NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON GOVERNMENT SERVICES

Monday and Tuesday, September 14-15, 1998
Prairie Learning Center, Raleigh, North Dakota,
Badlands Human Service Center, Dickinson State University,
and Dickinson Research Extension Center,
Dickinson, North Dakota

Representative Janet Wentz, Chairman, called the meeting to order at 1:00 p.m. at the Prairie Learning Center.

Members present: Representatives Janet Wentz, James O. Coats, Jeff W. Delzer, April Fairfield, James A. Kerzman, Amy N. Kliniske, Richard Kunkel, Jon O. Nelson, Carol A. Niemeier, Al Soukup; Senator Elroy N. Lindaas

Members absent: Representatives Edward H. Lloyd, Elwood Thorpe; Senator Rolland W. Redlin

Others present: See attached appendix

It was moved by Representative Coats, seconded by Representative Soukup, and carried on a voice vote that the minutes of the previous meeting be approved.

MENTAL HEALTH AND FOSTER CARE SERVICES

Mr. Walter Odegaard, Prairie Learning Center, Raleigh, welcomed the committee to the center. He said the center is licensed for 50 beds. He said the center is a private nonprofit education center providing educational group living to accommodate the needs of high-risk youth with emotional or behavioral problems or who may be deprived, unruly, or delinquent.

Mr. Odegaard said the services provided by residential child care facilities in North Dakota are economical compared to the cost of building prisons.

Mr. David Marian, Administrative Director, Prairie Learning Center, commented on the programs and services of the Prairie Learning Center. He said the center's program focuses on outdoor activities. He said major programs provided by the center include individual and group counseling, drug and alcohol education, family counseling, grief counseling, and anger management education. He said the center operates a four and one-half month program for these children and indicated that the average stay for a child is six months. He emphasized the need for cooperation between residential child care facilities, the Department of Human Services, and other agencies serving these children.

Representative Kliniske asked whether the center pursues sources of income in addition to funds received from the state. Mr. Marian said the center does have an FTE position on staff that is responsible for pursuing private grants.

Representative Coats asked for the center's cost per day per student. Ms. Leona Koch, Prairie Learning Center, indicated the center's cost for a child with special education needs is $65 per day and for regular education is $47 per day.

Representative Soukup asked for additional staffing needs of the center. Mr. Marian said the center needs a licensed addiction counselor, a specialized family therapist, more child care staff, and more education staff.

The committee conducted a tour of the Prairie Learning Center.

Ms. Linda Schell, Director, Children and Family Services, Department of Human Services, reported on the status of administrative rules changes affecting residential child care facilities. Ms. Schell said the written comment period on the proposed rules ended May 26, 1998. She said the department's summary response will be prepared and reviewed by the executive director before the rules are submitted to the Attorney General's office for review.

Ms. Schell said the proposed rules include sections relating to ratesetting and revenue offset. She said the department understands the concerns of the facilities. She said the department is committed to a final rule that does not penalize facilities that pursue grant income.

Ms. Schell said a meeting with the facilities to discuss these issues and other concerns is scheduled for September 28, 1998, in Bismarck. A copy of the report is on file in the Legislative Council office.

Representative Coats asked whether the rule change requiring the offset of grant income is included in the current rules being considered. Ms. Schell said a number of changes are being made to the current set of proposed rules. She anticipates that the proposed rule requiring a revenue offset for grant income will be eliminated from the new rules.

Representative Nelson asked when the department anticipates presenting the proposed rules to the Administrative Rules Committee. Ms. Schell expects the rules to be presented during the 1999-2000 interim.

Representative Soukup asked whether the new rules will be available for review by the 1999 Legislative Assembly. Ms. Schell said because the department is looking at a different method of reimbursing these facilities, the rules may not be in place for consideration by the 1999 Legislative Assembly.

Representative Wentz questioned how the Appropriations Committees will appropriate funding for these facilities if the new rules are not in place during the legislative session. Ms. Schell said the department will proceed with its budget request and through the legislative session under the current reimbursement system unless the new rules are finalized.

Ms. Jean Doll, Foster Care Administrator, Department of Human Services, reported on children placed in foster care facilities during April through August 1998 and on the number of children placed out of state.

Ms. Doll said one child was placed in a South Dakota facility in April 1998, no children were placed out of state in May or June, two children were placed out of state in July, and two children in August.

Ms. Doll said the number of children placed out of state has been declining over the past year. She said 76 children were placed out of state in September 1997, compared to 26 children placed in out-of-state facilities in August 1998. She said this reduction results from:

1. The department changing its policy relating to out-of-state placements. It requests custodians to review their child's case plan and make appropriate and renewed efforts to serve the child in North Dakota.
2. The Manchester House reviewing cases involving children under 14 years of age, who appear to be potentials for out-of-state placements to determine whether the children's needs could be met through their services or elsewhere in North Dakota.
3. The number of residential beds within North Dakota increasing during 1998.

Ms. Doll reported on the number of children placed in residential child care facilities during the period of April through July 1998 as follows:

Month	Placements
April	26
May	14
June	28
July	17

A copy of the report is on file in the Legislative Council office.

Representative Soukup asked why the number of children placed out of state was so high in 1997 compared to other years. Ms. Doll said the department would review the factors and provide the information to the committee members and the Legislative Council.

The Legislative Council staff asked for the trend over the last three years regarding the total number of children in foster care compared to the number of children being placed out of state. Ms. Doll said the department would review the statistics and provide the information to committee members and the Legislative Council.

Representative Soukup suggested that the committee recommend that the department take action to implement the new reimbursement system for residential child care facilities prior to the 1999 legislative session.

Ms. Carol K. Olson, Executive Director, Department of Human Services, said the department will attempt to expedite the implementation of the new administrative rules affecting residential child care facility reimbursements.

Chairman Wentz asked that the department continue to inform committee members of its progress in implementing the new rules and to provide the information to the Legislative Council for inclusion in the committee's final report.

Representative Coats asked for the cost per resident at the Youth Correctional Center. Mr. Al Lick, Division of Juvenile Services, said the cost per resident at the Youth Correctional Center is $117 per day. He said approximately one-half of the cost relates to the cost of education.

Ms. Diane Szudera, Home on the Range, Sentinel Butte, commented on the proposed administrative rules affecting residential child care facilities. Ms. Szudera expressed concern regarding a number of the proposed administrative rules and recommended changes to the rules draft. Specific concerns identified by Ms. Szudera include the proposal to offset revenue received from grant or donated income and the reimbursement limits included in the reimbursement formula that relate to social service costs, salaries, and administrative costs. A copy of the report is on file in the Legislative Council office.

Mr. Charles "Bud" Perry, Charles L. Hall Youth Services, Bismarck, commented on the proposed administrative rules. He expressed concern regarding the proposed rule changing confidentiality regulations. Mr. Perry provided examples of how facilities use pictures of their residents in newsletters. Mr. Perry said the proposed rule limits the use of consent forms signed by parents and the resident. He suggested that confidentiality provisions under the current administrative rules not be changed.

Mr. Perry said 75 percent of Charles L. Hall Youth Services fundraising is received from out of state. He said pictures included in fundraising brochures are an important component of raising funds. Mr. Perry distributed a Charles L. Hall Youth Services newsletter. A copy of the newsletter is on file in the Legislative Council office.

Representative Wentz asked why the department is changing the confidentiality rules. Ms. Schell said the department's concern is the lack of a time limit on

the use of parental consent forms for using a child's picture. She said the department believes the current consent forms are too general which results in parents not knowing in what type of publication their child's picture will be used.

Ms. Schell presented a status report on the implementation of the federal Adoption and Safe Families Act of 1997. Ms. Schell said the work group overseeing the implementation of the Act has met twice and includes 27 representatives of partnering agencies and division administrators. She said the department is drafting legislation based on work group discussions and hopes to complete the legislation by the end of October. She said the department is negotiating a working relationship with the court administrator's staff of the Supreme Court to jointly hire a staff position for the court improvement project and to assist in the implementation of the Adoption and Safe Families Act.

A copy of the report is on file in the Legislative Council office.

Ms. Karen Larson, Director, Division of Mental Health and Substance Abuse Services, Department of Human Services, presented information on partnership project funding included in the department's 1999-2001 budget request. Ms. Larson said the three human service centers involved in the partnership project have included in their 1999-2001 budget requests anticipated unspent federal funds from the fifth year of the project as follows:

North Central Human Service Center	$943,960
Southeast Human Service Center	943,960
West Central Human Service Center	1,678,114
Total	$3,566,034

Ms. Larson said the department's budget request does not include a general fund increase for the partnership project but did not indicate the general fund amount being requested for the partnership project.

Ms. Larson said under current federal law, the partnership project will conclude on October 31, 1999, except for the carryover funds. She said, however, that Congress is considering providing funds for a sixth year of the partnership project. If approved, she said, the partnership project would continue through the 1999-2001 biennium.

Ms. Larson said the department is working through its human service centers with local partners in other child-serving agencies to maximize the use of local funds to match federal funds.

A copy of the report is on file in the Legislative Council office.

Ms. Yvonne Smith, Department of Human Services, presented a report on FTE positions hired in addition to those authorized by the 1997 Legislative Assembly. Ms. Smith said in addition to the 8.8 additional FTE positions the department hired as reported to the committee at its October 1997 meeting, the department has hired an additional 20.75 FTE positions for a total of 29.55 FTE positions.

Ms. Smith detailed the 20.75 FTE positions added since the previous report as follows:

- .5 FTE administrative support position at the Northwest Human Service Center.
- .25 FTE administrative support position at the Lake Region Human Service Center.
- 1 FTE vocational rehabilitation counselor position at the Badlands Human Service Center.
- 1 FTE vocational rehabilitation counselor position at the North Central Human Service Center.
- 1 FTE psychiatrist position at the North Central Human Service Center.
- 1 FTE psychiatrist position at the Northeast Human Service Center.
- .5 FTE child care licensing and quality improvement position at the Northeast Human Service Center.
- 2 FTE child care licensing and quality improvement positions at the Southeast Human Service Center.
- 1 FTE child care licensing and quality improvement position at the West Central Human Service Center.
- 1.5 FTE child care licensing and quality improvement positions at the Badlands Human Service Center.
- 1 FTE flood disaster program position at the Northeast Human Service Center.
- 1 FTE administrative secretary position at the Northeast Human Service Center.
- 2 FTE family preservation unit case managers at the Northeast Human Service Center.
- 3 partnership project administrative positions at the Southeast Human Service Center.
- 1 FTE activity assistant position at the Southeast Human Service Center.
- 1 FTE activity therapist at the Southeast Human Service Center.
- 1 FTE vocational counselor position at the North Central Human Service Center.
- 1 FTE computer technology services specialist at the Northwest Human Service Center.

Ms. Smith said neither the State Hospital nor the Developmental Center has added any positions since the last report.

Ms. Smith said the projected biennial cost associated with the 20.75 FTE positions added is approximately $1.5 million. A copy of the report is on file in the Legislative Council office.

Ms. Smith commented on the impact of welfare reform on foster care and mental health services in the state. Regarding foster care, Ms. Smith commented on two areas of concern:

1. Because of the lifetime limit for receiving temporary assistance for needy families (TANF) grants, there is a concern that when individuals meet their lifetime limit the family

may not have adequate resources to provide for their children which will result in more children being placed in foster care.

2. Children receiving TANF grants and not living with their parents may have multiple placements with relatives or other caretakers and lack a permanency plan needed to provide stability for the child.

Regarding the impact of welfare reform on mental health services, Ms. Smith said, case managers, when working with individuals receiving TANF grants who are suffering from a mental health disorder or are experiencing substance abuse problems, will need to quickly refer the individuals to the mental health or substance abuse service system. She said the individuals will need to be treated quickly to allow the individuals to gain employment before becoming ineligible for the TANF grant limits.

Representative Soukup asked how the Department of Human Services decides to increase limits for reimbursements for foster care facilities such as when it increased the social service rate reimbursement from $250 to $300 per month. Ms. Doll said the language included in the proposed administrative rules bases the limits on legislative appropriations. Previously, she said, the department based these limits on its projected expenditures for the biennium.

Representative Kerzmann expressed concern that some facilities are being reimbursed for their administrative costs at less than 20 percent even though administrative rule provisions provide that administrative costs be reimbursed at 20 percent.

STATE EMPLOYEE COMPENSATION REPORT

Mr. Dan LeRoy, Director, Central Personnel Division, presented the state employee salary report. Mr. LeRoy discussed compression problems occurring among classified state employees. He said although compression among state employees continues to be a problem, the situation has improved since 1994. He said in 1994, 38.1 percent of employees were paid within the first quartile of their range, while in 1998, 26 percent of employees are paid within the first quartile of their salary range. Mr. LeRoy compared North Dakota state employee salaries to market. He said grades 5 through 20 are compared to an in-state market. He said the comparison shows that state employee salaries are from 7 to 13 percent less than market pay in North Dakota. Mr. LeRoy said grades 21 through 42 are compared to a regional market including 10 midwestern states. He said North Dakota state employee salaries range from 19 percent behind market to two percent ahead of market.

Mr. LeRoy said North Dakota's compensation system uses salary range midpoints as a target for employee pay. He said North Dakota's salary range midpoints are as much as 12.5 percent behind market pay.

Mr. LeRoy compared the cost of fringe benefits provided to state employees to other markets. The Central Personnel Division conducted two surveys, one of North Dakota employers with more than 15 employees and the other from the 10 midwestern states. Mr. LeRoy said the cost of state employee fringe benefits was calculated at 42.2 percent of payroll while other North Dakota employers reported fringe benefits costing 39.9 percent of payroll. He said the 10 midwestern states reported a cost of 42.9 percent of payroll related to fringe benefits.

Mr. LeRoy presented a proposed compensation system that would correct compression problems. He said the proposal provides that employees would be paid at the midpoint of their assigned salary range after 10 years of service. He said this proposal would result in over 46 percent of state-classified employees requiring a salary increase to reach their respective target position in the salary range. He said the cost of implementing this proposal would be approximately $400,000 per month. Due to the high cost of this proposal, he said, the Central Personnel Division is not recommending this proposal.

Mr. LeRoy said the current pay system does not require a major change in order to provide fair and adequate compensation. He said the Central Personnel Division is proposing that the state continue and enhance a number of its practices currently in place. He said the division's recommendation includes:

1. Recalculating all salary ranges to place the midpoint at 95 percent of the market rate.
2. Expand the ranges from the current level of 53 to 63 percent to 66 percent.
3. Reduce the number of ranges from 39 to 20 but increase the space between each range to improve the differentiation between grade levels.
4. Continue splitting appropriations by directing some general salary increases across the board with additional appropriations focusing on equity and performance.

Mr. LeRoy said the estimated cost of implementing this recommendation would be approximately $25,000 per month based on current salaries.

A copy of the state employee salary report is on file in the Legislative Council office.

Mr. LeRoy distributed a copy of North Dakota Century Code Section 54-44.3-12.1 which provides that a revision to the compensation plan may only be made to the extent the Legislative Assembly appropriates funds to implement it. Mr. LeRoy asked for the committee's guidance in proceeding with the division's proposal.

Mr. Chester E. Nelson, Jr., Legislative Budget Analyst and Auditor, Legislative Council, said provisions for state employee compensation are included in a section of the Office of Management and Budget

appropriations bill each session. He suggested that any proposed changes to the compensation system for state employees be incorporated into this section of the appropriations bill.

Representative Delzer asked how North Dakota state employee salaries compare to state employee salaries in Montana, South Dakota, and Wyoming. Mr. Ken Purdy, Central Personnel Division, indicated that generally South Dakota pays slightly more than North Dakota, Montana pays higher salaries than North Dakota in the lower pay grades and lower salaries in the higher pay grades, and Wyoming pays very similar to North Dakota.

Representative Kliniske expressed concern that the proposal directly links salary range midpoints to market salaries. She expressed concern regarding the potential variations in market salaries. She indicated that it could result in a system that North Dakota cannot afford.

Ms. Chris Runge, Executive Director, North Dakota Public Employees Association, commented on the state employee salary report. She indicated that state employee compensation is a policy decision for the Legislative Assembly to determine. She said some state employees in lower paying jobs are eligible for and are receiving food stamps and fuel assistance. She suggested that employees, in addition to managers, be included in discussions regarding employee salaries. She suggested the state develop a long-term plan to address employee compensation issues.

The committee recessed at 5:20 p.m. and reconvened at 8:00 a.m. MDT on Tuesday, September 15, 1998, at the Badlands Human Service Center in Dickinson.

BUDGET TOUR

Mr. L. Joe Fry, Director, Badlands Human Service Center, Dickinson, presented information on the programs and budget of the center. Mr. Fry said the center's 1997-99 budget totals $8.1 million, $4.3 million of which is from the general fund and includes 83 FTE positions.

Mr. Fry reviewed the following major budget changes occurring during the 1997-99 biennium:

1. The addition of one FTE transition service position. Funding for the position of $58,430 was provided from federal funds ($45,984) and the general fund ($12,446).
2. The addition of a .5 FTE child care specialist and a .5 FTE support position. Funding for these positions is provided from federal funds.
3. The center, the State Hospital, and St. Joseph's Hospital and Health Center in Dickinson have entered into a contract to provide local services as an alternative to State Hospital admissions. The State Hospital transferred $208,000 of spending authority to the center to provide short-term psychiatric inpatient hospitalization, crisis residential, medical detoxification, and psychiatric day treatment through a contract with the hospital. The center plans to add two FTE positions to assist in providing these services.
4. The addition of one FTE position to begin a partnership program in the badlands region. The program is to coordinate with other community services including schools, juvenile services, county social services, and other private mental health providers to provide a system of case management to children and adolescents who are seriously emotionally disturbed and are at risk of out-of-home placement. The center plans to spend $174,840 for the remainder of the 1997-99 biennium for this program. Budget authority for the program remains in the Mental Health Services Division of the Department of Human Services. He said $24,840 will be provided as in-kind match from the participating agencies in the region.

Mr. Fry projects the center will have unspent appropriation authority of approximately $326,000 for the 1997-99 biennium resulting from various staff vacancies and contract services being less than anticipated in the areas of job coach contracts, psychiatric services, and psychologist services.

Mr. Fry discussed issues for the 1999-2001 biennium including:

1. The development of more meaningful outcome measures.
2. Determine the most appropriate licensure or accreditation of services provided by the center.
3. The development of a strategic business plan that compliments the department's business plan.
4. Enhance services to vulnerable adults.
5. Create innovative methods of paying for protective payee services for individuals with a developmental disability.
6. Continue efforts to find creative work options for individuals who do not function well in the more traditional work settings.

Mr. Fry discussed the status of foster care in the badlands region. He said as of September 1, 1998, the region had 62 children placed in foster care, 25 of which were placed in family foster care homes, 10 in therapeutic care, and 27 in facilities. He said one child was placed out of state. He said of the 62 children, 20 are under the custody of the Division of Juvenile Services and the remaining 42 are under the care of county social service boards in Region VIII.

A copy of the report is on file in the Legislative Council office.

Ms. Lisa Giese, Foster Care Supervisor, Stark County Social Services, provided testimony of Mr. Larry Bernhardt, Director, Stark County Social

Services, regarding foster care services in Stark County. Ms. Giese said beginning in June 1995, the average number of children from Stark County placed in foster care dropped from 40 or 50 to 20 or 30. She said this change resulted from:

1. A change in philosophy--every effort should be made to keep children out of foster care; however, if placements were needed, action should be taken to return the children home as soon as feasible and possible.
2. The development of a case management approach that allows families to lead the development of a plan to keep their children at home or to return their children home if they are in foster care.

Ms. Giese reviewed suggestions to improve the foster care system including:

1. Increase foster care payment rates for family foster care.
2. Enhance recruitment of foster care families.

A copy of the report is on file in the Legislative Council office.

The committee conducted a tour of the Badlands Human Service Center's downtown facility including vocational rehabilitation services and supported employment services.

The committee traveled to the north campus of Dickinson State University.

COMMITTEE DISCUSSION

The Legislative Council staff distributed information provided by the Department of Human Services regarding its proposed administrative rules affecting the reimbursement system for residential child care facilities.

Chairman Wentz suggested that the committee consider making a recommendation to the next Legislative Assembly regarding the reimbursement system for residential child care facilities. She said the major concerns presented by the facilities were components of the formula that limited the reimbursement amounts to facilities to less than their actual costs. She said these included:

1. The limit on social service rate reimbursements.
2. The limit on salaries eligible for reimbursement.
3. The limit on administrative costs eligible for reimbursement.
4. The ineligibility of expenditures made with donated or grant income.

Representative Delzer suggested that the Legislative Assembly, through its Appropriations Committees, should determine the appropriateness of the components of the reimbursement system when considering funding for the Department of Human Services for the 1999-2001 biennium.

Representative Kerzman expressed concern that the administrative rules changes being considered by the department may not be finalized prior to the 1999 legislative session. He suggested that the committee encourage the department to complete the administrative rules process prior to the legislative session. He suggested that the funding formula provide stability of funding for these facilities.

It was moved by Representative Soukup, seconded by Representative Kerzman, and carried on a roll call vote that the Legislative Assembly, through its Appropriations Committees, review the status of administrative rules changes affecting residential child care facility cost reimbursements and evaluate the following components of the reimbursement system:

1. **The limit on social service rate reimbursements.**
2. **The limit on salaries eligible for reimbursement.**
3. **The limit on administrative costs eligible for reimbursement.**
4. **The ineligibility for reimbursement of expenditures made with donated or grant income.**

Representatives Wentz, Coats, Delzer, Kerzman, Kliniske, Kunkel, Nelson, Niemeier, and Soukup and Senator Lindaas voted "aye." No negative votes were cast.

The committee discussed the state employee salary report. Chairman Wentz suggested the committee consider recommendations relating to compression problems, lower paid employees, and the impact of health insurance deductibles and coinsurance for lower paid employees.

Representative Delzer suggested that the Employee Benefits Programs Committee may be a more appropriate committee to make recommendations affecting employee compensation and fringe benefits.

It was moved by Representative Nelson, seconded by Representative Kunkel, and carried on a roll call vote that the committee recognizes that compression within pay grades is a problem, believes that salary increases based upon performance will help to address the compression problem, and recommends that the Legislative Assembly provide, to the extent possible, that a portion of salary increase funding approved by the Legislative Assembly be distributed to employees based on performance. Representatives Wentz, Coats, Delzer, Kerzman, Kliniske, Kunkel, Nelson, Niemeier, and Soukup and Senator Lindaas voted "aye." No negative votes were cast.

Representative Soukup suggested that the committee indicate to the Legislative Council its concern regarding lower paid employees.

It was moved by Representative Delzer, seconded by Representative Coats, and carried on a roll call vote that the committee recognizes that some employees in the lower pay grades are not receiving adequate salaries and that although

the state health insurance plan is an important benefit for state employees, the levels of deductibles and coinsurance can be a burden for these lower paid employees. The committee recommends that the Legislative Assembly, through its standing committees during the legislative session, consider options for increasing the salary levels for lower paid employees and lowering health insurance deductibles and coinsurance percentages in the state health insurance contract. Representatives Wentz, Coats, Delzer, Kerzman, Kliniske, Kunkel, Nelson, Niemeier, and Soukup and Senator Lindaas voted "aye." No negative votes were cast.

It was moved by Representative Coats, seconded by Representative Soukup, and carried on a roll call vote that the chairman and staff of the Legislative Council be requested to prepare a report and the recommendations of the committee and to present the report and recommendations to the Legislative Council. Representatives Wentz, Coats, Delzer, Kerzman, Kliniske, Kunkel, Nelson, Niemeier, and Soukup and Senator Lindaas voted "aye." No negative votes were cast.

BUDGET TOUR

Dr. Richard Brauhn, Interim President, welcomed the committee to Dickinson State University and provided information on enrollments, academic programs, and issues. Dr. Brauhn said Dickinson State University's fall 1997 enrollment totaled 1,736 students, which was a record enrollment. Although enrollment numbers are not yet available for the 1998 fall semester, he expects enrollment to be similar if not more than 1997.

Dr. Brauhn reviewed the dual credit program offered by Dickinson State University through area high schools. He said this program, approved by the 1997 Legislative Assembly, allows high school students to earn both college and high school credit for a single college course taught at the high school. He said Dickinson State University is offering 12 courses in 10 high schools. He expects 200 students will be served over the two years the program has been offered.

Dr. Brauhn reviewed the cooperative program with Bismarck State College to provide baccalaureate programs in the Bismarck/Mandan area. He said Dickinson State University will offer five courses over the Interactive Video Network beginning with the 1998 fall semester.

Mr. Alvin Binstock, Vice President, Business Affairs, Dickinson State University, discussed budget issues of Dickinson State University. Mr. Binstock presented the following 1997-99 budget for Dickinson State University:

Salaries and wages	$13,446,664
Operating expenses	3,946,927
Equipment	490,000
Capital improvements	822,999
Total	$18,706,590

Mr. Binstock said although only $171,103 was appropriated for capital improvements for the 1997-99 biennium, the university had carryover of approximately $650,000 that it has used for needed capital improvements, including roof replacements, heating and ventilation system improvements, window replacements, chair lifts, and parking lot repairs.

Mr. Binstock reviewed the critical issues facing the institution including:

1. The need for adequate funding for faculty and staff salaries.
2. The need for adequate operating expense funding to address increasing enrollments, changing technologies, program workload change, and facility use demands.
3. The need for additional equipment funding due to expanded facilities, the greater utilization of facilities, technological advances, and the importance of providing hands-on training to modern equipment utilized by today's work force.
4. The need for additional funding to support technology.
5. The need for additional capital improvement funding to address deferred maintenance projects.

Mr. Binstock said Dickinson State University's five percent budget reduction asked for by the Governor totals $617,395. He said as part of the university's plan for restoration of the five percent, the university plans to eliminate the truckdriver training program, a German minor program, and reduce funds available for faculty and staff development, overtime, and facility operations. He said these changes will provide approximately $325,000 to improve faculty and staff salaries at Dickinson State University.

Representative Nelson asked for the number of students in the truckdriver training program. Mr. Binstock said the program averages between 10 and 12 students per semester.

Mr. Binstock reviewed extraordinary repair requests the university will be including in its 1999-2001 budget request including:

	General Fund
Weinbergen Hall roof replacement	$144,928
Scott gym roof replacement	97,524
Tuck pointing heating plant	45,000
Concrete repair/replacement	23,651
Total general fund	$311,103

Mr. Binstock said the university does not have a capital project request on the University System's priority listing for the 1999-2001 biennium; however, he said for the 2001-03 biennium the university will be

requesting $4 million to renovate and construct an addition to Murphy Hall which is the science building on campus.

Mr. Binstock said the university will be requesting authorization from the 1999 Legislative Assembly, with an emergency clause, to issue bonds for the university's student center renovation and addition project. He said authorization to issue $2 million in bonds for the project was included in 1995 House Bill No. 1003; however, it expired on June 30, 1997. Mr. Binstock estimated the cost of the project at $3.2 million, including furnishings.

Mr. Binstock said asbestos abatement will begin in the building this fall by using funds that have been received from asbestos litigation.

Mr. Binstock said the university has completed construction of King Pavilion on the university's front campus. Funding for the project was provided from private donations.

Mr. Binstock reported on the Klinefelter Hall capital project which was completed in December 1997. He said the total cost of the project was $3.7 million and now provides 30,600 square feet of faculty offices, workrooms, conference rooms, seminar rooms, labs, classrooms, and a 250 seat auditorium.

Mr. Gary Biller, Vice President, Student Affairs, commented on student services. Mr. Biller said based on financial aid received by students, students at Dickinson State University rank as the neediest among North Dakota higher education institutions. He said through grants, loans, scholarships, waivers, and employment, Dickinson State University provided $6.2 million to its students during the 1997-98 school year.

A copy of the Dickinson State University report is on file in the Legislative Council office.

Representative Soukup asked for the percentage of older than average students at Dickinson State University. Mr. Biller said during the 1997-98 academic year, 19 percent of Dickinson State University students were over the age of 24.

Representative Delzer asked for the percentage of out-of-state students attending Dickinson State University. Dr. Brauhn said for the 1997-98 academic year, 75 percent of Dickinson State University students were from within North Dakota and 25 percent from out of state.

Representative Nelson asked for the number of students in each program at Dickinson State University and those completing the programs. Dr. Brauhn distributed a report showing the number of students completing programs at Dickinson State University during the 1996-97 academic year.

The committee recessed for lunch at 12:00 noon and reconvened at 12:30 p.m. and conducted a tour of the Dickinson State University campus including Klinefelter Hall and Murphy Hall.

The committee traveled to the Dickinson Research Extension Center.

Mr. Chris Ringwall, Director, Dickinson Research Extension Center, commented on the budget and programs of the Dickinson Research Extension Center.

Mr. Ringwall presented a schedule showing the percentage of the Dickinson Research Extension Center budget provided from the general fund. The schedule indicated that in the 1981-83 biennium, the general fund provided 87 percent of the center's budget, while in the 1997-99 biennium, 67 percent of the center's budget was provided from the general fund.

Mr. Ringwall commented on budget concerns of the Dickinson Research Extension Center. He said the 95 percent budget of the center eliminates the swine program and an FTE position at the Dickinson Research Extension Center. He expressed concern that the swine program generates revenue for the center. He said in 1997, the swine program cost $69,000, but it generated $95,000 in revenue for the center.

Mr. Ringwall presented a comparison of motor pool costs since 1995. He said although the center is pleased with the services received from fleet services, the costs have increased substantially. He said in 1995, the center's motor pool costs were $22,000 and in 1998 were $52,000.

Mr. Ringwall presented information on crop variety trials and crop rotation research being conducted at the Dickinson Research Extension Center.

A copy of the report is on file in the Legislative Council office.

The committee conducted a tour of the center including research plots and pasture sites.

It was moved by Representative Coats, seconded by Senator Lindaas, and carried that the meeting be adjourned sine die.

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Allen H. Knudson
Senior Fiscal Analyst

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Chester E. Nelson, Jr.
Legislative Budget Analyst and Auditor

ATTACH:1