He said university relations funding has been removed from the budget in order to meet the 95 percent budget.

Mr. Bensen reviewed the capital construction projects completed since 1995. He said the university has installed a new track (state, local, and private funds), field house sign (private funds), field house floor (state and private funds), various roofs, networking, multimedia classrooms, ADA restrooms, and the continued restoration of McFarland Hall.

In response to a question from Senator Solberg, Mr. Bill Amant, Comptroller, Valley City State University, said cost reductions made for the 95 percent budget, in addition to the university relations function, include reductions in part-time faculty, business affairs, and student affairs.

Mr. Ray Boyer, Facility Service Director, Valley City State University, presented information on the condition of the Valley City State University physical plant. He said current trends indicate that public universities have invested more in new construction than renovations while private four-year institutions have invested more in renovations than new construction. Mr. Boyer said private universities also have lower deferred maintenance needs due in part to budget flexibility and reserve funds. He said over time public universities have reduced maintenance funding because of budgetary constraints.

The tour group conducted a tour of the campus of Valley City State University. During the tour Ms. Jennifer Feist presented information on "university park" a public/private development effort. She said the new facility would provide a wide array of technology resources, support, and other services to Valley City State University's traditional and new customers. She said the facility would be housed in a new building to be jointly funded by the Valley City State University Foundation and regional economic development resources.

Ms. Feist said the current estimated cost of the project is \$1 million. She said the city of Valley City has committed \$125,000 toward the project. She said the city has also pledged \$25,000 per year for operating costs for the facility. She said it is anticipated

that the county will make a similar commitment to the project. Ms. Feist said in addition, a \$500,000 federal grant is being pursued. She said the balance of the construction and operating costs would come from fees and lease payments.

Mr. Dwight Crabtree, Academic Dean, Valley City State University, presented information regarding new technology developments at Valley City State University. He said Valley City State University has started an internship program with Great Plains software and is anticipating placing the first interns in the program this coming May.

In response to a question from Representative Boehm, Mr. Crabtree said they are hoping to place 12 students in the internship program this spring.

Senator Krauter asked if the pooling of funds for small campus capital improvement projects should be continued in future bienniums. Dr. Chaffee said the small campus project pool works well and should be continued. She said she does not see a need for legislators to be overly concerned with the many small projects that are funded through the small campus project pool.

Senator Solberg asked if the pooling of salaries and technology funding should be continued in future bienniums. Dr. Chaffee said the pooling of salary and technology funding created a lot of uncertainty and reworking of individual campus budgets. She said because campuses were required to submit budgets without having guidelines regarding the pooling, it required more work than in previous bienniums. Mr. Bensen said the pools were allocated back to the campuses in almost the same way the funds had been included in the original budget before the pooling.

Ms. Laura Glatt, Vice Chancellor, Administrative Affairs, North Dakota University System, said decreased enrollments and revenue shortfalls hindered the board from being more aggressive in its allocations from the salaries and wages and technology pools to the campuses.

The tour group recessed at 11:00 a.m. and traveled to the Veterans Home where it reconvened at 12:00 noon.

VETERANS HOME

Others present: Howard Grumbo, State Representative, Lidgerwood

Mr. Ken Anderson and Ms. Jacie Grenier; Veterans Home, Lisbon

Mr. Joe Leapoldt, Office of Management and Budget, Bismarck

After a noon luncheon provided by the Veterans Home, Mr. Ken Anderson, Commandant, Veterans Home, welcomed the tour group to the Veterans Home. He presented information regarding the goals of the Veterans Home, population, status of the current budget, 1999-2001 budget request, capital repairs and improvements, and major problems. A copy of his presentation is on file in the Legislative Council office. He said the major problem facing

health care now and in the future is the recruiting and retention of employees. He said this is especially difficult for the Veterans Home because it is situated in a community with three nursing homes, one hospital, three dentists, four chiropractors, two home health care agencies, a county nurse, and a hospice agency.

Mr. Anderson said after the first year of the biennium the Veterans Home had 59 percent of its general fund spending authority remaining. He said although 52 percent of the salaries and wages line item is remaining, the 75 percent expenditure limitation may be exceeded because of the workers' compensation premiums for the second year of the biennium. He said the premiums were paid in August for the second year of the biennium.

Mr. Anderson presented the following list of extraordinary repair items which are included in the 1999-2001 biennium budget request for the Veterans Home:

Project	Special Funds
Brick retucking	\$18,885
Window draperies and blinds	15,000
Carpet for front lobby and hallways in skilled care unit	15,000
Ceiling tile	20,000
Floor tile	32,200
Tub for skilled care unit	20,000
Total special funds	\$121,085

In response to a question from Senator Solberg, Mr. Anderson said the home is capable of caring for 150 individuals, 112 in the basic care unit and 38 in the skilled care unit. He said the occupancy for the skilled and basic care units have been approximately 98 percent and 90 percent respectively.

In response to a question from Senator Solberg, Mr. Anderson said the Veterans Home average starting salaries are: \$6.56 per hour for certified nursing assistants; \$9.30 per hour for licensed practical nurses; and \$12.89 per hour for registered nurses. He said this compares with approximately \$10 per hour offered by neighboring facilities for certified nursing assistants.

The tour group toured the skilled and basic care facilities of the Veterans Home. The tour group then recessed at 2:00 p.m. and traveled to the State College of Science where it reconvened at 3:20 p.m.

STATE COLLEGE OF SCIENCE

Others present: See attached Appendix B

Dr. Jerry C. Olson, President, State College of Science, reviewed the contents of the tour group packet. A copy of the packet is on file in the Legislative Council office.

Dr. Olson presented information on the State College of Science vision, mission, philosophy, purpose, strategic goals, enrollment statistics, and

placement statistics. He said the preliminary unofficial fall enrollment is 2,234 full-time students as compared to 2,271 last year. He said the preliminary

unofficial head count enrollment is 2,478 as compared to 2,542 last year. Dr. Olson reviewed the 1996-97 placement statistics as follows:

Field of Study	Job Openings	Graduates	Ratio	Beginning Average Monthly Salary	Percentage Placed	Percentage Placed in North Dakota
Health	496	159	3.1:1	\$1,726	95	61
Business	734	120	6.1:1	\$1,365	92	69
Technologies	2,301	421	5.5:1	\$1,615	97	60

Mr. Wayne Flack, Physical Plant Director, State College of Science, presented information regarding the campus infrastructure, recent capital improvement activities, goals and future initiatives, and challenges facing the State College of Science physical plant facilities. He said the mission of the physical plant is to provide a safe and enjoyable atmosphere which is conducive to the educational mission of the college.

Mr. Flack said the campus infrastructure includes 125 acres, 37 major buildings, total square footage of 1,231,342 square feet, building ages ranging from 1891 to 1993, an approximate value of \$100 million, 3.2 miles of streets, approximately 20 acres of parking lots, five miles of sidewalks, 16 acres of roofs, and 2.2 miles of steam lines.

Mr. Flack said the campus is maintained with an annual physical plant operational budget of \$3,493,697, of which utilities account for \$2,253,505. He said capital repairs and improvement funding is approximately \$488,000 per biennium. Mr. Flack said as a "rule of thumb," capital improvement funding should be one to one and one-half percent of building value. He said based on an estimated campus value of \$100 million, this would equate to \$1 million per year, compared to the \$244,000 per year provided to the State College of Science.

Mr. Flack said some of the recently completed major capital improvement projects include elevators (\$150,000); roof repairs and reroofing (\$300,000); fire alarm upgrades (\$60,000); sewer, water, and steam line repairs (\$100,000); and steam tunnel construction (\$160,000). He said these projects were funded with both appropriated and local funds.

Mr. Flack said the State Board of Higher Education has established that a \$10 million pool of funds, to be used for campus infrastructure projects, will be its top capital project priority for the 1999-2001 biennium. He said the State College of Science infrastructure needs include \$1.4 million for roofs, \$1.6 million for steam lines, and \$1.3 million for electrical distribution for a total of \$4.3 million.

Mr. Flack reviewed the "dream list" of capital improvement projects for the State College of Science as follows:

Parking lots	\$1,399,000
Demolish Burch Hall	175,000
Horton Hall	2,000,000
Student Union	1,200,000
Stadium	1,700,000
Old Main	1,500,000
Hektner Hall	2,000,000
Total	\$9,974,000

Mr. Mike Renk, Vice President, Administrative Affairs, State College of Science, reviewed the 1999-2001 budget request for the State College of Science. He said the current budget includes \$22,189,433 from the general fund and \$15,040,885 of special funds for a total 1997-99 biennium budget of \$37,230,318. He said the 95 percent budget request required by the Governor provides for \$20,517,180 from the general fund and \$11,884,799 of special funds for a total of \$32,401,979. Mr. Renk said a needs-based budget would provide for \$22,580,063 from the general fund and \$13,223,107 of special funds for a total budget of \$35,803,170. He said the needs-based budget reflects a tuition increase of \$100 per year.

Mr. Renk said from June 1987 to June 1995 the State College of Science lost 65.8 full-time appropriated positions due to decreasing enrollment. He said this reduced appropriated funding by approximately \$2 million based on an average faculty salary of \$31,000. Mr. Renk said in the last three bienniums, enrollments have increased 376 students or 17 percent. He said because funding has not increased along with the enrollment increases, the college has had to establish enrollment caps for some programs.

Mr. Renk said \$220,000 of excess income from the 1995-97 biennium was used during the first year of the 1997-99 biennium for faculty salaries. He said because this was a one-time source of funds the college must now find additional funding to maintain those faculty positions beyond the first year of the biennium.

Mr. Bob Gette, President, Instructional Affairs, State College of Science, presented information on the college's critical needs. He reviewed the following five critical needs and the related cost estimates:

Enrollment management	
Part-time faculty/adjunct faculty	\$120,000
Four positions to maintain current enrollment in high-demand programs	320,000
Two positions to add additional sections in capped programs	160,000
Total	\$600,000
Compensation and staff development	
One percent above appropriated increases to remain competitive in the market	\$200,000
Work force training and outreach	
One program research and marketing position	\$100,000
Operating expenses to develop and maintain business and industry contacts	30,000
Total	\$130,000
Facilities	
Roofs	\$1,422,000
Steam lines	1,606,250
Electrical distribution	1,288,000
One safety director position	80,000
Total	\$4,396,250
Keeping pace with technology	
One telecommunications networking position	\$80,000
One instructional design position	100,000
One computer technician position	80,000
Total	\$260,000

In response to a question from Roy Hausauer, State Representative, Wahpeton, Mr. Gette said the Fargo Skills Center is not included as a part of the 95 percent budget. He said it is intended that the programs offered through the Skills Center be self-supporting.

The tour group conducted a tour of the State College of Science campus. Upon completion of the tour and dinner, provided by the State College of Science, the tour group recessed at 7:15 p.m.

NORTH DAKOTA STATE UNIVERSITY

The tour group reconvened at 8:30 a.m. on Wednesday, September 16, 1998, on the North Dakota State University campus.

Others present: See attached Appendix C

Dr. Allan Fischer, Interim President, North Dakota State University, welcomed the tour group to the campus of North Dakota State University. He presented information regarding recruitment and retention efforts of the university. He said the university has an excellent recruiting and marketing plan which recently began including billboard ads, television ads, radio ads, movie theater ads, and ads in high school newspapers. Dr. Fischer said in an attempt to increase the retention of students, all

freshman are required to take a course entitled *University 199 - Skills for Academic Success*.

Dr. Fischer presented information regarding student accomplishments. He said North Dakota State University students have approximately a 95 percent success rate for professional students passing the CPA exam, pharmacy exam, and other professional licensing exams.

Dr. Pat Jensen, Vice President and Dean for Agricultural Affairs, North Dakota State University, presented information on agricultural issues. She said the new state board on agricultural research, which was created by the 1997 Legislative Assembly, has been established and is functioning well. She said one of the board's first duties was to obtain information from around the state in order to determine what people want in regard to agricultural research. She said in addition to obtaining statewide information on agricultural research needs, the board reviewed existing agricultural research projects.

Dr. Jensen presented information on the agricultural initiatives for the 1999-2001 biennium. She said the State Board on Agricultural Research approved the following initiatives, restorations, and reinvestment items:

Research	
Six-year plan salary reallocation	\$191,126
Crop protection	366,000
Grain quality education	61,355
Animal disease prevention	175,033
Foundation seed (Langdon, Minot, Williston)	105,800
Range research	200,000
Molecular marker lab	356,000
Corn breeding	198,676
Coproduct utilization	171,000
Plant diseases	198,000
Mid-sized traditional farms	119,500
Range research	32,000
Crop system support	56,000
Wheat quality	198,000
Livestock production	198,000
Value-added ag center	112,500
Swine research	66,500
Research extension center operating and equipment	150,000
Insecticide evaluation	105,565
Sheep research	34,200
High-value irrigated crops	335,300
Potato development	242,903
Ag finance	134,667
Soil testing	39,031
Plant breeding	120,000
Statistics/genetics/chemist	75,027
Total	\$4,042,183
Extension	
Six-year plan salary reallocation	\$55,270
Irrigation education	116,573
Crop protection	85,000
Grain quality education	74,109
Community leadership development	146,459
North Dakota Soil Conservation Committee	38,000
Urban 4-H program	99,698
Crop protection	162,800
Coproduct utilization	54,200
Mid-sized farms	108,600
Value-added center	47,400
High-value irrigated crops	37,500
Technology and connectivity	78,000
Total	\$1,103,609

Dr. Jensen said additional items not included in the needs-based budget for the research and extension divisions include:

Research and extension	
Enhancing connectivity at research extension centers	\$408,000
Technical support for potato disease research	78,000
Technical support for irrigated high-value crop development	78,000
Small research center pivot system	116,500
Technology support for pathology and plant protection research	108,000
Strategies for agri-production cost management	209,000
Multidisciplinary food safety training	358,000
Feedlot research facilities enhancement	278,000
Precision farming	268,000
Increasing efficiency of development and genetic resistance of varieties	1,184,000
Using radio/audio services to report findings to North Dakotans	88,000
Total	\$3,173,500

Dr. Jensen said the Northern Crops Institute restoration plan includes salary and operating funding of

\$32,147. She said a request not included in the State Board of Higher Education priority list is for \$309,000

for the State Soil Conservation Committee. She said a portion of this money would be used for environmental legal services.

Dr. Jensen said North Dakota University System initiatives for agriculture include \$867,904 for critical salary adjustments, and \$544,046 for the six-year plan. She said future challenges facing the North Dakota State University agricultural program include:

- An animal care facility and equipment
- Production agriculture
- Value-added agriculture
- Federal funding trends
- Student surveys

Senator G. Nelson asked if any existing research projects, which have outlived their usefulness, were targeted for elimination. Dr. Jensen said most of the long-term research projects are basic research programs which feed into other research programs. She said at the present time none of the basic research projects have been targeted for elimination because of the information the basic research projects provide to other research programs. She said the basic research programs will continue to be reviewed in order to determine if the research is still needed and useful.

Mr. Dick Rayl, Vice President, Business and Finance, North Dakota State University, presented information on the current biennial budget, challenges for the next biennium, and capital projects to be requested for the 1999-2001 biennium. He said a

revenue shortfall of approximately \$400,000 is projected for the 1997-99 biennium. He said this is a major shortfall due to the university's limited funding resources. He said this fall's enrollment shows an increase of slightly over 100 students.

Mr. Rayl presented information regarding funding equity. He said when comparing total costs, which include variable costs, physical plant costs, and plant improvements, the system average funding as a percent of formula is 90.34 percent. He said North Dakota State University funding is the lowest at 85.51 percent of the formula. Mr. Rayl said when looking at 1997 per student funding, the University of North Dakota was at \$7,370 per student while North Dakota State University was at \$6,343 per student, a difference of approximately \$1,000 per student.

Mr. Rayl said challenges for the next biennium include the 95 percent budget and deteriorating physical plant conditions. He said in order to get to a 95 percent budget, programs had to be eliminated, thereby creating a loss of tuition revenues of approximately \$1 million. He said over the last three to four years the infrastructure has deteriorated to a point where the campus is experiencing continual infrastructure breakdowns. He said of the \$1.4 million capital improvement appropriation for the current biennium, approximately \$1 million will be used for infrastructure items.

Mr. Rayl reviewed the following list of capital projects to be requested for the 1999-2001 biennium:

Building	Cost	Funding Source	State Board of Higher Education Approval
Minard Hall renovation	\$9,673,052	State	No
South Engineering renovation	\$1,227,420	State	No
Ceres Hall renovation	\$2,995,920	State	No
Animal research facility - Phase I	\$4,415,000	State (1/2)/Federal and local (1/2)	Yes
Animal research facility - Phase II	\$7,316,000	State (1/2)/Local (1/2)	Yes
Health and wellness center	\$4,500,000	Local	Yes
College of Business administration building	\$5,998,860	Local	Yes
Sudro Hall addition	\$1,500,000	Local	Yes

In response to a question from Senator Krauter, Mr. Rayl said the current capital improvement funding provided for Sudro Hall is for an elevator and heating, ventilating, and air-conditioning items. He said the funding included for the 1999-2001 biennium would provide for a major renovation.

In response to a question from Senator G. Nelson, Mr. Rayl said the status of the federal funds for the animal research facility is that \$1.86 million is currently available for Phase I and Phase II will not receive any federal funding.

Ms. Glatt said the board has implemented a new policy which provides that all new construction projects must be 50 percent state and 50 percent local or federal funding sources.

Mr. Jeremy Greene, Student Body President, North Dakota State University, presented information on the proposed health and wellness center. He said

the construction of a health and wellness center has been approved by the students with a 60 percent approval rating. He said the business plan for the proposed facility indicates that within three years the health and wellness center would have a fund balance of \$350,000. He said these funds would then be used for upkeep on the building and its contents. He said the total cost of the project is estimated to be \$4.5 million. Mr. Greene said students' health and wellness fee will be increased by approximately \$38. He said the increased health and wellness fee revenues in combination with contributions from North Dakota State University alumni and friends of the university will provide the funding needed for the health and wellness center.

Mr. Dennis Gilbertson, Physical Plant Director, North Dakota State University, presented information on the condition of the infrastructure and buildings on

the main campus. He said the physical plant valuation of North Dakota State University is approximately \$200 million and consists of 88 maintained buildings. He said the gross square footage of the buildings is 3,228,741 square feet and the campus landscaped area consists of 11,077,750 square feet. He said there are 28 acres of roofs and 52 acres of parking lots in addition to the 14.5 miles of sidewalk, 4.2 miles of street, 3.5 miles of steam lines, and 8.8 miles of water lines.

Mr. Gilbertson reviewed blueprints detailing the condition and the estimated cost to repair the existing water lines (\$3,022,210), sanitary sewer lines (\$4,579,564), steam lines and tunnels (\$11,293,385),

parking lots (\$2,172,800), roofs (\$1,216,217), and windows (\$2,068,626). He said the parking lots would be funded through student and staff parking fees.

Mr. Don Hanson, Facilities Planning Administrator, North Dakota State University, presented information on the 1997-99 major repairs and capital projects for the agricultural experiment stations. He also presented information on the 1999-2001 biennium requested capital projects for the agriculture research stations. He said all of the completed projects have been within the authorized appropriation. He reviewed the status of the 1997-99 major repairs and capital projects:

Main Research Center	
Solid waste handling systems for dairy and swine units	Completed 1998
Hay storage shed	Completed 1997
Re-side swine confinement barn	Completed 1997
North Central Research Extension Center - Minot	
Seed bag warehouse and truck scale	Completed 1998
Headquarters building	Bids received 9/10/98
Hettinger Research Extension Center - Hettinger	
Reroof five pole sheds	Completed 1997
Williston Research Extension Center - Williston	
Ernie French (headquarters) Center	Dedicated July 1998
Farm shop	Bid received September 1998
Dickinson Research Extension Center - Dickinson	
Ranch unit public toilet facilities	Under construction
Residence renovation	Under construction
Agronomy Seed Farm - Casselton	
Farm shop	Completed 1998

Mr. Hanson reviewed the capital projects to be requested for the 1999-2001 biennium for the agricultural experiment stations:

Chemical storage and handling facilities to be located at each of four research center sites (\$23,050 each)		\$92,200
Reglazing of greenhouse at the Main Research Center		\$130,000
Miscellaneous research center projects		
Central Grasslands Research and Experiment Center	Cattle holding pens	\$12,500
North Central Research and Experiment Center	Demolition of existing office building	30,000
Williston Research and Experiment Center	Addition to plot laboratory	30,000
Langdon Research and Experiment Center	Equipment storage building addition	25,000
Hettinger Research and Experiment Center	Re-siding and window replacement	25,000
Carrington Research and Experiment Center	Feed mill storage and handling facilities	46,000
Dickinson Research and Experiment Center	Agronomy laboratory renovation	25,000
Total miscellaneous research center projects		\$193,500
Miscellaneous Main Research Center projects		
Reroof one beef loafing barn		\$4,000
Renovate animal research barn west of Interstate 29		25,300
Addition to swine barn for boar housing and semen collection		55,000
Total miscellaneous Main Research Center projects		\$84,300
Agronomy Seed Farm (funded from income)	Bulk storage bins	\$80,000

Mr. Hanson reviewed a chronological history of federal and state funding for the animal care/research facility. He said in July 1998 the State Board of

Higher Education approved the animal research facility as its number one priority capital project for the 1999-2001 biennium with the funding to be

\$2,207,500 of state funds and \$2,207,500 of local and federal funds for a total project cost of \$4,415,000.

A copy of the North Dakota State University tour group packet is on file in the Legislative Council office. The tour group conducted a tour of the North Dakota State University campus. After a lunch provided by North Dakota State University, the tour group recessed at 1:00 p.m. and traveled to the Agronomy Seed Farm where it reconvened at 1:50 p.m.

AGRONOMY SEED FARM

Others present: Tom Tigen, Director, Agronomy Seed Farm

Cole Gustafson, North Dakota State University, Fargo

Wesley R. Belter, State Representative, Leonard

Jack Dalrymple, State Representative, Casselton

Mr. Tom Tigen, Director, Agronomy Seed Farm, presented information to the tour group on the Agronomy Seed Farm. A copy of his presentation is on file in the Legislative Council office. He said the Agronomy Seed Farm began operations in 1950 and is a self-supporting facility. He said the farm receives no general fund support. Mr. Tigen said the farm's purpose is to increase breeder, foundation, and registered grade seed on new varieties, maintain supplies of pure seed of older varieties, and to increase experimental lines with potential release as new varieties.

Mr. Tigen said the only budget concern in the current biennium relates to a possible need to transfer

funding from the equipment or capital improvements line items to the salary line item. He said this is due to overtime costs exceeding estimates by \$14,000 last season. He said some of the \$14,000 is being made up during the current season. He said the savings in the second year of the biennium will not be enough to completely offset the \$14,000.

Mr. Tigen said the two most significant items for the 1999-2001 biennium include increases in salaries and wages due to increased hourly wages (because of increased minimum wage laws) and the possibility of needing an extra temporary person. He said there may be a decrease in capital improvements due to slower growth in bulk seed handling and no other major building projects.

Mr. Tigen said the major problems facing the Agronomy Seed Farm include low commodity prices, high input prices, and high disease pressure.

The tour group toured the Agronomy Seed Farm including the new shop, bulk seed storage and loading facility, and other facilities on the farm.

The tour group adjourned at 3:00 p.m.

Paul R. Kramer
Senior Fiscal Analyst

ATTACH:3