

MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

2218

2005 SENATE GOVERNMENT AND VETERANS AFFAIRS

Sb 2218

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2218

Senate Government and Veterans Affairs

Conference Committee

Hearing Date 1/27, 2005

Tape Number	Side A	Side B	Meter #
1	x		1,498-2728
Committee Clerk Signature <i>Diane Davis</i>			

Chairman Krebsbach opens hearing on SB2218

Relating to funding and veterans' records

Senator Syverson - sponsor of bill - see written testimony.

Rudy Jenson, Chairman of the Administrative Committee on Veterans' Affairs

See written testimony.

(meter #1680)

Senator Syverson - Asked how open are the records of the veterans in veterans' homes.

Jenson - Stressed they are very strict under HIPPA.

Senator Lee - Told of last session when the state law was made to correspond with the Federal

HIPPA Law.

Page 2

Senate Government and Veterans Affairs Committee

Bill/Resolution Number **SB 2218**

Hearing Date January 27 2005

John Jacobson - Legislative Committee of Veterans' Council - In favor of this bill

Gordy Smith - Audit Manager - see written testimony

(#2385)

Sheila Peterson - Director of Fiscal Management Division - Here to assure that this bill does meet their concerns. In favor of this bill.

(#2634) **Close the hearing on 2218**

Motion for Do Pass from **Senator Nelson**

Second from **Senator Syverson**

Senator Nelson will carry

FISCAL NOTE
Requested by Legislative Council
01/14/2005

Bill/Resolution No.: SB 2218

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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

In the Performance Audit Report (March 2004) of our agency, Recommendation 3-1 states "the Department of Veterans Affairs take the necessary action to ensure proper appropriation authority is obtained for accepting and expending moneys the Department receives from the Veterans' Postwar Trust Fund."

The language was developed by OMB, State Auditor's Office, and Attorney General's Office to address this recommendation.

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.*

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:	Cathy Halgunseth	Agency:	Veterans Affairs
Phone Number:	239-7165	Date Prepared:	01/21/2005

REPORT OF STANDING COMMITTEE (410)
January 27, 2005 1:18 p.m.

Module No: SR-18-1211
Carrier: Nelson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2218: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)
recommends **DO PASS** (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2218
was placed on the Eleventh order on the calendar.

2005 HOUSE GOVERNMENT AND VETERANS AFFAIRS

SB 2218

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2218

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 2/24/05

Tape Number	Side A	Side B	Meter #
2	x		15.5-end
3	X		0-1.8
Committee Clerk Signature			

Minutes: SB Relating to supervision of county veterans' service officers and duties of the commissioner of veterans' affairs; and to provide a continuing appropriation.

Chairman Haas: We will open the hearing on SB 2218 and ask the clerk to read the title.

Rick Ryan-Secretary for the Administrative Committee on Veterans Affairs-Testimony

Attached-I would like to thank you Mr. Chairman and the committee for scheduling all these veterans bills on the same day, it allows us to be better prepared to give our testimony.

Senator John Syverson-Fargo-District 45-I just want to emphasis to you folks the significance to veterans of the state that you find in the veterans service officer program. We want the service officers and the committees that are involved to have every opportunity to be able to provide those benefits to those veterans who have served and for the veterans who will continue to serve in the years to come. I would urge and ask your favorable consideration on the bill you have before you.

Chairman Haas: Thank you John, are there questions for Senator Syverson, if not thank you for

being here.

Senator: Thank you for your committees time.

Chairman Haas: Are there questions for Rick.

Rep. Klemin: Mostly what you have in here is moving language around, out of section 4, into sections 2 and 3 and in doing that in section 2 there is some change in the language from the original language. I guess I have a question how this fund operates, page 2, lines 6 through 8, the interest that comes in goes to the administrative committee.

Rick: Your right the North Dakota administrative committee is the one that is passed to spend the interest moneys only from the post war trust fund. We administer the giving out of money to the department for our grants program, the hearing, the eye glasses, all the different grant programs that we have within the department of veterans affairs, Bob Hanson is the commissioner and his office is the one that does all the recommendations for approval of those grants. The money actually comes from the North Dakota Veterans Post War Trust Fund and our committee, the fifteen member committee, is the one gives the money to the department, we are the ones that decide where to spend the money.

Rep. Klemin: Where does the money from the trust fund come from?

Rick: Originally the North Dakota Veterans Post War Trust Fund was some dollars that were left over from the Viet Nam Veterans Bonus Program and it was a fund that was put into effect to keep the principle amount of money available and only to use the interest money off of that to support veterans programs throughout the state.

Rep. Klemin: So the principle is not touched?

Rick: No sir, it is money that can't be touched.

Rep. Klemin: The type of investment that this fund makes, is it only interest or is there other income as a result.

Rick: We are trying to grow the fund at present time, we have been putting fifty thousand dollars a year back into the funds so twenty years from now the veterans of North Dakota will have the same spending power then as what we have now. There is no other income to the Post War Trust Fund, its the money that is there and the interest that we put back into the fund, it is the only way that fund will ever grow.

Rep. Klemin: So under lines 6 through 8, is the intention here that all interests earnings would go to the department or is it simply appropriations statement that would still give discretion on how much interest they are going to get?

Rick: Basically this change here is that it authorizes to the department the authorization to spend money from the Post War Trust Fund that we appropriate to the department. They have never had the authorization to spend that money in the past.

Gordy Smith-Audit Manager-Testimony Attached-

Gordy: The language that is there is basically, there was no where in code where the Department of Veterans Affairs had any authority to receive or to spend any of that interest money that was coming from that Post War Trust Fund. Just the way it has been done over the years that the administrative committee had by law a continuing appropriation to receive and expend that interest earnings, the administrative committee does, in are discussion during the audit with the Attorney Generals office, that authority did not filter down then to the Department of Veterans Affairs, so basically what the audit points out is that with current language being the way it is there is nothing that is not specifically authorizing the appropriation bill or anything else. There

should be some sort of continuing appropriations so that whatever the administrative committee decides to do, however much they decide to give the Department of Veterans Affairs, there needs to be some statutory authority for the Department to receive and expend this money.

Chairman Haas: So it legitimizes in a sense what has been done.

Gordy: That would be correct, Mr. Chairman.

Rep. Sitte: At a time when this committee has heard a lot of negative testimony about the roll of Veteran Service County Officers, it is sort of amazing to pull off the responsibility of the State Commissioner, OK you are on your own under the counties. I worry we might need a lynch pin in here, maybe we need to make sure that the commissioner reports to the county commissioner every year on all of the state wide activities, so they can have some way to measure there own county veterans and to determine whether they are doing a job for them.

Gordy: I guess the performance audit, first of all, if the committee wished I could make copies of that performance audit, I could make that available to the committee. One of the things that we found is that we are seeing in here is that indications in law where you would make an assumption that someone is supervising these individuals or someone is directing the work, as the law read that there was something going on, but the commissioner was out doing something, what ended up happening is that the commissioner when we did our audit, we would look in there and there might have been eight or nine visits in two or three years with any of the 50 plus County Veterans Service Officers where the commissioner would actually be out there and see how they did. We also noted that there was reports that were required by policy of the department and what ended up happening is probably less then half of county veteran service officers would actually file the report, but even the ones that were filed were never used. They just receive them

and put them in a stack and put them in a file cabinet, so there was no supervision, no direction going on and Rep. Sitte you are right, in some cases there would be very little activity, we interviewed some of the veteran service officers, some of them operate out of their house and the veterans did not feel comfortable going to the basement of someone's house and asking for assistance. They would rather have a place of business. They would like to fund that better so these people would have a place to go to. If the counties are paying for these people, how does the state come in and supervise. There is that philosophical thing about local control and that surfaced. In our surveys, we don't want to take our direction from the commissioner, we know what we are doing. We know what we need to do. So there was that conflict, if you are not going to have this supervision or direction, take it out of the law, because you are not complying with the law. There should be some connection, as you are saying, in order to make sure that the veterans and the counties actually have some where to go and get information and assistance as far as access to programs and those kinds of things.

Chairman Haas: We had a pretty lengthy discussion on an earlier bill about country veterans service officers, which made it mandatory that a county have one and also made a provision, so that they could share one. As a result of all of that discussion we came to the same conclusion, Gordy, that there is a disconnect between the responsibilities and who is accountable for the veterans service officer and then you have the commissioner of veterans affairs who has responsibility for programs, but no supervisory responsibility over the veterans service officers, so as a result of all that, we put together a resolution that we would really like to study this for the next two years and come up with a relationship that works in delivering those services to the veterans at the local level. I think your audit prompted a lot of those thoughts and those ideas.

Rep. Boehning: Is there any other employees of the county government that have offices in their homes?

Gordy: In our experience I would have to say I am not aware of any. There are other examples where counties are paying for services and the state is helping supervise and the one that comes to mind is human services.

Rep. Conrad: I used to be a county commissioner and so I would hesitate to take this supervision away and then you are putting one more person responsible to people who meet regularly, but not every day. I think it would premature to make this decision. The issue is real and I think that it is great that the audit brought this out. I also would say, my experience with human services, where it is county administered, state supervised that is a nice deal for the county commissioner, because we can hire qualified people, but the state is going to tell us when those services are not up standard. Is there a need for this right now, or could we wait on the study.

Gordy: I think that the veterans deserve everybody, whether you live in a little rural area or you live in Bismarck. You deserve access to somebody that is knowledgeable about what programs are available to them. If there is going to be a state wide network of these county veteran service officers, there should be somebody that is responsible to ensure that the services that are provided are consistent, that they are proactively put out. We talked to veterans, while there has been a claim filed and some of the reasons, when we surveyed a bunch of veterans they didn't know about it. The current language in here, I struggle with, because there is really nothing as far as supervision goes. We have already entered into discussions with the association of counties

and working together on this. There is going to have to be more consolidation in order for this to work. We need to work things through.

Rep. Sitte: Under duties of commissioner, to provide an annual report to all the county commissioners on the activities of all the county veterans service officers in the state. I am thinking that its quite good what you provided us already, so each county commissioner could see, so in Burleigh County we process this many claims, but in this county they processed this many claims, is this veterans service officer doing the job for us or isn't, then it really leaves it in the hands of the county commissioners, it provides a lynch pin, because otherwise they have no idea, they have no gauge to judge whether or not their county veterans service officer is doing his job.

Bob: I don't have a problem with that. Again it gets you back to and if they don't want to give me the information, which a lot of them aren't giving it. I think part of the reason is exactly what you are talking about. I don't have any authority to say, you either do this or you are on probation and then you are fired. Then we get someone in there that will do the job.

Rep. Klemin: My observation of Burleigh county commission, they have no problem whatsoever supervising the county veteran service officers, in fact they consider that person another department head and they do re-appoint all of their department heads every year, including the county veteran service officer. If the county veterans service officer isn't doing his job, he doesn't get re-appointed, is exactly what happened in Burleigh county a few years ago, so the county commission, I think those supervise the county veterans service officer. The county does that. Page 2, lines 26 and 27, one of the duties of the commissioner is to assist the veteran service officers in the performance of there duties, so if we go back to page 1, line 18 where that

language is struck through, if instead it says, we change the existing language there under the supervision out, change that with the assistance of, that would be completely consistent with the change you are making in section 4 and you would assisting the county veterans service officer, but not supervising. I could tell you if you talk to any member of the Burleigh county commission they will say we do that, so I guess I'm thinking what you are saying is corrected, that you don't supervise and you really can't, because the county commissions do it, is that the way you see it?

Bob: That is exactly the way I see it and I think what we are trying to do in this is work with the county on this language, we wanted to make sure we weren't taking any power away, that we wanted to work with them in a cooperative manner. That is why we put, I think it is on page 2.

Chairman Haas: It makes you a resource for them, in order to do a better job.

Bob: That's correct.

Rep. Conrad: Shouldn't we put something in that they have to provide information to you upon request. This idea that someone can sit out in the country and not give you the information that you feel is important to access the program or determine the needs are justified, those kinds of things. There needs to be two ways here, I appreciate you being cooperative with the commissioners, but the commissioners need to be cooperative with the state. Would that be helpful?

Bob: It would also be helpful if you would delete this and say if you don't do this, but then I would hate that to be in that kind of mode either.

Rep. Sitte: On page 1, Rep. Conrad, on page 1, line 18 and 19, also the duty of the county veterans service officer to actively cooperate with and coordinate the activities of the state and

federal agencies. That certainly does spell out there job and part of that is to inform the state with a report every year, if they fail to do that, once again I think the commissioner in his letter to all the county commissioners who do have supervisory role can quote from this law and say that they have failed to meet there responsibilities in the law of North Dakota.

Chairman Haas: Further questions for Bob, if not thank you Bob. Is there additional testimony on SB 2218. Gordy?

Gordy: I just have a very brief, we just want to say from the auditors office that the changes that have been made in here would implement the recommendation that would work in the performance audits.

Chairman Haas: Is there additional questions for Gordy? I have just one question Gordy. You have heard us describe the concern of the House GVA committee about doing a better job state wide of providing service for veterans. My question is assuming we can get that two year interim study done is it your opinion that the study might be beneficial in some type of a restructuring of administrative and program responsibilities and authorities and change of command, etc., and to be able to do a better job and if so, the changes that we are making now would be adequate in the meantime, is that right or what is your feeling on that?

Gordy: First of all, I think the study would be very beneficial and as far as everybody understands, everybody's cards are on the table, what actually happens now and how we can improve that. I certainly think part of that restructuring would be beneficial if the commissioner asks for data, that the data should really presented to him and one of the ways the county commissioner or the veterans affairs commissioner can judge how people are doing. Advertise,

holding a meeting for the veterans and letting the veterans know what services are available. I think those changes can be made and think the veterans deserve this consistent service.

Chairman Haas: Thank you very much, thank you Gordy, additional testimony.

Sheila Peterson-Director of the Fiscal Management Division of the Office of Management and Budget-OMB would like to weigh in on section number 2, relative to the continuing appropriation, just indicate our support for this particular clarification. The audit did raise some questions about the authority relative to this continuing appropriation that is in the constitution and this clarifies it and we certainly hope that this bill passes, especially section 2.

Chairman Haas: Are there any questions for Sheila? Thank you very much. Is there additional testimony on SB 2218.

John Jacobsen-Coordinating Counsel has instructed me to ask for your support on 2218.

Chairman Haas: Thank you are there questions for John. Is there any additional favorable testimony on SB 2218, is there opposition testimony on SB 2218, if not the hearing will be closed on SB 2218.

Chairman Haas: Well this is fresh in our minds committee and having heard quite a bit of testimony on this bill, what are your wishes?

Rep. Conrad: Motion DO PASS.

Chairman Haas: Rep. Conrad moves a DO PASS, is there a second, Rep. Galvin seconds the motion, now is there any discussion?

Rep. Sitte: I think it is very important that we put in an amendment that the commissioner will provide that report to the county commissioners, so that they have some way of gauging the work of there local county veteran service officers. Do you want me to DO that wording again?

Chairman Haas: Where did you have the wording?

Rep. Sitte: I was thinking at the end on page 2, line 29, you could take out and on line 28, and to provide an annual report to all the county commissioners of the state on the activities of all the county veterans services officers.

Chairman Haas: Rep. Sitte just in discussion here, unless you put an additional reporting requirement in from the county service officers to the commissioner, he won't have the information to compile a report, because there is no requirement now for a report, any kind of report from the veterans service officer to the commissioner.

Rep. Sitte: We could add that back on page 1, line 19, but I really believe when we say to actively cooperate with the actives of state agency, we are telling them it is there responsibility to cooperate, if report is a part of that.

Chairman Haas: If you read the rest of that sentence on page 1, it is to actively cooperate and coordinate to facilitate there operation and ensure promptness, in the solution in the problems concerned with there reestablishment of returning service men and service women. It really is to cooperate and coordinate, so they make sure that they are knowledgeable about every single program that is available to veterans and work dililengently to make sure that deserving veterans receive that program. I am not sure that it has anything to do with cooperating and coordination between the commissioner and the veterans service officer.

Rep. Sitte: If they are facilitating, a few of these programs are being used, then they will have something to report.

Rep. Klemin: If we were to do what Rep. Sitte wants to do, we would have to have a parallel reporting requirements on the veteran service officers, you would have to establish deadlines for

service officer to make those reports, you would have to specify what would be in the report, so that know. The commissioner is to provide a over all report to the county commission you would have to the same thing, when the report is made and that sort of thing. Maybe that is a little beyond the scope of what's this bill, it might be more appropriate for the study.

Chairman Haas: I think you are absolutely right, Rep. Klemin.

Rep. Amerman: Instead of the commissioner getting a report from all the service officers and to providing it to the counties, it makes more sense to me to see how the service office works for the counties and that is where the job is and that's where there livelihood is. They should report to the county commissioners what they have been doing and not the other way around.

Chairman Haas: That is a good comment Rep. Amerman, I think it relates back to what Rep. Klemin said, that I think we are really getting beyond the scope of this bill, when we start talking about those details. It is going to be extremely important when we look down the road on how these services are delivered and the relationship between the county commission, the service officer and the commissioner of veteran affairs. It is critically important that we get that study. Is there any further discussion on the DO PASS motion? Rep. Sitte did you want to make that a formal motion to amend the bill.

Rep. Sitte: I move to amend SB 2218.

Chairman Haas: Is there a second to that amendment, seconded by Rep. Grande. Is there any discussion on the amendment, if not we will try a voice vote on the amendment, all in favor of the amendment signify by saying I, oppose say no. The amendment fails. We now have the bill before us with a DO PASS motion. Is there any further discussion? If not we will ask the clerk to take the roll on a DO PASS motion on SB 2218.

Page 13

House Government and Veterans Affairs Committee

Bill/Resolution Number SB 2218

Hearing Date 2/24/05

VOTE: YES 13 NO 0 ABSENT 1

DO PASS ON SB 2218

REP. CONRAD WILL CARRY THE BILL.

Date: 2/24/05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2218

House House Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Rep. Conrad Seconded By Rep. Galvin

Representatives	Yes	No	Representatives	Yes	No
Chairman C.B. Haas	✓		Rep. Bill Amerman	✓	
Bette B. Grande - Vice Chairman	✓		Rep. Kari Conrad	✓	
Rep. Randy Boehning	✓		Rep. Louise Potter	✓	
Rep. Glen Froseth	✓		Rep. Sally M. Sandvig	✓	
Rep. Pat Galvin	✓				
Rep. Stacey Horter	✓				
Rep. Jim Kasper	AB				
Rep. Lawrence R. Klemin	✓				
Rep. Lisa Meier	✓				
Rep. Margaret Sitte	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep. Conrad

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

REPORT OF STANDING COMMITTEE (410)
February 24, 2005 11:14 a.m.

Module No: HR-34-3552
Carrier: Conrad
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2218: Government and Veterans Affairs Committee (Rep. Haas, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2218
was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

SB 2213

Syverson, John O.

From: Hanson, Bob E.
Sent: Monday, January 24, 2005 3:46 PM
To: Syverson, John O.
Subject: SB 2218 info

Senator:

Thank you for your call this afternoon regarding SB 2218. Again, thank you for prime sponsoring the bill.

Below is a brief synopsis of the bill. Hope it is ok with you. Feel free to change it anyway you want.

We are coming to Fargo Wednesday about noon. I know Rudy would like to visit with you over noon hour or sometime during the afternoon, if that's ok with you.

Thanks for your help with this bill.

Bob Hanson

**SB 2218 STATEMENT
SENATOR JOHN SYVERSON, Dist. 45
January 27, 2005**

Chairman Krebsbach and members of the Senate Government and Veterans Affairs Committee. I am Senator John Syverson, district 45, Fargo, prime sponsor of SB 2218.

The state auditor's office conducted a performance audit of the state department of veterans' affairs during this past interim. The audit resulted in numerous recommendations being made by the state auditor's office.

Senate Bill 2218 addresses some of these audit recommendations, including 1) continuing appropriation authority for administrative committee on veterans' affairs relative to Post War Trust Fund earnings; 2) removing commissioner of veterans' affairs supervisory authority over county veterans' service officers; 3) giving commissioner permissive authority to work with county commissions and county veterans' service officer's to help them provide service to the veterans in their counties and 4) removes obsolete language from the code.

There are others present who will provide more detailed testimony.

I encourage the committee's "do pass" recommendation on SB 2218.

Thank you.

Statement SB 2218
Rudy Jenson, Chr., ACOVA
Sen. Government & Veterans' Affairs Committee
January 27, 2005

Madam Chairperson, members of the committee. I am Rudy Jenson, chairman of the Administrative Committee on Veterans' Affairs (ACOVA). The administrative committee on veterans' affairs is a 15 member committee of veterans appointed by the Governor from names submitted to him from the state's 5 major veterans organizations. There are 3 members from each of the 5 organizations who serve staggered 3 year terms. Our committee is responsible for the state department of veterans' affairs and the state veterans' home.

We appreciate Sen. Syverson's and his cosponsors' willingness to introduce this legislation on our behalf.

Today we respectfully ask for your favorable consideration of SB 2218.

This is just a housekeeping bill. Bet you've never heard that before. Well, in this case it's true. This bill deals with several recommendations of the recent performance audit of the department of veterans' affairs.

The audit pointed out current law requires the commissioner to supervise and direct the work of county veterans' service officers. However, the audit also noted the department of veterans' affairs does not have the authority to hire, fire, pay or reprimand a county veterans' service officer. The auditor's recommendation was to either get in compliance with the law, or make the necessary corrections to change the law regarding the commissioner's duties related to county veterans' service officers. Sections 1 and 4 of this legislation remove these supervisory responsibilities of the commissioner. Section 4 also deletes obsolete language regarding county service to veterans' committees.

The audit also expressed concern about the manner in which the department was accepting Post War Trust Fund earnings from the administrative committee on veterans' affairs to support programs for veterans. The administrative committee's main concern with this recommendation is to make sure they can continue to provide Post War Trust Fund earnings to the department of veterans' affairs so programs such as the Hardship Grant Program which helps the neediest of our veterans and their spouses with dental, optical and hearing assistance; the van transportation program which provides vans to transport veterans from throughout the state, free of charge, to the VA medical center in Fargo; assisting veterans in veterans' preference appeals and helping the Veterans' Home with some of their programs and needs, will not be jeopardized.

Section 2 of SB 2218 corrects this particular audit recommendation by allowing the department of veterans' affairs to receive Post War Trust Fund earnings from the administrative committee on veterans' affairs on a continually appropriated basis to fund programs such as those I've mentioned. The state auditor's office, OMB, Attorney General's office, department of veterans' affairs and administrative committee on veterans' affairs all agree the language contained in Section 2 responsibly addresses the State Auditor's recommendation. I believe representatives from OMB and the State Auditors Office will share these same conclusions with you. The corresponding relevant language in current law is removed in section 4.

Section 3 of this bill is currently a part of NDCC 37-18-04. The relevant language in existing law of this section is deleted in section 4. Our assistant Attorney General felt, and we agree, neither section 2 nor 3 belonged under "Duties of Commissioner."

The bill also gives the commissioner of veterans' affairs a more permissive role in the type of assistance the commissioner may provide to help counties and county veterans' service officers perform their duties in section 4. We believe working together in a cooperative manner with counties offers a responsible approach in providing effective service to and for our state's veterans.

We also want to publicly thank Sheila Peterson and Lori Laschkewitsch from OMB, Gordy Smith and his auditors in the State Auditor's office and especially our assistant attorney general, Mary Kae Kelsch for all the work they have done in the development of this bill.

Thank you.

2218

STATE AUDITOR
ROBERT R. PETERSON



PHONE
(701) 328-2241
FAX
(701) 328-1406

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVE. - DEPT. 117
BISMARCK, ND 58505

**TESTIMONY BEFORE THE SENATE
GOVERNMENT AND VETERAN'S AFFAIRS COMMITTEE**
January 27, 2005

Senate Bill No. 2218

Testimony - Presented by Gordy Smith
Audit Manager

Chairman Krebsbach and members of the committee, I'm here to testify on SB 2218. The State Auditor's Office is neutral on this piece of legislation. However, I would like to comment that Section 2 of the bill will implement a recommendation that appeared in our performance audit of the Department of Veterans' Affairs (Department). The performance audit cited that the Department did not have a specific appropriation for the interest moneys from the Veterans' Postwar Trust Fund, nor did they have a continuing appropriation for the interest moneys. Granting the Department continuing appropriation authority for the interest earnings from the Veterans' Postwar Trust Fund will implement our recommendation.

Next, the performance audit also had a recommendation dealing with language in state law regarding the Commissioner's duties as they relate to the county veteran service officers. Specifically, the law includes terms/phrases such as "supervise" and "direct the work of county service officers". Our performance audit found that the Commissioner was not complying with this section of state law. We feel that either the Department should comply with state law or change the appropriate sections. Section 4 of this bill removes the relevant language. If the bill is passed with the amended language in section 4, it will implement the recommendation in our performance audit.

Madam Chairman, this would conclude my testimony. I will be happy to answer any questions you may have.

Statement SB 2218
Rick Ryan, Secy., ACOVA
House. Government & Veterans' Affairs Committee
February 24, 2005

Mister Chairman, members of the committee. I am Rick Ryan, secretary of the Administrative Committee on Veterans' Affairs (ACOVA). Rudy Jenson, chairman of the committee, got sick over the weekend and asked if I would present his testimony. The administrative committee on veterans' affairs is a 15 member committee of veterans appointed by the Governor from names submitted to him from the state's 5 major veterans organizations. There are 3 members from each of the 5 organizations who serve staggered 3 year terms. Our committee is responsible for the state department of veterans' affairs and the state veterans' home.

We appreciate Sen. Syverson's and his cosponsors' willingness to introduce this legislation on our behalf.

Today we respectfully ask for your favorable consideration of SB 2218.

This bill addresses several recommendations of the recent department of veterans' affairs performance audit.

The audit pointed out current law requires the commissioner to supervise and direct the work of county veterans' service officers. However, the audit also noted the department of veterans' affairs does not have the authority to hire, fire, pay or reprimand a county veterans' service officer. The auditor's recommendation was either to get in compliance with the law, or make the necessary corrections to change the law regarding the commissioner's duties related to county veterans' service officers. Sections 1 and 4 of this legislation remove these supervisory responsibilities of the commissioner. Section 4 also deletes obsolete language regarding county service to veterans' committees.

The audit also expressed concern about the manner in which the department was accepting Post War Trust Fund earnings from the administrative committee on veterans' affairs to support programs for veterans. The administrative committee's main concern with this recommendation is to make sure the committee can continue to provide Post War Trust Fund earnings to the department of veterans' affairs so programs such as the Hardship Grant Program which helps the neediest of our veterans and their spouses with dental, optical and hearing assistance; the van transportation program which provides vans to transport veterans from throughout the state, free of charge, to the VA medical center in Fargo; assisting veterans in veterans' preference appeals and helping the Veterans' Home with some of their programs and needs, will not be jeopardized.

Section 2 of SB 2218 corrects this particular audit recommendation by allowing the department of veterans' affairs to receive Post War Trust Fund earnings from the administrative committee on veterans' affairs on a continually appropriated basis to fund programs such as those I've mentioned. The state auditor's office, OMB, Attorney General's office, department of veterans' affairs and administrative committee on veterans' affairs all agree the language contained in Section 2 responsibly addresses the State Auditor's recommendation. I believe representatives from OMB and the State Auditors Office will share these same conclusions with you. The corresponding relevant language in current law is removed in section 4.

Section 3 of this bill is currently a part of NDCC 37-18-04. The relevant language in existing law of this section is deleted in section 4. Our assistant Attorney General felt, and we agree, neither section 2 nor 3 belonged under "Duties of Commissioner."

The bill also gives the commissioner of veterans' affairs a more permissive role in the type of assistance the commissioner may provide to help counties and county veterans' service officers perform their duties in section 4. We believe working together in a cooperative manner with counties offers a responsible approach in providing effective service to and for our state's veterans.

We also want to publicly thank Sheila Peterson and Lori Laschkewitsch from OMB, Gordy Smith and his auditors, Becky Keller, Jason Wahl and Nathan Bergman, in the State Auditor's office, and especially our assistant attorney general, Mary Kae Kelsch for all the work they have done in the development of this bill.

Thank you.

STATE AUDITOR
ROBERT R. PETERSON



PHONE
(701) 328-2241
FAX
(701) 328-1406

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVE. - DEPT. 117
BISMARCK, ND 58505

**TESTIMONY BEFORE THE HOUSE
GOVERNMENT AND VETERAN'S AFFAIRS COMMITTEE**
February 24, 2005

Senate Bill No. 2218

Testimony - Presented by Gordy Smith
Audit Manager

Chairman Haas and members of the committee, I'm here to testify on SB 2218. The State Auditor's Office is neutral on this piece of legislation. However, I would like to comment that Section 2 of the bill will implement a recommendation that appeared in our performance audit of the Department of Veterans' Affairs. Specifically, the performance audit cited that the Department did not have a specific appropriation for the interest moneys from the Veterans' Postwar Trust Fund, nor did they have a continuing appropriation for the interest moneys. Granting the Department continuing appropriation authority for the interest earnings from the Veterans' Postwar Trust Fund will implement our recommendation.

Next, the performance audit report also contained a recommendation dealing with language in state law regarding the Commissioner's duties as they relate to the county veteran service officers. The law includes terms/phrases such as "supervise" and "direct the work of county service officers". Our performance audit found that the Commissioner was not complying with this section of state law. We feel that either the Department should comply with state law or change the appropriate sections and section 4 of this bill removes the relevant language. If the bill is passed with the amended language in section 4, it will implement the recommendation in our performance audit.

Mr. Chairman, this would conclude my testimony. I will gladly answer any questions you might have.