

2007 SENATE APPROPRIATIONS

SB 2015

Bill/Resolution No.2015

Senate	Approp	riations
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☐ Check here for Conference Committee

Hearing Date: 01/12/07

Recorder Job Number 1022

Committee Clerk Signature

Minutes:

Chairman Holmberg opened the hearing on SB 2015 at 11:00 a.m. January 12, 2007 regarding the Office of Management and Budget (OMB). He stated this committee will not hear any testimony regarding sections 12 and 13 today of this bill and that line item on page 2 regarding Prairie Public Broadcasting (PPB) will not be heard until 2/2/07.

Pam Sharp, Director of OMB presented written testimony (1) stating each of the division directors will present information on their respective divisions, which include Fiscal Management, Human Resource Management Services, Central Services, Facility Management, and Risk Management. Funding for the Centers of Excellence is included in this bill and you will hear from Shane Goettle, Mark Nesbitt and Chancellor Eddie Dunn.

**Senator Grindberg** asked if we have a schedule regarding interest costs and was assured by Ms. Sharp that she could get that information from the Bank of ND. He also asked Pam to explain the logic of the interest being pulled into the budget.

**Pam Sharp** explained the 17 points brought out in her testimony and questions were raised regarding federal government involvement, bond rating and whether the emergency fund would sustain this program.

Chairman Holmberg requested information regarding the impact on funding.

Hearing Date: 01/05/07

Senate Appropriations Committee

Bill/Resolution No. 2023

Sheila Peterson, Director of Fiscal Management Division (FMD) of OMB provided written testimony (2) stating the FMD has four major areas of responsibility; budget, accounting, payroll and financial reporting. There are 21 FTE in this department.

**Senator Robinson** requested information regarding the distribution of money in the state employee package.

**Senator Mathern** had questions concerning the relationship between WSI and Human Resources and asked Sheila to provide that information.

**of OMB** presented Written testimony (3) and shared information in the 4 broad functional areas: Classification and Compensation, Human Resource Consulting and Coaching,

Employment Services to include mediation and Training and Development.

**Senator Christmann** requested information regarding part-time state employees who are not receiving benefits.

**Senator Robinson** asked if we have analysis of pay rates for all employees in terms of numbers.

**Senator Mathern** asked for information comparing performance evaluation programs with the private sector.

Linda Belisle, Director of the Central Services Division of OMB gave written testimony (4) and gave testimony regarding the 4 distinct and diverse programs, which are as follows:

Central Duplicating Services, Central Supply, State Procurement Office and State and Federal Surplus Property.

John Boyle, Director of Facility Management Division (FMD) of OMB presented written testimony (5) and gave testimony concerning the number of FTE's and the responsibilities of FMD to the public and employees within the Capitol Complex.

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Senate Appropriations Committee

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**Chairman Holmberg** had questions regarding the progress of the sprinkler system installation in the Capitol.

Questions were raised considering the maintenance of the brass, black marble wall and granite, pillars, etc. and when the work will be completed.

**John Boyle** stated that work should be completed by the 2009 session. The Capitol will be celebrating it's 75<sup>th</sup> anniversary in 2010.

Questions were raised concerning the cafeteria area and the parking lot expansion. John Boyle stated that life safety and ADA issues were high priority. Questions were asked concerning the Capitol Building Trust Fund and whether the Legislative addition is in the same trust fund.

Jo Zschomler, Director of the Risk Management Division (RMD) of OMB presented written testimony (6) and shared the RMD was established to promote safety and reduce loss resulting from the state's tort liability and employee injury claims by identifying and measuring risks of loss and implementing appropriate measures to address those risks.

Eddie Dunn, Chancellor of North Dakota University System presented written testimony

(7) and gave testimony regarding the Centers of Excellence initiative and the impact on the ND

University System.

**Chairman Holmberg** had questions regarding the time frame and amount requested for funding.

Shane Goettle, Commissioner, ND Department of Commerce presented written testimony (8) requesting the continued funding of Centers of Excellence.

Senator Bowman asked about the research work concerning the oil industry.

Mark Nisbet, Chairman of the Centers of Excellence Commission presented written testimony (9) and shared the exciting things happening in ND driven by the Centers of

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Excellence program. There are 11 Centers that have been approved for funding. These

Centers are located across the state and are directed at various sectors of our economy. A list

was provided in the written testimony.

Chairman Holmberg commended Mr. Nisbet for his involvement in this project and stated this

committee is looking forward to further success stories in the future.

**Senator Mathern** had questions regarding the federal government involvement.

Chairman Holmberg dismissed the hearing on SB 2015.

Bill/Resolution No.2015 and 2189

Senate Appropriations

Check here for Conference Committee

Hearing Date: 01/15/07

Recorder Job Number 1069

Committee Clerk Signature

Minutes:

Chairman Holmberg opened the hearing on SB 2015 and 2189 at 9:00 a.m. January 15, 2007 with roll call. He announced that the two bills were being heard together as they both discuss State Employee Compensation.

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Senator Dave Nething, District 12, Jamestown, introduced SB 2189 testifying indicating that the state is in a good position and the the budget Governor Hoeven proposed is good. He indicated the OMB budget waits until crossover because of the nature of the bill and the number of items that need to be considered or added to. He stressed it is important to put state employees on the fast track and put them first as well as bring them current with the times. He indicated he hoped the appropriations committee likes the proposal and acts on it quickly.

Lt. Governor Jack Dalrymple testified on the bill on behalf of the Governor's Office. He indicated the factors that entered into the bill. The 4/4 reflects the attitude the committee has toward employees. He discussed the \$75 increase for lower end employees, the 4/4 increase, the issues of the minimal acceptable amount in wages, the total cost of the health insurance, the equity pool and the fact that this is the largest increase to the lower price wage scale.

Senator Krauter questioned why the \$75 increase and not \$100 and if the fiscal staff could explain the bottom like numbers at \$75 or \$100.

Hearing Date: 01/15/07

Senate Appropriations Committee Bill/Resolution No. 2015 and 2189

Representative Dave Weiler, District 30, Bismarck, testified, indicating he was asked to co sponsor SB 2189. He explained why the state is where it is today and asked the committee to support the bill.

Senator Richard (Dick) Dever, District 32, Burleigh County, testified in support of SB 2189, thanking Senator Nething for introducing the bill, applauding state employees for being present to testify, indicating the importance of this bill and thanking appropriations for putting this on the fast track.

**Senator Robinson** testified in support of SB 2189, indicating the state is in a rare position, to allow for things getting done that could not be done before. He indicated this bill is consistent with the Governor's package and will be a big factor in keeping our employees happy.

Senator David O'Connell, District 6, Bottineau, testified in support of SB 2189, indicating it is time to show appreciation to state employees. He stressed to get the raise on the table and if there is extra money at the end, we can always add to it.

Roger Johnson, Commissioner, Department of Agriculture, presented written testimony (1) in support of SB 2015 and SB 2189, providing raises to state employees and establishing a market equity pool. He indicated there is a need to have an additional amount for the equity pool. He further indicated the losses to his department as it related to equity pay. He had concerns about the decreases in health coverage. He indicated his department had analyzed the impact of the market and equity needs. The proposed package is the absolute minimum increase.

Cory Fong, Tax Commissioner, presented written testimony (2) in support of SB 2189. He stressed a strong need to adjust salaries to keep up with the market.

Arvy Smith, Deputy State Health Officer, Department of Health, presented written testimony (3) in support of SB 2015 and SB 2189 regarding state employee compensation issues and salary adjustments. She indicated what the employees in the department do, that many employees left the department's

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Senate Appropriations Committee Bill/Resolution No. 2015 and 2189

workfoce (12 percent), and that of those 60 percent left for higher salaries. She indicated salary is a major issue within the department. She said this salary increase is a step in the right direction.

**Senator Mathern** indicated he was pleased that there was some feedback from the employees when they leave the agency and he wondered if the health coverage had anything to do with employees leaving.

Francis Zieglar, Director, ND Department of Transportation, presented written testimony (4) supporting SB 2015 and 2189. It is his belief that this bill will positively impact the departments ongoing efforts to recruit and retain employees. He indicated this state cannot have economic impact ith the DOT.

Gary Feist, President, ND Public Employees Association, (NDPERS) presented written testimony (5) testifying in support of ST 2015 and 2189 stressing that the current proposal will continue to move salaries closer to the market. He stressed the state needs to be competitive if we are going to attract the young.

**Senator Krauter** asked that if \$75 was applied to low end wages where is that on the scale. The response was at \$18,000 or less.

**David Sprinsynatic, Adjutant General**, testified in support of SB 2189 and 2115 asking that strong consideration be given to these bills. He indicated salary equity is essential and we need to do this much, if not more.

Gerry Nies, Grand Forks, testified in support of SB 2015 and 2189, indicting that many employees now are working one or two jobs to make ends meet. He stressed the need to continue having fully paid health insurance coverage. He quoted Martin Luther King, "I have a dream, this will not happen the last hour of the last day.

Dennis Fewless, state employee, member ND State Employees Assn, distributed written testimony (6) in support of SB 2189. He indicated he is encouraged that this bill will help correct some of the inequities

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Senate Appropriations Committee Bill/Resolution No. 2015 and 2189

and enable the state to obtain and maintain a workforce that can ensure a high quality of life and economic growth in ND.

Brad Holt, President, Local 2857, AFSCME Corrections United, Bismarck, representing correctional officers and NDSP and MRCC, presented written testimony (7) and testified in support of SB 2015 and 2189. He indicated state workers present a valuable service to North Dakota and are deserving of the 4 percent annual raise proposed.

Ron Franz, state employee since 1980, testified in support of SB 2015 and 2189. He stressed the importance of equity pay raises and relayed his personal experiences. He expressed concern that he didn't know if the budgeted equity amount was enough.

David Skalsky, Assistant Director, State Historical Society, distributed written testimony (8) in support of SB 2015.

Sharon Silengo, Photo Archivist, State Historical Society, testified as a private person in support of SB 2015 and 2189. She relayed her personal experiences as it relates to salary equity. She did stress the 4/4 raise is good, but definitely inadequate.

Henry Winckler, ND State Employee at BSC, testified in support of SB 2189. He indicated that salary increases have not kept up with the cost of living increases. He indicated that when students find jobs with adequate pay, it is not in ND. State employees deserve a good pay package.

Todd Sando, Assistant Sate Engineer, Director of Water Development for ND State Water Commission, presented written testimony (9) and testified in support of SB 2015.

**Tom Mork, State Employee** since 1988, testified in support of SB 2015 and 2189. He indicated he had been in four agencies and the private sector and understands the equity issues.

James Long, WSI, presented written testimony (10) and testified in support of the proposed amendment to SB 2015 as has been expressed in the WSI budget request.

Chairman Holmberg indicated there is a subcommittee looking at the WSI request.

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Senate Appropriations Committee Bill/Resolution No. 2015 and 2189

**Holly Pope, Citizen, Minot**, testified in support of SB 2015 and 2189 citing her disappointment when she says raises in the private sector and not with state employees.

**Teresa Schaffer, Correction Officer, NDSP**, testified in support of SB 2015 and 2189. She expressed her concerns at the turnover rates, the risks that correction officers are taking with their profession and the health insurance benefits to state employees.

**Sherry Gartner, EMS**, testified in support of SB 2189 and the equity budget proposal. She testified about the 70 percent turnover in EM Communications and that is not acceptable. The reason for the exits is low pay.

**Lisa Fair McEvers, ND Department of Labor**, testified in support of SB 2015, and asked for clarification as to how the bill reflects increases for part time employees as well as full time equivalent employees.

Morella Krein, citizen, Department of Human Services, testified in support of SB 2189 and stressed the inequities in the pay rates and how it is not conducive to long-term employees.

Mary Ryan, citizen, State Historical Society of North Dakota, testified in support of SB 2015 and 2189 stressing how important the health care coverage and how important it is not to increase the co-pay.

Cathy Halgunseth, Citizen, Department of Veterans Affairs, testified in support of SB 2015 and 2189, stressing how important equitable pay is. At the current rates, there will continue to be a high turnover rate.

**Dorothy Streyle, Human Resources, ND Parks and Recreation Department**, distributed written testimony supporting SB 2015. (12)

Ruth Kihm, citizen, Teacher, MSC, on behalf of the League of Students, testified in support of SB 2015 and 2189. She indicated that too often despite recruitment offers to students, the students go out of state because of the compensation.

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Senate Appropriations Committee Bill/Resolution No. 2015 and 2189

Allen Kihm, citizen, ND Public Employees Association, teacher, NDSU, testified in support of SB 2189. He cited instances he was aware of, of job applications turning down North Dakota jobs because the pay scale is substantially higher in private sector.

Carrie Smith, citizen, 15-year employee with social services, testified in support of SB 2015 and 2189. She indicating she is aware of state employees whose family financial needs are not being met and they must rely on public funds for assistance.

Robert Jacobson, Citizen, Fargo, testified in support of SB 2189 and applauds the package as proposed.

Candy Skowgie, Administrative Secretary, testified in support of bill 2189.

**David Kemnitz, NDAFL-CIO**, testified in support of SB 2015 and 2189, stressing the AFL-CIO supports the efforts being made.

Jody Moor, Executive Director, ND Public Employee Association, testified in support of SB 2115 and 2189. He indicated the AFL-CIO wants to see state employees first, not last. He thanked the committee for hearing this early in the session and he looks forward to a do pass.

Linda Houfek, Human Resources Director, Department of Corrections and Rehabilitation, presented written testimony (15) and testified in support of SB 2015.

Ardyth Pfaff, Human Resources, IT Department, testified in support of SB 2015 and 2189. She indicated there is still more work to do, but these bills are an excellent start. She indicated there are 14,000 FTE's, and it takes a state of the art plan design to manage this number of people. She indicated that on the Health, prescript drug plan, PERS pays 8.9% and employees pay 51.03% of the cost; on the hospital coverage PERS pays 52.64% and the employee pays 47.36% and with physician (clinic) coverage PERS pays 45% and employees pay 54.15 percent. She indicated applicants are getting very smart and realize the health coverage plan is very diluted. She stressed it is important to keep the interim benefit committee in tact.

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Senate Appropriations Committee Bill/Resolution No. 2015 and 2189

Ericka Perry, citizen, Administrative Assistant for DOT, testified in support of SB 2015 and 2189. She discussed personal concerns and indicated if we want to keep young people in ND the equity pay needs to be addressed.

Chairman Holmberg closed the hearing on SB 2015 and 2189.

Senator Wardner moved a DO PASS on SB 2189, Senator Robinson seconded.

**Senator Mathern** suggested adding the statement "and health benefits are not to be reduced" as intent in SB 2189. There was discussion.

Senator Mathern moved for a DO PASS on this suggestion. Senator Robinson seconded.

Chairman Holmberg indicated the makers of the first motion would need to withdraw their suggestion.

Senator Wardner questioned having a revision to this bill.

Further discussion ensued.

**Chairman Holmberg** indicated there appears to be confusion and the bill would be sent to the sub-committee.

Bill/Resolution No. 2015

Senate Appropriations Committee

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Hearing Date: 01-26-07

Recorder Job Number: 1999

Committee Clerk Signature

Minutes:

Chairman Holmberg stated he had passed out an amendment on SB 2015, they were not voting on the bill, but asked committee members to consider passing the amendment today. That would mean the Legislative Council in their budget status could remove the 5 million general fund that is in 2015. The only purpose is to have the budget status reflect that there is 5 million dollars of general fund and the 5 million in special funds, not 10 million in general funds that is what the report has to show because that amendment is there. If we pass this amendment we are doing nothing more than telling the Council that they don't need to reflect that same dollar twice. Amendment was passed out at that time. We are not doing 2015 we are just amending 2015 so they reflect that Senate Appropriations has removed the money that is contained in SB 2189. It is to make the record clear because when you look at the budget status report it says we have increased appropriations. Senator Krauter asked if we can do that right now. Ok Senator Robinson voted yes, but we need a motion. Senator Grindberg did a DO PASS. Chairman Holmberg asked for discussion.

Roxanne Woeste, Senior Fiscal analyst, Legislative Council confirmed Senator Holmberg's remarks.

Chairman Holmberg asked for a yes vote. Vote carried. Amendment passed.

Bill/Resolution No. 2015

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 01-31-07

Recorder Job Number: 2416

Committee Clerk Signature

Minutes:

Chairman Holmberg opened the subcommittee hearing on SB 2015 regarding OMB at 2:30 m on 01-31-07. Senators Christmann and Tallackson also were in attendance. Discussion followed regarding the different sections of the bill. The green sheet was discussed. Questions were asked about money available for the Garrison Marina. Pam and Lori from OMB offered information as requested by the subcommittee.

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The Subcommittee hearing on SB 2015 was closed.

Bill/Resolution No. 2015

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Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 02-02-07

Recorder Job Number: 2679

Committee Clerk Signature

Minutes:

**Chairman Holmberg** opened the hearing on SB 2015 regarding the Prairie Public Broadcasting (PPB) at 8:30 am on 02-02-07.

John Harris, President and CEO of PPB presented written testimony (1) and gave oral testimony in support of SB 2015. He stated over 300,000 people use PPB. Our mission is to educate, involve and inspire the people of our region, to serve our regional audiences, to strengthen our community and to help it prosper. Education is at the top of our agenda and our productions cover topics ranging from local community events to rural health care issues to legislative news. Some of the productions they offer are Indian Pride, Education: North Dakota's Challenge, North Dakota's Future, adding value, and a series of television and radio programs about the fight against the Methamphetamine crisis in our communities. Two programs that we currently provide are: Ready to Learn and Teacherline. A breakdown of revenue sources and the most recent Annual report and a copy of our February program guide is included in this written testimony. He also answered questions regarding the analogical broadcast going to digital. He talked about matching grants. They have been in service for 42 years.

Page 2 Senate Appropriations Committee Bill/Resolution No. 2015

Hearing Date: 02-02-07

Chairman Holmberg asked for an update on the areas of the state, particularly in the northeastern area near Langdon and Devils Lake. There was further discussion regarding FCC and the building of a TV tower in the Devils Lake region.

**Senator Krauter** had questions regarding the dollar amount requested in the bill and the testimony regarding the matching funds.

**John Harris of PPB** gave further information regarding the amount in reference to matching funds and the Department of commerce.

The hearing was closed and reopened.

**Senator Tallackson** had questions about coverage in Grafton and if there is a tower being constructed near Pembina. He was informed that an ice storm took out the transformer. The hearing on SB 2015 closed.

Bill/Resolution No. 2015

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02-14-07

Recorder Job Number: 3488

Committee Clerk Signature

Minutes:

**Chairman Holmberg** opened the hearing on SB 2015 on February 14, 2007 regarding Office of Management and Budget (OMB). It has a number of other things in it. He asked Jim Smith from Legislative Council to walk through the amendments with the committee.

Jim Smith, Legislative Council explained the amendments to the committee and commented about the adjustment with SB 2189.

Senator Bowman moved to accept the amendment. Senator Christmann seconded. A roll call vote was taken resulting in 13 yeas, 1 nay, 0 absent. Motion passed.

Discussion included the other amendment.

Senator Bowman moved a DO PASS AS AMENDED, Senator Christmann seconded.

Discussion followed. The committee was assured by Jim Smith that none of these amounts in this bill are included in any other bills.

**Senator Holmberg** expressed concern regarding PBB and asked Jim Smith to explain the dollar amount differences between the bills.

A roll call vote was taken resulting in 14 yeas, 0 nays, 0 absent. The motion carried. Senator Holmberg will carry the bill.

The hearing on SB 2015 closed.

#### **FISCAL NOTE**

# Requested by Legislative Council 03/29/2007

Amendment to:

Engrossed

SB 2015

1A. State fiscal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to

funding levels and appropriations anticipated under current law.

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	· ·					
Expenditures						
Appropriations						

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

2005-2007 Biennium		2007-2009 Biennium		2009	9-2011 Bienr	nium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
	-							

2A. **Bill and fiscal impact summary:** Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

The House amendments to SB2015 have no fiscal impact on revenue. Any fiscal impact on expenditures is reflected in the appropriations.

- B. **Fiscal impact sections:** Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.
- 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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Name:	Lori Laschkewitsch	Agency:	ОМВ
Phone Number:	328-2685	Date Prepared:	03/30/2007

#### **FISCAL NOTE**

# Requested by Legislative Council 02/15/2007

Amendment to:

SB 2015

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

	2005-2007 Biennium		2007-2009	Biennium	2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues		<u> </u>	(\$78,100,000)			
Expenditures			(\$28,227,138)	(\$11,995,000)		
Appropriations			(\$28,227,138)	(\$11,995,000)		

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

200	2005-2007 Biennium 2007-2009 Biennium		ium	200	9-2011 Bienr	ium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
[								

2A. **Bill and fiscal impact summary:** Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

The amendment removes the general fund transfers from the land & minerals trust fund, Bank of North Dakota & student loan trust fund. The amendment retains the 5% cap in the budget stabilization fund, which would reduce the proposed transfer by \$76.6 M. The original bill increased the cap to \$200 M.

B. **Fiscal impact sections:** Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

(continued from 2A) The amendment removes the appropriations for Boys and Girls Club Work, the state contingency fund, state membership dues, the Firefighters Association, the unemployment fund, the Capitol Grounds Planning Fund, the state consultant, Centers of Excellence, Prairie Public Broadcasting, and the statewide equity pool.

- 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.

Sections 6,7,and 8 of the original SB 2015 were amended out of the bill which will result in \$78.1 million less general fund revenues. \$60 million would not be transferred from BND, \$15 million would not be transferred from the land and minerals trust fund and \$3.1 million would not be transferred from the student loan trust fund.

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.

The amendment decreases general fund expenditures by \$28,227,138 and other fund expenditures by \$11,995,000.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

The amendment decreases general fund appropriations by \$28,227,138 and other fund appropriations by \$11,995,000.

The amendment also removes the continuing appropriation from the permanent oil tax trust fund for property tax relief. This language is included in HB 1051.

Name:	Pam Sharp	Agency:	OMB	
Phone Number:	328-4606	Date Prepared:	02/15/2007	

#### **FISCAL NOTE**

# Requested by Legislative Council 01/02/2007

Bill/Resolution No.: SB 2015

1A. State fiscal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to

funding levels and appropriations anticipated under current law.

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						<u> </u>

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

200	005-2007 Biennium 2007-2009 Biennium		2007-2009 Bie		nium	200	9-2011 Bienr	nium
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
						. ,,,,,		

2A. **Bill and fiscal impact summary:** Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

Section 14 of SB2015 raises the cap on the budget stabilization fund from 5% of the current general fund budget to \$200.0 million before funds are deposited in the general fund.

B. **Fiscal impact sections:** Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

The fiscal impact of this section does not affect the revenues, expenditures, or appropriations.

- 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.

No effect.

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.

No effect.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

#### No Effect

Name:	Lori Laschkewitsch	Agency:	OMB
Phone Number:	328-2685	Date Prepared:	01/02/2007

#### PROPOSED AMENDMENTS TO SENATE BILL NO. 2015

Page 2, line 7, replace "(10,700,000)" with "(10,700,000)"

Page 2, remove line 8

Page 2, line 9, replace "2,163,107" with "(7,836,893)"

Page 2, line 10, replace "(27,754,959)" with "(32,754,959)"

Page 2, line 11, replace "29,918,066" with "24,918,066"

Page 2, line 23, replace "25,300,000" with "25,300,000"

Page 2, remove line 24

Page 2, line 25, replace "68,974,437" with "58,974,437"

Page 2, line 26, replace "18,900,360" with "13,900,360"

Page 2, line 27, replace "50,074,077" with "45,074,077"

Page 4, remove lines 13 through 30

Page 5, remove lines 1 through 16

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

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

	EXECUTIVE BUDGET	SENATE CHANGES	SENATE VERSION
Salaries and wages Operating expenses Capital assets Grants Prairie Public Broadcasting Centers of excellence Statewide equity pool	\$15,220,144 11,562,136 4,645,019 224,000 2,023,138 25,300,000 10,000,000	<u>(\$10,000,000)</u>	\$15,220,144 .11,562,136 4,645,019 224,000 2,023,138 25,300,000
Total all funds	\$68,974,437	(\$10,000,000)	\$58,974,437
Less estimated income	18,900,360	(5,000,000)	13,900,360
General fund	\$50,074,077	(\$5,000,000)	\$45,074,077
FTE	132.50	0.00	132.50

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

REMOVES
FUNDING FOR
STATEWIDE
EQUITY
POOL 1

TOTAL SENATE CHANGES

Salaries and wages Operating expenses Capital assets Grants Prairie Public Broadcasting

Centers for excellence Statewide equity pool	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(5,000,000)	(5,000,000)
General fund	(\$5,000,000)	(\$5,000,000)
FTE	0.00	0.00

<sup>1</sup> This amendment removes the funding for the statewide equity pool and related intent regarding state employee salary increases. The funding is provided in Senate Bill No. 2189.

78039.0103 Title.0200 Fiscal No. 1 Prepared by the Legislative Council staff for Senator Holmberg

January 25, 2007

# PROPOSED AMENDMENTS TO SENATE BILL NO. 2015

Page 1, line 5, remove "to provide legislative intent;"

Page 2, line 7, replace "(10,700,000)" with "(10,700,000)"

Page 2, remove line 8

Page 2, line 9, replace "\$2,163,107" with "(\$7,836,893)"

Page 2, line 10, replace "(27,754,959)" with "(32,754,959)"

Page 2, line 11, replace "29,918,066" with "24,918,066"

Page 2, line 23, replace "25,300,000" with "25,300,000"

Page 2, remove line 24

Page 2, line 25, replace "68,974,437" with "58,974,437"

Page 2, line 26, replace "18,900,360" with "13,900,360"

Page 2, line 27, replace "50,074,077" with "45,074,077"

Page 4, remove lines 13 through 30

Page 5, remove lines 1 through 16

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

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

	EXECUTIVÉ BUDGET	SENATE CHANGES	SENATE VERSION
Salaries and wages Operating expenses Capital assets Grants Prairie Public Broadcasting Centers of excellence Statewide equity pool	\$15,220,144 11,562,136 4,645,019 224,000 2,023,138 25,300,000 10,000,000	<u>(\$10,000,000)</u>	\$15,220,144 11,562,136 4,645,019 224,000 2,023,138 25,300,000
Total all funds	\$68,974,437	(\$10,000,000)	\$58,974,437
Less estimated income	18,900,360	(5,000,000)	13,900,360
General fund	\$50,074,077	. (\$5,000,000)	\$45,074,077
FTE	132.50	0.00	132.50

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

REMOVES
FUNDING FOR
STATEWIDE
EQUITY
POOL 1

REMOVES
TOTAL
CHANGES

Salaries and wages
Operating expenses
Capital assets
Grants
Prairie Public Broadcasting
Centers for excellence
Statewide equity pool

Statewide equity pool (\$10,000,000) (\$10,000,000)

Total all funds (\$10,000,000) (\$10,000,000)

Less estimated income (5,000,000) (5,000,000)

General fund (\$5,000,000) (\$5,000,000)

FTE 0.00 0.00

<sup>1</sup> This amendment removes the funding for the statewide equity pool and related intent regarding state employee salary increases. The funding is provided in Senate Bill No. 2189.

Date: 1-26-07
Roll Call Vote #:

# 2007 SENATE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 2015

Senate Appropriations		<del></del>		Com	mittee
☐ Check here for Conference C	Committ	ee			
Legislative Council Amendment Nur	mber _	<del>-</del>			
Action Taken do pass	un (	ame	indmend.		
Motion Made By	<u></u>		econded By		
Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm			Senator Aaron Krauter		
Senator Bill Bowman, V Chrm			Senator Elroy N. Lindaas		
Senator Tony Grindberg, V Chrm	ļ	· 	Senator Tim Mathern		
Senator Randel Christmann	.l		Senator Larry J. Robinson		
Senator Tom Fischer			Senator Tom Seymour		
Senator Ralph L. Kilzer			Senator Harvey Tallackson		
Senator Karen K. Krebsbach					
Senator Rich Wardner					
		<del></del>			—
Total (Yes) <u>Carrile</u>	U·	No	)		
Absent		·		<u></u>	
Floor Assignment					
If the vote is on an amendment, brief	fly indica	te inter	nt•		

## PROPOSED AMENDMENTS TO SENATE BILL NO. 2015

Page 1, line 2, replace "to provide for" with "and"

Page 1, remove lines 3 and 4

Page 1, line 5, remove "stabilization fund and the permanent oil tax trust fund; to provide legislative intent;"

Page 1, line 6, remove "; and to declare an emergency"

Page 2, line 1, replace "1,625,058" with "125,058"

Page 2, line 2, replace "221,030" with "(954,970)"

Page 2, line 4, replace "(165,000)" with "(388,000)"

Page 2, line 5, replace "686,000" with "(1,337,138)"

Page 2, line 7, replace "(10,700,000)" with "(36,000,000)"

Page 2, line 9, replace "2,163,107" with "(28,059,031)"

Page 2, line 10, replace "(27,754,959)" with "(34,749,959)"

Page 2, line 11, replace "29,918,066" with "6,690,928"

Page 2, line 18, replace "15,220,144" with "13,720,144"

Page 2, line 19, replace "11,562,136" with "10,386,136"

Page 2, line 21, replace "224,000" with "1,000"

Page 2, remove lines 22 and 23

Page 2, line 25, replace "68,974,437" with "38,752,299"

Page 2, line 26, replace "18,900,360" with "11,905,360"

Page 2, line 27, replace "50,074,077" with "26,846,939"

Page 3, remove lines 3 through 30

Page 4, remove lines 1 through 5

Page 4, remove lines 13 through 30

Page 6, remove lines 1 through 31

Page 7, remove lines 1 through 10

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

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

	EXECUTIVE BUDGET	SENATE CHANGES	SENATE VERSION
Salaries and wages Operating expenses Capital assets Grants	\$15,220,144 11,562,136 4,645,019 224,000	(\$1,500,000) (1,176,000) (223,000)	\$13,720,144 10,386,136 4,645,019 1,000
Prairie Public Broadcasting Centers of excellence Statewide equity pool	2,023,138 25,300,000 10,000,000	(2,023,138) (25,300,000)	10,000,000
Total all funds	\$68,974,437	(\$30,222,138)	\$38,752,299
Less estimated income	18,900,360	(6,995,000)	11,905,360
General fund	\$50,074,077	(\$23,227,138)	\$26,846,939
FTE	132.50	0.00	132.50

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

	RÉMOVES FUNDING FOR UNEMPLOYMENT INSURANCE 1	REMOVES FUNDING FOR GRANTS 2	REMOVES 1 FUNDING FOR OPERATING EXPENSES 3	REMOVES FUNDING FOR CENTERS OF EXCELLENCE 4	REMOVES FUNDING FOR PRAIRIE PUBLIC BROADCASTING 5	TOTAL SENATE CHANGES
Salaries and wages Operating expenses	(\$1,500,000)		(\$1,176,000)			(\$1,500,0 <b>00)</b> (1,176, <b>000)</b>
Capital assets Grants Prairie Public Broadcasting Centers of excellence Statewide equity pool		(\$223,000)		(\$25,300,000)	(\$2,023,138)	(223,0 <b>00)</b> (2,023,13 <b>8)</b> (25,300,0 <b>00)</b>
Total all funds	(\$1,500,000)	(\$223,000)	(\$1,176,000)	(\$25,300,000)	(\$2,023,138)	(\$30,222,13 <b>8)</b>
Less estimated income	(1,500,000)	(170,000)	(25,000)	(5,300,000)	***	(6,995,0 <b>00)</b>
General fund	\$0	(\$53,000)	(\$1,151,000)	(\$20,000,000)	(\$2,023,138)	(\$23,227,1 <b>38)</b>
FTE	0.00	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> This amendment removes \$1,500,000 from the salaries and wages line item for unemployment insurance.

This amendment removes Sections 5, 6, 7, 8, 9, 12, 13, 14, 15, 16, and 17.

<sup>2</sup> This amendment removes \$53,000 in general fund grants for the boys and girls clubwork and \$170,000 in special funds for the firefighters association.

<sup>3</sup> This amendment removes \$500,000 from the general fund for state contingencies, \$531,000 from the general fund for state memberships and related expenses, \$120,000 from the general fund for a state consultant, and \$25,000 in special funds for the Capitol Grounds Planning Commission.

<sup>4</sup> This amendment removes funding for centers of excellence and loan and interest repayment for centers of excellence.

<sup>5</sup> This amendment removes funding for Prairie Public Broadcasting.

Date: 2/14/07 Roll Call Vote #:

# 2007 SENATE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 2015

Senate Appropriations				_ Com	mittee
Check here for Conference C					
Legislative Council Amendment Nur	mber g	am	endment 18039.	0/	05
Action Taken				····	
Motion Made By Bowman	<u> </u>	Se	econded By Christman	m)	
Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm			Senator Aaron Krauter	<del> </del>	
Senator Bill Bowman, V Chrm			Senator Elroy N. Lindaas		
Senator Tony Grindberg, V Chrm			Senator Tim Mathern		
Senator Randel Christmann			Senator Larry J. Robinson		
Senator Tom Fischer			Senator Tom Seymour		
Senator Ralph L. Kilzer			Senator Harvey Tallackson		
Senator Karen K. Krebsbach					
Senator Rich Wardner					
				<del>                                     </del>	
Total (Yes)	3	No	1.		
Absent					
Floor Assignment	·				
If the vote is on an amendment, brief	ly indica	te inten	t:		

Date: 2/14/07 Roll Call Vote #:

# 2007 SENATE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 20/5

Senate Appropriations		_		_ Com	mittee
Check here for Conference C	Committ	ee			
Legislative Council Amendment Nur	mber			_ <del></del>	<del>7</del>
Action Taken		Po	ass as amen	deo	<u>!</u>
Motion Made By Bouman	<u> </u>	/ Se	econded By Christma	enn	<u> </u>
Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	V		Senator Aaron Krauter		
Senator Bill Bowman, V Chrm	V		Senator Elroy N. Lindaas	1	
Senator Tony Grindberg, V Chrm			Senator Tim Mathern		
Senator Randel Christmann			Senator Larry J. Robinson	1	
Senator Tom Fischer	1		Senator Tom Seymour		_
Senator Ralph L. Kilzer			Senator Harvey Tallackson		
Senator Karen K. Krebsbach	1				
Senator Rich Wardner					
			<i>a</i>		
Total (Yes)		No			
Absent			1		
Floor Assignment		40	lmberg.		<del></del> .
If the vote is on an amendment, brief	ly indicat	te inten	t:		

# REPORT OF STANDING COMMITTEE (410) February 14, 2007 5:11 p.m.

Module No: SR-31-3309 Carrier: Holmberg

Insert LC: 78039.0106 Title: .0200

#### REPORT OF STANDING COMMITTEE

SB 2015: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2015 was placed on the Sixth order on the calendar.

Page 1, line 2, after the semicolon insert "and" and replace "for" with "an exemption."

Page 1, remove lines 3 through 6

Page 2, line 1, replace "1,625,058" with "125,058"

Page 2, line 2, replace "221,030" with "(954,970)"

Page 2, line 4, replace "(165,000)" with "(388,000)"

Page 2, line 5, replace "686,000" with "(1,337,138)"

Page 2, line 7, replace "(10,700,000)" with "(36,000,000)"

Page 2, remove line 8

Page 2, line 9, replace "\$2,163,107" with "(\$38,059,031)"

Page 2, line 10, replace "(27,754,959)" with "(39,749,959)"

Page 2, line 11, replace "29,918,066" with "1,690,928"

Page 2, line 18, replace "15,220,144" with "13,720,144"

Page 2, line 19, replace "11,562,136" with "10,386,136"

Page 2, line 21, replace "224,000" with "1,000"

Page 2, remove lines 22 through 24

Page 2, line 25, replace "68,974,437" with "28,752,299"

Page 2, line 26, replace "18,900,360" with "6,905,360"

Page 2, line 27, replace "50,074,077" with "21,846,939"

Page 3, remove lines 3 through 30

Page 4, remove lines 1 through 5

Page 4, remove lines 10 through 30

Page 5, remove lines 1 through 31

Page 6, remove lines 1 through 31

Page 7, remove lines 1 through 10

Renumber accordingly

# STATEMENT OF PURPOSE OF AMENDMENT:

Module No: SR-31-3309 Carrier: Holmberg Insert LC: 78039.0106 Title: .0200

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

	EXECUTIVE BUDGET	SENATE CHANGES	SENATE VERSION
Salaries and wages Operating expenses Capital assets Grants Prairie Public Broadcasting Centers of excellence Statewide equity pool	\$15,220,144 11,562,136 4,645,019 224,000 2,023,138 25,300,000 10,000,000	(\$1,500,000) (1,176,000) (223,000) (2,023,138) (25,300,000) (10,000,000)	\$13,720,144 10,386,136 4,645,019 1,000
Total all funds	\$68,974,437	(\$40,222,138)	\$28,752,299
Less estimated income	18,900,360	(11,995,000)	<u>6,905,360</u>
General fund	\$50,074,077	(\$28,227,138)	\$21,846,939
FTE	132.50	0.00	132.50

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

	REMOVES FUNDING FOR UNEMPLOYMENT INSURANCE <sup>1</sup>	REMOVES FUNDING FOR GRANTS 2	REMOVES FUNDING FOR OPERATING EXPENSES <sup>3</sup>	REMOVES FUNDING FOR CENTERS OF EXCELLENCE 4	REMOVES FUNDING FOR PRAIRIE PUBLIC BROADCASTING <sup>5</sup>	REMOVES FUNDING FOR STATEWIDE EQUITY POOL 6
Salaries and wages Operating expenses Capital assets Grants Public Broadcasting Centers of excellence	(\$1,500,000)	(\$223,000)	(\$1,176,000)	(\$25,300,000)	(\$2,023,138)	
Statewide equity pool					<del></del>	(\$10,000,000)
Total all funds	(\$1,500,000)	(\$223,000)	(\$1,176,000)	(\$25,300,000)	(\$2,023,138)	(\$10,000,000)
Less estimated income	(1,500,000)	(170,000)	(25,000)	(5,300,000)		(5,000,000)
General fund	\$0	(\$53,000)	(\$1,151,000)	(\$20,000,000)	(\$2,023,138)	(\$5,000,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	TOTAL SENATE CHANGES
Salaries and wages Operating expenses Capital assets	(\$1,500,000) (1,176,000)
Grants  Prairie Public Broadcasting  Centers of excellence  Statewide equity pool	(223,000) (2,023,138) (25,300,000)
Total all funds	(\$40,222,138)
Less estimated income	(11,995,000)
General fund	(\$28,227,138)
FTE	0.00

<sup>1</sup> This amendment removes \$1,500,000 from the salaries and wages line item for unemployment insurance.

<sup>2</sup> This amendment removes \$53,000 in general fund grants for the boys and girls clubwork and \$170,000 in special funds for the firefighters association.

<sup>3</sup> This amendment removes \$500,000 from the general fund for state contingencies, \$531,000 from the general fund for state memberships and related expenses, \$120,000 from the general fund for a state consultant, and \$25,000 in special funds for the Capitol Grounds Planning Commission.

<sup>4</sup> This amendment removes funding for centers of excellence and loan and interest repayment for centers of excellence.

<sup>&</sup>lt;sup>5</sup> This amendment removes funding for Prairie Public Broadcasting.

REPORT OF STANDING COMMITTEE (410) February 14, 2007 5:11 p.m.

Module No: SR-31-3309

Carrier: Holmberg Insert LC: 78039.0106 Title: .0200

<sup>6</sup> This amendment removes funding for the statewide equity pool funded in Senate Bill No. 2189.

This amendment removes Sections 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, and 17.

2007 HOUSE APPROPRIATIONS

SB 2015

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2015

House Appropriations Committee Government Operations Division

Check here for Conference Committee

Hearing Date: 2/28/07

Recorder Job Number: 4101

Committee Clerk Signature Tanya Voegele

Minutes:

Chairman Carlson opened the hearing on SB 2015.

Pam Sharp, Director of OMB, spoke in support of the bill. See testimony 2015.2.28.07 A.

Chairman Carlson: Any efforts to restore the items taken out by the Senate?

Pam Sharp: Yes, I will get into that.

Chairman Carlson: So you are asking to carry over \$15 million?

Pam Sharp: That is correct.

Representative Williams: Why was section five taken out?

**Pam Sharp:** They said it was a strategy move. They all agreed they would have to be put in somewhere but they didn't know where.

**Representative Glassheim:** At some point we are going to have to decide whether to put the money back in here or put it somewhere else.

Representative Kempenich: What is the \$500,000 for?

Pam Sharp: That is the amount the Emergency Commission can spend for emergencies.

Vice Chairman Carlisle: Do you have any turn back?

Pam Sharp: \$150,000 roughly.

Vice Chairman Carlisle: What do you get from the equity pool?

Page 2 House Appropriations Committee Government Operations Division Bill/Resolution No. 2015

Hearing Date: 2/28/07

Lori Laschkewitsch: \$128,706 total \$90,789 from general fund.

**Representative Williams:** Is this money put into any other budgets?

Pam Sharp: No.

Chairman Carlson: The state memberships that were removed, are all of them listed?

Pam Sharp: Yes.

**Representative Skarphol:** Is there any reason that the items taken out of sections should not be in the OMB budget?

Pam Sharp: I don't think there is any reason these items should not be in our budget. I think it makes sense to have them in OMB's budget.

Chairman Carlson: So we could say that section five all has some tie where they have been there before and they all belong there.

Representative Kempenich: When did we start transferring money from the land and minerals trust fund to the General Fund?

Pam Sharp: This transfer to the General Fund I am thinking has been for the last six or seven bienniums at least. Prior to that, this money was used to fund the oil and gas division and the geological survey at the Industrial Commission.

Representative Kempenich: Is this the total that is in the Land and Minerals Trust Fund?

Representative Kroeber: The Governor's Budget says that at end of this biennium will have

\$9.7million in it and with the revenue next time there will be a total of \$16.8million and if you take out the \$15million transfer plus there is a transfer from the Land and Minerals Trust Fund to the Common Schools Trust Fund for the DD loan of \$1.6million leaving us about \$822,000.

**Pam Sharp:** The Land Department has one a more recent estimate. I think they are estimating an additional \$5million in revenue next biennium.

Page 3 House Appropriations Committee Government Operations Division Bill/Resolution No. 2015

Hearing Date: 2/28/07

Chairman Carlson asked for a history of all of the transfers from trust funds to the General fund.

**Chairman Carlson:** Becky, can we check on other bills that relate to the transfer from the permanent oil tax fund.

Becky Keller: I will look into that.

Chairman Carlson: Is Section 9 the only section that is asking for the emergency clause?

Pam Sharp: Yes.

**Chairman Carlson:** Becky, can you also track the bill regarding 10% for the Stabilization fund so we can reconcile the totals? It was House Bill 1429.

Becky Keller: Yes, I can track that.

Chairman Carlson reviewed the green sheet.

Chairman Carlson: Any new FTEs?

Pam Sharp: Just one in the Central Services Division.

**Chairman Carlson:** So the only promise that was made was that the Centers of Excellence money be moved to 1018?

Pam Sharp: That is correct.

Sheila Peterson, Director of Management for OMB, spoke in support of the bill. See testimony in 2015.2-27.07 A.

Chairman Carlson: economy.com comes out of this technology segment of the budget correct?

Sheila Peterson: That is correct.

Vice Chairman Carlisle: What do we pay economy.com?

Page 4
House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2015

Hearing Date: 2/28/07

Pam Sharp: Around \$50,000 for 2 years.

**Representative Thoreson:** How long has economy.com been the service provider?

Pam Sharp: This is the 4th biennium.

Representative Thoreson: How is that determined, do you place it out on bid?

Pam Sharp: Yes they bid them out.

**Representative Thoreson:** Are there states that do not use something like economy.com and just do it on there own?

**Pam Sharp:** There are a few states that have that have their own economists. I believe only the larger states have them.

Chairman Carlson: Explain the carryover authority on the green sheet.

**Sheila Peterson:** That is just an accounting move. If you looked through our budget of two years ago and at the end of the biennium because of that carryover language in one of our sections, the carryover committee approved the \$915,000 but that does not become part of our base so it would have to come out again when we start building our whole budget.

Chairman Carlson: Is this typical language?

Sheila Peterson: Yes

**Chairman Carlson:** Then on number 19 on the green sheet, that is a fairly significant \$500,000 change.

**Sheila Peterson:** Two years ago, Connect ND was very new to us. We were working on estimates of our monthly costs and we were a little high.

Representative Kroeber: Where are we at with connect ND?

**Sheila Peterson:** We have been on the new payroll system for 4 years. The fiscal management system has been up for about 2.5 years. Both systems seem to be working well. Last fall we upgraded from the 8.3 version to 8.9 and it went off without a hitch.

Page 5
House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2015
Hearing Date: 2/28/07

**Representative Skarphol:** Does Connect ND provide or enhance the capabilities of the performance management system.

Sheila Peterson: Yes I believe so.

**Representative Skarphol:** Can you safely say that the aspects that are working for the state agencies are working for Higher Ed?

Sheila Peterson: Yes.

**Representative Skarphol:** Is Higher Ed on the same version of Connect ND?

Sheila Peterson: Yes.

**Representative Skarphol:** With regard to the versions are you there are other modules that you are not able to implement because of the fact that you were not in the position to do so, are you able to begin the implementation of some of those modules?

**Pam Sharp:** We had to wait until we have updated the other modules first. We also have to coordinate with Higher Ed so we can update at the same time.

Chairman Carlson asked for a synopsis of Connect ND.

Chairman Carlson: Is Oracle going to support this system after they purchased PeopleSoft?

**Sheila Peterson:** It is unknown when they implement fusion.

**Representative Skarphol:** One of the unknowns that Pam is referring to is they are not sure if fusion is going to be a new implementation or if it is going to be an upgrade.

Linda Belisle, Director of OMB Central Services Division, spoke in support of the bill. See testimony in 2015.2-28.07 A.

Representative Skarphol: Are you federally audited?

Linda Belisle: Yes

Representative Skarphol: So you can only collect actual costs for your services?

Page 6
House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2015
Hearing Date: 2/28/07

Linda Belisle: Yes

Vice Chairman Carlisle: Representative Skarphol, when we had the ITD budget we had all of those employees that were attached to agencies, was this FTE part of that?

Representative Skarphol: This is an agency employee to do the business of the agency. ITD employees we talked about are the functional employees for the most part with the developers. The developers could work for various agencies. This is not development work, this is standalone.

Chairman Carlson: Becky, what is the bracket on the one FTE in number nine on the green sheet?

**Becky Keller:** It was a change in funding source. The FTE went from special funds to General fund.

**Representative Skarphol**: Ave you compensated by Higher Ed for the work you do for them? **Linda Belisle**: I believe we are.

Vice Chairman Carlisle: Do we recycle surplus property for money?

**Linda Belisle:** No. We redistribute them. Property that is not acquired by an eligible entity is sold on the internet.

**Representative Skarphol:** Has the new way of advertising been successful in bringing in ND vendors?

**Linda Belisle:** Yes. The first thing we did was to redo our website to make it more vendor-friendly.

**Representative Skarphol:** Prior to the change it was said that about 2/3 of our purchases were made out of state and 1/3 instate and it was hoped that we could reverse that. Are you seeing that trend?

Linda Belisle: I will find that out.

Page 7

House Appropriations Committee

Government Operations Division

Bill/Resolution No. 2015

Hearing Date: 2/28/07

Representative Owens spoke in support of the bill. He proposed amendment 78039.0202.

Representative Owens has one change to the amendment. Change total assets to average

assets for the last quarter of the calendar year preceding the end of each biennium.

Eric Hardmeyer responded to Representative Owens amendment. He is in support of the

amendment.

Chairman Carlson: So the 8% will not change anything we have transferred?

Eric Hardmeyer: That is correct.

Representative Glassheim: Is this before or after the transfer of \$60million of next biennium?

Eric Hardmeyer: It will not affect that. The 8%, based on where our average assets in the last

quarter, would require that we add about \$186million in capital. By the end of this biennium,

since we have met the obligation in earnings with the \$60million transfer, now we get to earn

capital, growth capital on the bank. So for the next six months we get to take the rest of our

earnings on the rest of the biennium, which we figure to be about \$22-23million, and put it in

our capital column. That would put us in compliance with this amendment.

Chairman Carlson: That also in good times and bad times could dictate what we could draw

from the bank.

Eric Hardmeyer: That is correct.

Chairman Carlson: Eric will you please discuss this with the Governor.

Eric Hardmeyer: Yes.

John Boyle, Director of OMB Facility Management Division, spoke in support of the bill. See

testimony in 2015.2.28.07A.

Vice Chairman Carlisle: Becky, you have the one-time funding amendment on this correct?

Page 8
House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2015

Hearing Date: 2/28/07

Becky Keller: Yes.

Chairman Carlson: We are trying to identify those so they are not budget builders for next time even though in most cases they haven't been. I see you are moving the \$3.155million for the fire suppression system. That is on budget?

John Boyle: Yes, it is on budget and it is on schedule.

Chairman Carlson: Explain to me, why the repairs for the Heritage Center are in this budget?

Doesn't the Historical Society budget have the ability to put something like that in their budget?

John Boyle: The OMB is responsible for all of the buildings on the capital grounds except for the Department of Transportation. That was federally funded and built and they take care of their own extraordinary repairs. We take care of all of the extraordinary repairs within the Heritage Center and other buildings.

Chairman Carlson: How are they doing with the new storage facility?

**John Boyle:** Because that money was appropriated to the Heritage Center, they are the ones managing that project.

Chairman Carlson: Will you not have to maintain it when it is done?

**John Boyle:** Yes we will. We put in our budget an extra \$210,000 in operating money for that additional square footage.

Representative Skarphol: The heat pump replacement, is that to handle the new addition?

**John Boyle:** That is just for the current building.

Representative Skarphol: Can you break down the deferred maintenance?

**John Boyle:** Of the \$2million, approximately \$700,000 is for projects that we are going to be doing down at the state office building. There is four projects down there. The remainder of it or a good majority of it is, the Capital Grounds Planning Commission had a study done for just the capital complex and the judicial wing. That came out to \$18million worth of restoration.

Bill/Resolution No. 2015

Hearing Date: 2/28/07

What we would like to do is beyond the \$750,000 in special funds that is used to do some of the brass and bronze cleaning as long as those companies are up to doing that we would like to get as much of that done as possible. Of the \$750,000 we have \$300,000 for brass and bronze cleaning. It will cost about \$700,000 to do all of the brass and bronze on the first and ground floors. We also have money in there for additional parking lot repairs such as the west parking lot. We would probably resurface all of that and make some needed repairs there. Our total of \$2million in deferred maintenance would really help us a lot.

Representative Skarphol: You have \$3million in the budget for Capital Grounds Improvement Target Hardening; I am assuming that has something to do with Homeland Security type issues where you would want to try to make the building more impenetrable?

**John Boyle:** Yes the North Dakota Highway Patrol had done a study. The total project was \$15million. We requested \$3million.

Representative Skarphol: It is not part of the \$13million?

John Boyle: No it is not.

Representative Thoreson: What happened to the plans for redoing the front steps?

**John Boyle:** That was part of the \$3million. It was all part of the study.

Chairman Carlson: How does the management committee tie into all of these things?

**John Boyle:** They pick the projects to get funded out of the special funds.

**Representative Skarphol:** Why the major increase in utilities?

**John Boyle:** For increase in utilities for the Heritage Center and also rate increases

Chairman Carlson: What about the \$35,000 for emergency power to the Governor's

residence?

**John Boyle:** That is the estimate we received from an engineer.

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**Chairman Carlson:** Then increased workload due to installation of emergency backup generators and other added responsibilities of \$96,000. Please explain what that is.

**John Boyle:** That was a optional request that we made based on the additional, we had a new backup generator that we installed this year through the energy savings project. Now the whole capital grounds except for the Governor's residence and the state office building is all on emergency backup generation.

**Chairman Carlson:** Is there any Homeland Security money available to do the work on the capital grounds?

John Boyle: North Dakota Highway Patrol has applied for some but they were denied.

**Representative Williams:** What did it cost for the new generators that were put in place last summer?

**John Boyle:** It was \$4.6million worth of projects that were done.

Representative Thoreson: Before the crossover we had the budget for the judicial branch and they were talking about more space needs and future possibilities, is that something in which they consult with you on?

**John Boyle:** Yes, they would consult with OMB to see if there is additional square footage available.

**Representative Thoreson:** Have you given them any recommendations along those lines or has anyone from the judicial branch contacted you in that area?

John Boyle: No one has contacted us.

Representative Kempenich: Do you run natural gas or diesel in the generators?

John Boyle: Diesel.

Representative Kempenich: Who do you collect rent from in the capital?

John Boyle: We collect rent from all agencies that are federally funded or special funded.

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**Chairman Carlson:** Of the 132 people that we have, 62 are in your department?

Boyle: Yes.

Chairman Carlson: Who pays for capital security?

John Boyle: North Dakota Highway Patrol.

Laurie Sterioti Hammeren, Director of OMB Human Resource Management, spoke in support of the bill. See testimony in 2015.21.28.07 A.

Vice Chairman Carlisle: What kind of timeframe are we looking at to complete the equity increases?

Laurie Sterioti Hammeren: We are hoping to have it done by July 1.

**Chairman Carlson:** What is your intention, will the equity money go out before the 4&4 or after?

Laurie Sterioti Hammeren: That is correct the equity will go first.

**Chairman Carlson**: So when they figured the 4&4 did they figure it assuming that it was on top of the equity money being distributed?

Laurie Sterioti Hammeren: I think that is correct.

Chairman Carlson: We need to verify that.

Representative Glassheim: If we put in additional money in a specific budget for equity, does that get deducted from the pool or is the pool separate from that or do we need to specifically put language in that says you must not calculate this.

Chairman Carlson: Did we not do that in the Highway Patrol budget?

Representative Glassheim: Some we do and some we don't.

Vice Chairman Carlisle: Is there already a reporting mechanism?

Pam Sharp: Not that I am aware of.

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Representative Skarphol: When we discussed the HP budget, it would seem to me that the committee felt they needed more money than what was being included in the pool, now with that being said, it would seem to me that we could put language in this bill saying that the equity pool monies must be distributed prior to the implementation of the equity monies in each budget. That way you would distribute that money based on your original formula without consideration of what we added in the budgets. Is that not a correct assumption?

Laurie Sterioti Hammeren: It could go that way however, (bad audio)

**Representative Skarphol:** When calculating how much each agency is going to get do you take into account the turnover rate?

Laurie Sterioti Hammeren: (bad audio)

Representative Williams: On the bottom of your testimony, is that 93% of the \$1.533million?

Laurie Sterioti Hammeren: Yes.

**Representative Williams:** That comes to \$1.425million for salaries, if you divide that by 10.5 FTEs that comes to \$135,000 per employee per biennium. That is \$67,000 per employee.

Chairman Carlson: Representative Williams that is benefits also.

Representative Williams: Ok.

Representative Kroeber: The report we are asking for already exists. We get if for retirement committee.

Chairman Carlson: I am not sure in reading their reports as saying what each position has done in terms of advancement towards equity.

Representative Kroeber: I think that the equity report that we got has a very large amount of information in it. One of the things is the more we do, its great to put the additional dollars in but we do have to allow them to use their formula or it puts the equity thing out of balance. As long as it is only like 10%, I think we can live with that.

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Chairman Carlson: Who handles the cell phone contracts?

Linda Belisle: ITD

Vice Chairman Carlisle: Who has the contract?

Linda Belisle: Altell

Jo Zschomler, Director of OMB Risk Management Division, spoke in support of the bill. See Testimony in 2015.2.28.07 A.

**Representative Glassheim:** On the loss control criteria, how many agencies have gone into this to reduce their funding?

Jo Zschomler: I will get that for you.

Representative Skarphol: Are you federally audited entity?

Jo Zschomler: Yes

Representative Skarphol: If a person has a WSI claim, I would assume that first they would go to their agency head then if they have continued difficulty with it they would then go to you is that correct?

**Jo Zschomler:** WSI considers the Risk Management Division to be the employer so we are involved with the claim from day one.

Representative Kempenich: You handle DOT also correct?

Jo Zschomler: Yes

**Chairman Carlson:** You have a very aggressive safety program that you run through all of the agencies that is why the discounts apply?

**Jo Zschomler:** In order to get the discounts they have to document and prove within the audit that they are compliant.

Representative Kempenich: You handle the liability insurance for State fleet?

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Jo Zschomler: Yes.

John Harris, President and CEO of Prairie Public Broadcasting, spoke in support of the bill.

See testimony in 2015, 2.28.07 A.

Chairman Carlson: Can you explain the one-time?

John Harris: It is for a federal match.

Chairman Carlson: Explain the 3-1 match.

John Harris: Because the FCC mandated the digital conversion, the Department of

Commerce has pool of money that is a competitive grant fund that we can apply for. You have to have the match in place first.

Representative Glassheim: Haven't we been putting money into the digital conversion for the last three sessions.

**John Harris:** That was for operating.

Chairman Carlson: Did the Senate even question the new money or just take it out?

John Harris: They did ask what it was for.

Representative Skarphol: You said that you have about \$12million left to finish the digital conversion, how much have you invested up to now?

John Harris: We have invested about \$15million.

**Representative Thoreson:** You have cable stations in Manitoba; do you get any funding from there?

John Harris: No. We do have membership support from that area.

Representative Skarphol: What is magic about the \$686,000?

**John Harris:** There are four grants that we are going after and that is the total of the required local match.

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**Representative Skarphol:** If the number became \$750,000 wouldn't you still be able to match 4-1?

John Harris: We would do everything we could to make that happen.

Chairman Carlson: How about we put language in the bill saying if you don't get the grants you don't get the money?

**John Harris:** The way it is written it is one time only funding to match grants and I would say we do not get the money if we don't get the grants.

Representative Thoreson: Digital radio, are you looking at upgrading to HDradio?

**John Harris:** We have not talked a lot about it because it is not at this time a FCC mandate. However, I am considering it part of the digital conversion.

**Representative Skarphol:** Don't you have some partnership with some of the private sector, is not KX utilizing your equipment?

**John Harris:** We have partnered with numerous people, Reiten Television being one of them, where they are using some of our excess capacity on our digital path that we had built and we have received some of the revenue.

Lois Hartman, Executive Director of the ND Firefighters Association, spoke in support of the bill.

Chairman Carlson: Does it make any difference which budget it is in.

Pam Sharp: It doesn't matter if it is with OMB or the Insurance Commission.

Pam Sharp gave closing remarks.

Chairman Carlson closed the hearing.

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2015

	House Appropriations Committee Government Operations Division					
	☐ Check here for Conference Committee					
	Hearing Date: 3/13/07					
	Recorder Job Number: 4986					
	Committee Clerk Signature Janya Vaegen					
	Minutes:					
	A Centers of Excellence joint meeting with the House Appropriations Education and					
	Environment Division.					
)	Chairman Carlson called the meeting to order.					
	This was an informational meeting only discussing Centers of Excellence and how it affected					
	their industry. See testimony from each of the individuals and the recording for more					
	information.					
	Closed					

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2015

House Appropriations Committee Government Operations Division
☐ Check here for Conference Committee
Hearing Date: 3/27/07
Recorder Job Number: 5580
Committee Clerk Signature Yonga / Magee
Minutes:

Pam Sharp, Director of OMB, gave an overview of the changes after crossover.

### **House Changes**

\$170,000 for the Fire Fighters Assn is now in Insurance Dept.

Chairman Carlson opened the discussion on Senate Bill 2015.

\$120,000 for the State Consultant is now in the Governor's Office.

#### Senate Changes

\$15,000,000 for the Land and Minerals Trust Fund is now in the Industrial Commission.

\$30,000,000 Bank of North Dakota Transfer is gone.

\$60,000,000 Band of ND Transfers is now in the Industrial Commission

\$3,100,000 Student Loan Trust Fund is now in the Industrial Commission.

\$5,300,000 Permanent Oil Tax Trust Fund is now in the Industrial Commission.

Prairie Public Funding is now in the Department of Commerce.

Centers of Excellence is now in the Department of Commerce.

The committee reviewed the green sheet.

- 1. Need to increase by \$50,000 for increase in dues
- 2. Now in the Insurance Dept.
- 3. Now in the Dept of Commerce.
- 4. Do Not Need
- 5. Now in Industrial Commission
- 6. Now in the Dept of Commerce.
- 7. OK
- 8. OK
- 9. OK
- 10. One Time Funding
- 11. One Time Funding
- 12. Increased utility costs
- 13. For the cleaning of the brass columns

Representative Skarphol: Where does the Capital Building Fund get its money?

Pam Sharp: The Land Department handles that trust fund and it comes from certain parcels of land that has been designated for that Capital Building Fund.

Representative Skarphol: It's a percentage of what ever income comes off that land?

Pam Sharp: Yes, the income that comes off certain lands.

**Representative Skarphol:** What are the special assessments?

Pam Sharp: When they do the work on Boulevard and State Street we have to pay the specials.

**Chairman Carlson**: Also that is for the water main that was installed for the new fire suppression system.

Hearing Date: 3/27/07

14. Emergency power for Governor's Residence.

Vice Chairman Carlisle: Isn't \$35,000 a little high for a generator?

Chairman Carlson: You would have to rewire the house because most of the time they are

not going to do everything in the house, they are going to do the essentials of the house for

power. If you do the whole house it is going to take a fairly big unit. It seems excessive but if

you are going to actually do it so it would power everything in the house it is going to have to

be a fairly substantial unit.

15. OK

16. Increased workload for installation of backup power.

17. This is in 2189.

18. Back out of carry over authority.

19. Decreased in IT costs.

Increase in operating for data processing in HRMS.

21. Increase in IT funding.

Representative Kempenich: When we started these things, we used to have them contingent

on what the ending fund balance was whether or not we made the transfers.

Chairman Carlson: When do these transfers take place?

Pam Sharp: We work it out with who ever we are getting the transfer from. We go by their

cash flow needs and ours.

Chairman Carlson: So it could be at any time during the biennium as long as you have the

fiscal authority to do it. What is the balance in the Land and Minerals Fund today?

Representative Kroeber: \$20,900,000 but there is \$15million that is already back in if we

transfer this it is \$5million.

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Chairman Carlson: So if we don't transfer this it is \$20million, this is the one that comes off of land that is owned by the State of ND, the mineral royalties or a percentage of them go into this fund correct?

Pam Sharp: Yes.

Representative Kempenich: We used \$1.5million for the Heritage project.

Chairman Carlson: Pam, why did they pull the Unemployment Insurance?

Representative Kroeber: They just took the whole \$20million out.

Chairman Carlson: So where have we handled Prairie Public?

Representative Thoreson: It is in 1018.

Representative Kroeber: I would like to put Prairie Public back in here.

**Pam Sharp:** In the Department of Commerce's budget they appropriated that money to OMB but it is in Commerce's budget. They did the same thing in Centers of Excellence.

Chairman Carlson: Lori, what is the equity pool amount for OMB?

Lori Laschkewitsch: \$128,000 Total \$90,789 is General Funds.

**Representative Skarphol**: Where did the rest of the money come from?

Becky Keller: It would be from other special funds.

Chairman Carlson reviewed the changes that both houses now made to the bill.

**Chairman Carlson:** So what we have done now brings us back to the way the bill was. All of the things that were in the original bill were covered.

**Representative Skarphol:** If they put the money in Commerce for Prairie Public, you say they put it into your budget in the Commerce bill?

Becky Keller: The money is appropriated to OMB in the Commerce bill.

Representative Skarphol: So in the final analysis, will that money be reflected in OMB's

budget?

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Becky Keller: Not on the bill but in session law yes.

**Chairman Carlson:** I do not want to reflect a double appropriation.

**Representative Skarphol:** So if we were to do things to try to make it as user friendly as possible.

Becky Keller: We would have to put everything that is appropriated to OMB into OMB's bill.

**Representative Skarphol:** Pam I need you to provide a list of things that you believe you should have in your budget from other bills.

Representative Kroeber: We will take care of Prairie Public in conference committee so we don't double appropriate.

A motion was made by Representative Skarphol, seconded by Representative

Kempenich to adopt a verbal amendment to add the reporting sections HB 1459. Motion

carried by voice vote.

Representative Headland explained his amendment for the biofuels infrastructure road fund.

Representative Thoreson: What is designated as a farm vehicle?

Representative Headland: Vehicles with a gross weight over 12,000lbs and under 26,000 lbs.

Chairman Carlson: This was taken to the House Transportation and was rejected?

Representative Headland: It was taken to House Natural Resources and rejected.

Representative Skarphol: This money would be eligible for federal match money?

Representative Headland: Yes.

**Representative Skarphol:** We are really not changing the money that goes towards construction in fact we would be increasing it slightly at the expense of the countercitrical fund.

Representative Headland: That may be possible. I am not sure that it really impacts the fund.

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Vice Chairman Carlisle: So this would be another fund?

Representative Headland: Yes.

Representative Glassheim: What else have we done with the oil money for roads?

Chairman Carlson: It has been for oil and coal.

Representative Glassheim: Would they not be eligible for other state money?

Chairman Carlson: I am assuming you are talking about what could happen at Spiritwood because of all of the extra traffic.

**Representative Headland:** That is correct. This does not really narrow the scope.

Chairman Carlson: It could also deal with Richardton or the new one in Hankinson, the one in Casselton. Some of them are going to have better roads to get to than others.

**Representative Skarphol:** Is there an identifiable problem that you are trying to address here?

**Representative Headland:** Yes, I am specifically looking at a county road that will be utilized for the plant in Spiritwood. The county has stated that they do not have the mill levy to maintain that road.

Representative Skarphol: The County does not have a road levy?

Representative Headland: They do however it does not generate enough funds in the time period that we are looking at.

Representative Skarphol: If we were to ask for some type of match to receive these dollars do you think that would be doable in your mind or do you think that would be inappropriate.

Representative Headland: I think that would be very appropriate.

Chairman Carlson: Do you have a further amendment?

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Representative Skarphol: I can understand the issue. I don't have a lot of difficulty in doing this other than the fact that if we want to do it we should have some required match. What the appropriate amount is I don't know.

**Chairman Carlson:** I don't know if we want to take the time to reinvent the wheel.

**Representative Glassheim:** It does seem like it is a decent thing to do. Shouldn't this be a part of some kind of economic development package?

**Chairman Carlson:** It is the farmer's trucks hauling corn to the plants.

**Representative Williams:** He is stated that this is his last chance to get this amendment adopted.

A motion was made by Representative Skarphol, seconded by Representative Thoreson to adopt 70802.0201 to Senate Bill 2015. Motion carried by voice vote.

Amendment 78039.0212

Representative Skarphol explained the amendment.

A motion was made by Representative Skarphol, seconded by Representative Kempenich to adopt 78039.0212 to Senate Bill 2015. Motion carried by voice vote.

Amendment 78039.0213

Representative Skarphol explained the amendment.

A motion was made by Representative Skarphol, seconded by Representative Williams to adopt amendment 78039.0213 to Senate Bill 2015. Motion carried by voice vote.

Chairman Carlson: So there is no new money?

Representative Skarphol: That is correct.

Representative Glassheim: There would be new money next time?

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Representative Skarphol: It would be on going costs.

Representative Kroeber: It didn't take any money from higher ed right?

Representative Skarphol: No.

**Representative Kroeber:** Is there any possibility of ND University System lowering their connect ND fees of \$81 per semester?

**Representative Skarphol:** There was no indication that the money we are appropriating to fix this system will result of a lower fee at this point in time.

Amendment 78039.0211

Chairman Carlson explained the amendment.

A motion was made by Representative Skarphol, seconded by Representative Kempenich to adopt amendment 78039.0211 to Senate Bill 2015. Motion carried by voice vote.

Representative Kempenich: Could this commission be reporting to somebody?

**Chairman Carlson:** There are a whole set of guidelines as to the commission and the steps they follow to get approval. It is about a four step process for approval.

Representative Kempenich: They would still have to come to the budget section?

Chairman Carlson: That doesn't change. It just adds more guidelines.

Representative Glassheim: The only thing my amendments would change would be to section five on page one. I think reduced that strongly. Everything else seems to be reasonable. I had \$2million for workforce and \$2million for infrastructure. I don't know what the impact would be but I suspect it would be difficult to determine. Frankly I don't understand the point of view that is suspicious of workforce. The one thing that Berg's committee found

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throughout the state is the need for more workforce and workforce training. At the same time they say they don't want to use this money for it.

Representative Skarphol: We spent a lot of money on workforce issues already. I have discomfort as much as anybody with regards to what we did to workforce. If you want to change something here I could probably be talked into something but I believe if you want to start a Centers of Excellence on work force it should be something new. In regards to BSC they just want to expand what they were already doing. That was my objection to it. Williston was a little bit more unique but I still had some discomfort with it. If they would work with other new areas I could maybe see some reason for it as long as it was developing a new industry in ND.

**Representative Glassheim:** They are training people for existing industries where they have demonstrated shortages that big business wants more people for.

Representative Skarphol: Do you have difficulty with the balance of this amendment?

Representative Glassheim: No the only other section would be on page three in section 9, that is not terribly odious but it is again signaling out infrastructure as not being the same.

Chairman Carlson: This is not a new discussion for us. We spent a lot of time talking about whether it should be buildings or not when we set up the guidelines. In my opinion this is a reaction to the fact that we ended up with more buildings than we originally thought the money would go for. I agree that a number is arbitrary, before it was 20-20-60 and that was unacceptable to IB&L they took it out. Now instead of the percentages of what it has to go for we have dollars.

**Representative Glassheim:** One of my amendments will be to change the way the budget section has to do with things. Now the budget section at the end of the line and they have to say yes or no.

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**House Appropriations Committee** 

Government Operations Division

Bill/Resolution No. 2015 Hearing Date: 3/27/07

Chairman Carlson: They have already said no in the emergency commission when we get it.

Representative Glassheim: My amendments would be proposing that the budget section can

say we would like these modifications and send it back to them for rethinking. We don't have to

tell them straight out yes or no.

Chairman Carlson: I don't disagree with that either.

Representative Glassheim: I think if you take out number five and the percentage breakdown

and then have the budget section have a little more input ability to send it back for reworking.

Chairman Carlson: I would like to get some language on here and I guess I wouldn't care if

that came out because when they get into conference committee on the OMB budget they can

deal with adding it back in if they need to.

Representative Skarphol: I think we need to narrow the focus than we did two years ago. I

think for the most part I like the pre-award and post-award issues that are in here. There are

thinks in here that I think we need I would like us to pass the amendment then we can talk

about section five.

A motion was made by Representative Glassheim, seconded by Representative

Kroeber, to further amend by deleting section five on page one. Motion withdrawn.

Representative Skarphol: I am not sure I like the idea of deleting the section entirely. I think

you are creative enough that you could come up with some language that would still put some

type of guidance without that type of description.

Representative Glassheim: It shall be reference to or priority to.

Representative Skarphol: I don't like arbitrary numbers any more than you do. I think they

need to have a little more direction as to how much we would like to invest.

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**Representative Glassheim:** Without putting a dollar amount I don't know how you would say we don't want you to do much of this.

Chairman Carlson: I would prefer that we move this forward and if you come up with some language I would be willing. What he is trying to say is that we need to make sure that we are looking very seriously of when we build buildings and we look very seriously that the only focus of the buildings that we build is to train the workforce.

Representative Glassheim: It is not creating new things, well a little bit is about the newest technology in the oil fields but it still is bringing new money to ND.

Chairman Carlson: Killdeer Mountain Manufacturing all that we established in Dickinson was a training facility to help them train these guys to make widgets. I am not so sure that was our intention when we set up the Centers of Excellence. That is just my biased opinion.

**Representative Skarphol:** If you would think about language and bring it to full committee I will support you.

Representative Glassheim: Do you want to go up to \$4million or something as a limit? I will withdraw my former motion and replace two million for both of them for infrastructure and put \$4million in.

A motion was made by Representative Glassheim, seconded by Representative Skarphol to replace the \$2million for workforce and infrastructure with \$4million. Motion carried by voice vote.

Amendment 78039.0207

Representative Glassheim explained the amendment.

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A motion was made by Representative Glassheim, seconded by Representative Thoreson to adopt amendment 78039.0207 to Senate Bill 2015. Motion carried by voice vote.

Amendment 78039.0206

Hearing Date: 3/27/07

A motion was made by Representative Glassheim, seconded by Representative

Thoreson to adopt amendment 78039.0206 to Senate Bill 2015. Motion carried by voice

vote.

Verbal Amendment

Facility Management must develop a plan for the usage of the crime lab space by the health department.

A motion was made by Representative Kempenich, seconded by Representative Skarphol to adopt the verbal amendment regarding the usage of the crime lab space by the health department. Motion carried by voice vote.

Amendment 78039.0209

Representative Thoreson explained the amendment.

A motion was made by Representative Thoreson seconded by Representative Skarphol to adopt amendment 78039.0209 to Senate Bill 2015. Motion carried by voice vote.

Verbal amendment

Adds \$180,000 to Williston Research for Irrigation Program

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Hearing Date: 3/27/07

A motion was made to adopt the verbal amendment regarding the addition of \$180,000 to Williston Research for an Irrigation Program. Motion carried by voice vote.

78039.0204

A motion was made by Representative Glassheim, seconded by Representative Williams to adopt amendment 78039.0204. Motion failed by voice vote.

Verbal amendment

A motion was made by Representative Kempenich, seconded by Representative Skarphol to adopt the verbal amendment regarding the removal of \$10million from Higher Education and adding \$8million to this budget for the building of a library in Dickinson. Motion was withdrawn.

A motion was made by Representative Thoreson, seconded by Representative Glassheim to reconsider the \$10million. Motion carried.

A motion was made by Representative Thoreson, seconded by Representative Skarphol for a DO PASS AS AMENDED recommendation to the full committee. The committee vote was 8 Yeas, 0 Nays, 0 Absent and Not Voting. The bill will be carried by Chairman Carlson.

### 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2015

	House A	Appro	oriations	Committee
1				

Check here for Conference Committee

Hearing Date: 03-28-2007

Recorder Job Number: 5589/5590

Committee Clerk Signature

Minutes:

Chairman Svedjan opened the hearing on SB 2015.

**Chairman Svedjan:** We'll take up SB 2015 and there should be a set of amendments being distributed. See attached.

Rep. Carlson moved to adopt the amendment 78039.0215. Rep. Carlisle seconded.

Rep. Carlson: I am not quite sure where to start but I am just going to pick a point. The Senate did a tremendous amount of changing to this budget. As you know this is kind of a catch all buzz for a lot of the funding that goes about in state government. A lot of transfers are in here and those were all removed so I think what we will do is go to the green sheet first and then go to the amendment second because I think it gives you a better understanding and will help explain some of the questions you are going to ask me about where the transfers went.

Refer to green handout.

Rep. Skaphol is asked at this time to explain the amendment .0215.

**Rep. Skarphol**: Back in 2001 the legislature authorized the purchase of the Nesson Valley Irrigation Project in Nesson Valley south of Tioga and east of Williston. The state contributed sixty-one thousand dollars to an eighty-thousand dollar purchase of the land and they did at the same time during that budget cycle remove a technician and a small amount of operating

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money out of the budget for the Williston Research Center. Subsequent to the purchase there has been seven hundred and fifty thousand dollars invested in that project in our region. About a third of that or two hundred and fifty thousand dollars has come from the state Water Commission to consummate the project. A half million dollars has been contributed regionally and when I say regionally I am talking about northwestern ND and northeastern Montana to get this project done. However we never have given any type of FTE's to this project. In the research and extension budget I clearly admit that there was one hundred and fifty thousand dollars put in for a scientist which is absolutely needed. But there is also a need for a technician to help do the work out there. There are four linier out there that they are working with and there is a substantial amount of work that needs to be done to do this right. In the first half when we had the research and extension budget obviously I got more than a little frustrated with what was going on with regard to it and I kind of backed off on the whole thing but after thinking it through during the session I decided that I believe it is appropriate that we add a technician and some operating dollars to make this work. The USDA AG Research Service Center in Sydney MT, a state of the art facility in the nation is a large partner in this project and if we do not consummate this deal and make a commitment to this project, they are going to back off on their support of this and that would be a huge loss to that project and the producers in ND who could benefit from this research. I believe it is entirely appropriate that we put in the eighty-thousand dollars that was removed for a technician to help do that work and one hundred thousand dollars in operating. It is entirely possible that next session we can reduce that operating money again because of the fact that they took money that would have been used from their income in order to work on this project. In other words, they use resources that should have been used elsewhere to get this project to where it is at today and

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they need to be reimbursed for those changes and that is the reason that our subsection approved that particular amendment to this bill.

**Rep. Carlson** reads the amendment section by section. Refer to amendment attached.

Tape is silent from this point to the end. Recorder must not be working.

New recording begins here.

Rep. Thoreson: Section twenty-three deals with the missile silo site which we had done in the earlier budget and in some discussion with myself and others we felt that for historical purposes and this does show my bias but we should place the name Ronald Regan Peace Through Strength Missile and Silo Historical Site on that facility. It was my belief that this President led to the ending of the cold war and that is why this silo is no longer in use and therefore we should honor him by naming it so.

**Rep. Carlson:** That is everything we did on the budget and we have explained what we have done. The moneys were pretty much called out in each of the sections as they went.

**Chairman Svedjan:** So the bottom line is that in relationship to general funds you have effectively added 1.5 million?

**Rep. Carlson:** If I am getting to the bottom of this I believe the House changes are 1.134 in general fund.

Chairman Svedjan: But the total contained in here when you factor in legislative council and Williston Research Center brings it to 1.514. If you look at the summary of House action near the middle of page nine.

Rep. Carlson: Yes, that is correct. The last one I wasn't adding in the totals. That is correct.

**Rep. Eckstrom:** First, section sixteen on page four, how does that eight percent number relate to standard banking practice in other words, what would be the normal amount on a regular bank?

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Rep. Carlson: That would be the number. We have established that. It is hard because we are

so different in many aspects, but on the other hand if the auditors came in they would look for

that number at the bank to see if Radar Bank is a good bank.

Rep. Eckstrom: On page nine, with regard to section twenty-three we have a typo. The site is

"named" not "name". The third is my most important question. The Capitol is going to be one

hundred years old in another twenty to twenty five years. It is my understanding that the seven

hundred and fifty thousand dollars in their budgeting process did not include the three hundred

and fifty thousand for the restoration of bronzes up in the Great Hall. I have been serving on

the Capitol Grounds Planning Commission now for several years and we really are starting to

look at that 100<sup>th</sup> birthday and how much work is going to have to be done in order for the

Capitol to be as pristine as possible for it's birthday so I would like some clarifications on that

from perhaps Mr. Boyle about that three hundred and fifty thousand.

Rep. Carlson: I believe it's in there but if you want Mr. Boyle to answer that, we did not ask

him that specific question.

Mr. Boyle, Director of Facility Management, spoke to answer the question at the request of

the chair.

**Boyle:** There is seven hundred and fifty thousand dollars in the OMB bill that is special funds.

That money is what is going to be used to clean all the brass columns in Memorial Hall. The

three hundred and fifty thousand is in addition to that as long as the contractors are here we

would like them to take care of all of the brass and bronze on the ground floor as well.

**Chairman Svedjan:** By ground floor, do you mean in the chambers?

**Boyle:** This floor down here.

**Rep. Skarphol:** That seven hundred and fifty is reflected on item thirteen on the green sheet.

It is a special fund. It is the Capitol building instead of the Capitol Building trust.

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**Rep. Gulleson:** *To Rep. Skarphol,* Under section six then what is the total new money in this budget and the research budget for the Nesson Vallev Irrigation Project?

**Rep. Skarphol:** To the best of my knowledge, this would make it three hundred and thirty thousand and I think the Senate is considering a possible fifty thousand for the experiment station itself not at Nesson Valley but this would be a total of three hundred and thirty to the best of my knowledge.

**Rep. Gulleson:** Rep. Carlson, when you talked about the road fund, what is the cost per mile to build a road now?

**Rep. Carlson:** I can only tell you the number that was given to us when we did the DOT budget for resurfacing or just the light coating they put over them was in the eighty to ninety thousand dollars per mile and that is for the least amount you can do. That is putting a little tar in the cracks and putting an overcoat on it. As far as the numbers, maybe Rep. Keypunch can tell you.

**Rep. Kempenich:** If you are going to rebuild and go to one hundred and five-five road, you are going to be looking at about 1.3 million per mile.

**Rep. Carlson:** That money is not going to go very far. Obviously, Rep. Headland has a couple of concerns. There are a couple of roads leading into the Spiritwood Plant that are not in good shape and his intention there was to establish a fund where they could have some money to try to work on that road because again, according to his testimony his county on the road mill levy is where they can be and that is why we put it on.

**Rep. Gulleson:** My only concern would be that I would hate to have the whole pool go to one project because that is going to be a challenge with a number of these. So if we could be a shared, that the county could look to this but that they would have to show a shared part of that cost.

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**Rep. Carlson:** We had some concerns about establishing another fund. We understood the need and that is why we passed it, but we understand that the money is probably far from the right amount that if that is your goal to get all of the roads fixed to these plants.

**Rep. Nelson:** It seems to me like there should be a requirement for matching funds because it's not the only plant that is being built in the state and it's not the only one on the drawing board. That is going to be a continued need with the lack of rail service in some areas and the increased truck traffic that ten million dollars won't last very long and I would have been happier if there would have been some kind of component for cost share in that.

Rep. Skarphol: If you read the last two sentences it alleviates a little bit of the concern in that it gives the director of the DOT a lot of discretionary authority and in our particular area in our highway department district. I know that the department has diverted funds from what was planned priorities to other areas because of economic development projects for example an ethanol plant and I think what this does is just gives him the authority to be able to help out areas where it is county roads that are most affected. I think he already has that ability with regard to state roads and that is why the number of dollars that we put into this was as small as it was and we think it just gives him a little bit of extra leverage to help out counties.

Rep. Carlson: We have spent a lot of time discussing the impact on oil on the highways and on the coal areas where these rigs wreck the roads and this is actually the third of the three energy things that has quite an impact on the highways and the roads so we don't think that it's nearly enough money but that is the fund that was addressed is the countercyclical fund that was established and we would hope that the idea at least would stay alive in the conference committee and if they want to work out more details or something besides that I think it made sense to do it.

**Rep. Martinson:** I have a couple of comments and then I am going to make a couple of motions to further amend this. Before I do that, I would ask that on this bill when you appoint the conference committee that you appoint another member of the appropriations committee to be on it because if we do make some changes here and we have amended it, it really doesn't do us any good if appropriations people aren't on the conference committee. It just goes back to the way it was before so I hope you keep my wishes in mind.

Chairman Svedjan: So I am understanding you, you are saying don't look only to Government Ops.?

**Rep. Martinson:** No, I'm saying look to Government Ops. My first comment on page five paragraph five I really disagree with that four and four or four million for buildings and four million for workforce training. We are providing so much money already for workforce training that was never the intent of Centers of Excellence. It was never in the original legislation nor was buildings. So I would move that we reduce the four .....

**Chairman Svedjan:** May I interrupt you? I am sorry but would it be simpler for us to adopt these amendments and further amend?

**Rep. Hawkin:** I just have a question on the dues payment. On the top one it says it includes travel and that kind of thing, is that true for all of those? For example, the education commission on the state, and we all know I love education but that is a lot of money and I just wondered if that was travel or just dues.

Rep. Carlson: It was our understanding that it was both.

Rep. Hawkin: Thank you. That is still a lot of money.

Some unidentified woman speaking from her chair in the audience: (Pam) The only travel money is from state lottery.

An unidentified Rep.: There is no travel for the commission on the education commission?

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Pam: That is correct.

Chairman Svedjan: I believe that is correct. When you take a look at the dues for NCSL for example, it's slightly over one hundred thousand dollars and that does not include travel.

Rep. Glassheim: Just for your information on page five, two other small changes that were

made in the Centers of Excellence section, at the top of the page as you know now by the time

it gets to the budget section we have to vote yes or no and this change allows for us to make

comment and we refer something back to the foundation board requesting changes. We do not

compel them but it allows us to discuss it and make input and refer it back at which point then

they reconsider it and they can do what they want make changes or not and send it back to us

where again we have to vote yes or no with what they send back but it allows for a little more

input from the legislative branch.

Chairman Svedjan: If I am reading this correctly it would also give the budget section

authority to reject.

**Rep. Glassheim:** We have that authority now.

Chairman Svedjan: No. I don't think we do.

Rep. Glassheim: And we won't know? Sure we can approve or not approve the final thing

can't we?

Chairman Svedjan: But I am thinking we can't alter.

Rep. Glassheim: We still wouldn't alter but we would make suggestions to them to alter again

so that is one thing and then the section four, and my phone hasn't rung yet from the

chancellor's office but, section four requires any income from patents gotten as a result of

Centers of Excellence four percent to be given back to our general fund. With the theory we

are investing quite a lot of money twenty-thirty, fifty million dollars and some of these things are

successful we should have a small portion of it coming back to us.

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Rep. Skarphol: One more thing, on the bottom of page seven, subsection five, this new

language, I think you need to note that in the appropriation for Centers of Excellence, there are

some duties created in this new language and subsection five does allow for two and a half

percent of the money that we appropriate to be used for administrative costs. In other words to

hire for example independent expert reviews of the application. So there is at this point in time.

the ability to use a little bit of that money for insuring that the applications are appropriate.

There was no further discussion from the committee.

Voice Vote: Unanimous, Amendments were adopted.

Rep. Martinson: I move that we further amend on page five the paragraph five where it says

four million and four million that that be reduced to two million and two million.

Rep. Wald seconded the motion.

Rep. Carlson: I can tell you that that is the way it did come to us as a committee at two and

two.

Rep. Glassheim: I would wave my arms and distress this but if this passes I intend to make

further amendment to it so I will save my discussion for that.

There was no further discussion.

Voice Vote: Motion carried.

Rep. Martinson: I would like to make a motion to further amend. That has to do with Section

eighteen. I just think that the makeup of that board is really wrong. By appointing three

members from the foundation and three members from higher education, the board is stacked.

I was just so upset last time when their first meeting, basically they decided that it was going to

be higher education as usual something for everybody. I just don't think that is the right way to

do it. So I move that we further amend the bill to increase it from six to seven members

and that four members of the board shall be appointed by the Legislative Council, two

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members appointed by the foundation and one member from the board of higher

education.

Rep. Kempenich seconded.

Rep. Skarphol: Just a point here and I am not sure how Rep. Martinson wants to do this but

we would have to make some type of accommodations for term length. I am not sure how to

deal with that.

Unidentified Rep.: One week.

Rep. Skarphol: Maybe that needs to be thought about prior to the time of the meeting of the

conference committee on this bill and language needs to be brought forth to address that at

that time. I don't know how you can appoint a legislator to a four year term because we don't

guarantee they will be here for four years unless you appoint him at the time he is elected.

Or he could be serving as a non-legislator and that is fine but I am just trying to figure out the

mechanism is all and I am sure that Rep. Martinson could come up with a solution by the time

the conference committee meets.

Rep. Carlson: When you say the legislative council appoints four, do they have to be

legislators?

Rep. Martinson: My point would be that they should be legislators because we have

established this and we did most of the complaining when we didn't like the way it was handled

so I made that assumption that legislative council would choose four legislators.

Rep. Glassheim: Seems to me this is another example of a partially good idea taken to

excess and we have seen a number of those this session. It is true that the legislature provides

the money and so we want to sit on the board of directors and tell people what to do but on the

other hand the heart of this program involves the private sector and the universities and these

people have some knowledge of universities and what they can do, what they need, how they

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can act and the private sector has some knowledge of what they need and how they can have successful activities. I am just not sure why you want to, I mean I can see adding a legislator or something like that so there is some input from the legislature but why you would have a majority of legislators running it's program, it just doesn't make any sense to me and again in that other amendment that I mentioned before we try to address a little more legislative input to the process which is of this. You are asking the system to produce big bucks in the future going forward and you are going to have one of seven people from the university system on the board. This just doesn't make sense to me as a way of managing this project.

Rep. Martinson: I would appreciate any other suggestions but I just don't like the way that it was handled this time. When you had the three and three we all know who ran that committee. We all know who made those decisions on there and we all know who appointed those people. I am just asking for a little other input and if you would want to say okay the legislative council appoints two private sector people and two legislators I would be amiable to that. If you want to say three from the Board of Higher Education that would be fine with me too and none from the foundation but some combination so that the legislative assembly has some input in this rather than just the executive branch. That is my whole point here. I appreciate what did you call it? Only a half of a lousy idea so I only took a half a shot that you did like some of it.

Rep. Glassheim: But there have been several of them this session.

**Rep. Martinson:** My point is that some type of combination so that there is some legislative input in this.

**Rep. Kempenich:** I think that this is Higher Ed is a recipient of this so it gets kind of hard if they are the ones that are making good decisions within their own body. They are the ones that have to bring forward the final decision granted it comes before budget section but by what language is changed here does help that process some but I still think the board is not

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the one generating the ideas they are the ones that are passing it on so I don't know why changing the board this way would be a big detriment as far as higher ed is concerned.

Rep. Gulleson: Just a clarification. What foundation are we referring to here?

Chairman Svedjan: The Economic Development Foundation. The way the process works now, once these applications are approved they come before the Emergency Commission first and that has the two leaders to appropriations chairs as well as the Governor and the Secretary of State. Then from there it goes to the full budget section. So I am neither arguing in favor or against this amendment, it is just that if the change in language that was referenced earlier in terms of the roll of the budget section. There is more strength there now then there used to be but in any event, I invite you to vote as you wish on this.

**Rep. Glassheim:** In the interest of delicious sausages I wonder if Rep. Martinson would interested two legislators three board of higher ed and two foundation people as a mix.

**Rep. Martinson:** I will see your two and raise one. As I said, any combination, if you want I will withdraw my motion if you want to make another motion. Just so there is some legislative input.

**Rep. Glassheim:** If Rep. Martinson wants to do the two, three and two I would be a lot more comfortable with that.

**Chairman Svedjan:** So there would be three from Higher Ed, two from the foundation and two and from legislative council?

Rep. Glassheim: Yes.

Rep. Martinson: I would withdraw my motion.

Rep. Kempenich withdrew his second on the motion.

The motion was withdrawn.

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Rep. Carlson moved that we do not add anybody to the board and that the make up

would be two council, two higher ed, and two from the foundation.

Rep. Thoreson seconded the motion.

**Rep. Wald:** So the staggering of terms would not change then with two, two, and two?

Rep. Carlson: No it would not.

Voice Vote: Motion carries.

Rep. Ekstrom: I would like to further amend to add three hundred and fifty thousand dollars

for restoration of the Capitol primarily here on the ground floor.

Rep. Glassheim seconded the motion.

Rep. Ekstrom: The nature of this building has changed because of the modern age. We now

arrive to the Capitol via the ground floor. All of our tour groups arrive via the ground floor.

Buses no longer pull up in front of the big steps; the kids don't climb the great steps and then

come into the Grand Hall, which was the original intent of the architect. I am not suggesting

that we need to change the way that we bring tour groups in but we do bring them in on the

ground floor so I think it is very important that the first impression that the people get of the

Capitol is really fine and all brass is clean and everything looking as good as we can make it

and it is the first step in an ongoing process of getting the Capitol looking good.

Rep. Skarphol: If you look at the green sheet we have about three and a half million or a little

over in deferred maintenance and extraordinary repairs. I guess while I agree with Rep.

Ekstrom's assessment that we want it to look good I would like Mr. Boyle to tell us whether or

not it is really necessary that we have another three hundred and fifty thousand or if he thinks

he can make this place look good with the money within the budget.

Chairman Svedjan: I have heard it said that there may be the day when something has to be

done to the west entrance and that the parking lot may disappear and that there may be a

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parking ramp built into the ground somewhere and that there has been some discussion about a judicial building we know things are happening with the heritage center. There is just many things that relate to improved and increased security of the building and I am wondering how this motion plays into that big picture. Is it premature?

Mr. Boyle: Currently right now, in the bill, that money is in there. The three hundred and fifty thousand. In SB 2090 which will be voted on this morning I believe there is a potential that they could change the language that the Capitol grounds planning commission can not take money out of the Capitol Building Trust Fund to make repairs or restorations to the building so if that does not get resolved then there is a possibility that the seven hundred and fifty thousand may not be in this bill and I think when we discussed this last night at the Capitol Grounds planning commission meeting, the commission wants to ensure that that whole seven hundred and fifty thousand gets funded some how and that the project so that we will be at that total amount that Rep. Skarphol discussed so right now as we speak, it is in our bill.

Rep. Carlson: Just so everybody understands and I am correct on this, we have three million dollars in extraordinary repairs and deferred maintenance plus we have another million five in the Capitol Building Fund for extraordinary repairs of which seven hundred and fifty thousand comes from the Capitol Grounds Fund or whatever you call it. Capitol Building Trust Fund and you are saying that might be in danger but as far as the way the budget sits before us right now there is three hundred and fifty thousand dollars in the budget for doing the main floor?

Mr. Boyle: That is correct.

**Rep. Ekstrom:** As we did the analysis of the building, in terms of what presently needs to be done, it is well over eighteen million dollars. There is a lot more that is going to need to be done and whether this is premature or not I think we have to realize that this is an expense that

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is coming down the road and I would urge that as we move into conference committee people keep this in mind and not curtail those funds.

There was no further discussion.

Voice Vote: Motion Fails.

Rep. Glassheim: I would like to move to further amend on page five in the subsection five relating to the amount of money for infrastructure and workforce. The amendment earlier has taken it down to two million and two million. I would like to add to leave that language but add after the last word biennium insert a comma and then insert the following language: but buildings which are an essential part of attracting private investment shall not be counted as infrastructure.

Rep. Ekstrom seconded the motion.

Rep. Glassheim: For those of you who remember our long day of listening to people talking the Centers of Excellence, I don't know about many of the projects but I know that in the UND project the money went for a building but the building was to build a level three lab and without the level three lab it would have been no private investment. There would have been no program. People will come because it is a level three lab it is not just a lab there is some office space too and I understand there is a little finagling all the time but the point is the private sector money is coming because of that particular kind of building and I think that was three and a half million of Center of Excellence money. I don't understand why we want to limit buildings in the first place if they are producing income and private activity which has to be demonstrated before a project is approved. I understand we don't want just buildings and college buildings being built and that is not the point but if there are college buildings being built which attract private money you couldn't get it otherwise. I don't see why you would want to put a two million dollar cap on that kind of building so that is the reason for my amendment.

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There was no further discussion.

Voice Vote: Motion carriers.

**Chairman Svedjan:** That language will probably be changed when it is put into appropriate form and style, but at least that is the intent.

**Rep. Gulleson:** I am passing around an amendment 0214 and some background and I'll let that get out. See attached.

Rep. Aarsvold: First of all let me mention that the appropriation for this project did appear in two other budgets that were amended out in the process of the discussion. One having to do with the water and state engineers project and the water commission and that was a two hundred thousand dollar appropriations and in the adjutant generals budget one hundred thousand dollars and that was targeted primarily at the disaster preparedness which is one of the benefits of the program that you see laid out before you. If you would turn to page four you will see the scope of the project. It involves essentially the Red River Basin, all of the Basin and most of that of course would be between ND and MN. Most of that in ND actually and a small portion of northeast SD and the portion of Manitoba south of the Lake Winnipeg and Lake Manitoba. Getting back to page three if you would reference the section entitled benefits and want you to direct your attention at those bullets and the course in this day of modern agriculture with the GPS and all the other wonderful things that we can do via satellite in agriculture, this would enhance the ability of the ag sector and farmers to get mapping for things like fertilizer applications and seed rates and all of those things. In addition it would provide a model on which to base culvert sizing which is such an important issues in local drainage to make sure we have a odor removement and water from townships and county roads and natural drains across the state and there is also of course some benefit in terms of identifying potential carbon sequestering areas that is vital to our coal industry where we are

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turning out energy using our coal but MN has concerns about the carbon is

turning out energy using our coal but MN has concerns about the carbon issue and we would be able to develop a model for carbon sequestering down wind from those generating plants. The biggest concern I think at least initially was the enhanced flooding draught damage litigation potential that this technology affords us. Being able to forecast very accurately the impact on specific areas and they are able to then make adequate preparation as a consequence of this new data that they would have more available from the mapping project. I am not going to go through all of this. They would be able to more precisely predict the water holding capacity of certain water sheds as flood issues develop in the spring of the year particularly. The second to last bullet ecological monitoring. Now you recall a few days ago we passes an amendment that involved us as a state in the endangered species legislation and we decided as a committee that we want to be involved with that as the state of North Dakota. This would provide one valuable tool for us to bring to the table in terms of making sure that our interests are well represented as a state in this whole issue of ecology and endangered species. The last one has to do with conflict resolution. We all know that water creates more enemies than it does friends perhaps especially in that area that we are looking at in this project. We would then be able to as the benefit list indicates develop processes for identifying problems between subdivisions and between individuals and being able to deal with those in a more appropriate fashion. I would also point out that on the very first page you will notice that the international water institute is housed in our own state at NDSU in Fargo and it is a compilation of the interest up and down the valley and also of course the federal participation which their projection to be two and a half million dollars. North Dakota and Minnesota have been assigned to come up with six hundred thousand. We are willing to as a state hopefully commit three hundred thousand dollars a part of that to that project and of course this would come from already allocated funds. We realize that the tobacco settlement fund money will be

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enhanced this biennium and the three hundred thousand that we are proposing here would be but a minor reduction in the total allocation to the water commission. I would hope that we would support this very important initiative and participate with our friends to the north and to the east.

Rep. Nelson: I would just like to mention a project that I have been involved with in the interim in the Devils Lake region there's a danger of carp between the Devils Lake fisheries which could ruin that very important economic engine in that area. In one of the solutions to that whole project is to create a buffer up in Rep. Monson's district and divert that where the carp are currently located into the north. There is a lot of local resistance to that because there is much distrust in that area with the water commission and working with federal and state agencies as far as the modeling that is being done. As far as who is impacted and the mitigation that is as a result and the increased water flows when that water is diverted. I can see this as a independent and more technical answer to that so we can bring some local acceptance to this idea and save the Devils Lake fisheries and be able to respond to the local impacts that could result from that in high water years so I think that is another aspect of mapping system like this that would allow some local buy-in as far as how accurate that data is being presented.

Rep. Monson: Just to kind of echo what Rep. Nelson said, I fully understand the value and the need of this. I do support that however I am a little concerned that it was split up into two different budgets and taken out of both of them and why we didn't just come right up front with this kind of a presentation in one budget or the other instead of fooling around and coming in through the back door in this budget because it is a very valuable project and I guess I would probably support that here but it does bother me that it was taken out of two different budgets

and now it is coming in through the back door of the third one. It just doesn't really smell quite right but it is very valuable. I know it's a good thing.

**Chairman Svedjan:** I think it was explained yesterday that there was some uncertainty as to why it even showed up in the adjutant general budget.

**Rep. Skarphol:** I think as this amendment is configured I think it's done very well. I think it comes from within the water commission's budget at the discretion of the director. They do have some money available and within the budget for priority uses and I think we ought to support the amendment.

**Rep. Kempenich:** That was my point too it is kind of frustrating. If it is an important project why wasn't it brought up originally as a whole but I don't have a...

**Rep. Carlson:** I am reading this right, there is no money, and they have to come up with it out of their budget?

Rep. Gulleson: That's correct. I would move this amendment.

Rep. Hawkin seconded the amendment.

There was no further discussion. Voice vote: Motion carried and the amendment was adopted.

Rep. Skarphol: Based on the emails I am receiving, I would like to propose an amendment with regard to the budgeting process for the University Systems and I would want it to reflect something of this language, that when the University System provides it's budget to the 09-11 legislative session it must provide the budget detail for each institution in addition to it's normal budget presentation. It must also provide a composite of the major categories of the University System as a whole. I would move that amendment.

Rep. Monson seconded the motion.

Chairman Svedjan: I know the education section really struggled with accessing any detail.

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Rep. Skarphol: I am told that each individual institution does prepare a budget and after that they then consolidate it into two lines and forward it to the University System and that is what they use to do the analysis that they bring forward in the budget for the University System.

Quite frankly, I find that to be inadequate. All I am asking is that we get to see what the institutions have prepared and then they bring us a two line budget as is but the one additional duty as I see it that would require the University System is to take major categories and I am not talking about detailed, but just major categories and reflect what the trends are in those categories so that we can have a little bit of information that is better to evaluate whether or not we think the changes in the budget are appropriate.

Rep. Glassheim: It is always hard to be against getting information and I move we not have any information, that is a bad motion but that is a hard side to be on in the argument.

The implications of this may be much broader than just get some information so we are little better informed. The deal that was made at the round table is that the Board of Higher Education is running the University System and we decide essentially what do we want to spend on Higher Ed and then we don't micromanage each budget and we don't put our favorite little thing in each budget and we don't worry about, oh, gee, we spent thirty thousand on travel and we should be spent twenty-five at this college. In a sense we have the round table has tied our hands somewhat and we are chaffing at that but that is kind of the deal that once you get all of this information and put it, and you get it if you want it now, it becomes part of the appropriations process and then we are going to start looking at each colleges thing as we consider it and then we are going to start making amendments to each college's budget and then you have no round table. So I don't know if there is some other way to do this and I don't know if I am exaggerating my fears but on the surface it sounds like okay just give us the

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Hearing Date: 03-28-2007

information but I think the implications are much broader than that and may have a pernicious affect on the whole process that we have adopted.

Rep. Gulleson: This alignment, the northwest-southeast sort of, I am going to support this motion because I think it is good policy for us. We are part of this partnership as a legislative body and having sat on the education subsection now for a few sessions that information is pretty critical as to how we make these decisions. We still answer to the students and the parents and the state in terms of how those dollars are spent in tuition increases and it's very difficult to make that decisions and those judgments when we don't have all of the information. In my view, this is certainly not a reflection of distrust in any way, it basically says it is a partnership and we may have went just a bit far on how we worded the round table request and we need to step back just a bit and get more information and move forward and we will all feel better about it.

Rep. Monson: Rep. Gulleson said what I was going to say. The frustration, not being on the education subsection last time and being in the little group that we were in Government Improvement one, now being back on the education subsection, my frustration was renewed again when you have two line items and yes information is there if you ask, but you have to ask all of the questions and it takes an awful lot of time to get to the bottom of how much the budget was grown in each of these campuses and what for and it's there but it's frustrating to have two line items and all you can basically do without getting that information is to say I guess we will have to cut five million out of the whole thing or whatever with no rhyme or reason and I think this will help us get a lot better information and make a better decision.

**Rep. Wald:** At the southwestern meeting, I think all of this amendment would do is, there was reference that a former president who had a very concrete statement and all he said was

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"Trust if verified" and I think Rep. Skarphol 's amendment would only underline what I just said. We trust them but we want to verify the numbers.

Rep. Hawkin: I don't have a problem with that but I agree with, just so we are bi-partisan on all of this, was Rep. Glassheim. We are the round table. We have about fifty requirements of our University System which we make them jump through and give us. There are all kinds of touch stones that they have to report on. If in fact, this is the kind of information we want, then I would submit that we should be looking at the total picture and taking away some of those things that we ask for right now that we don't use. No one looks at them. They make a wonderful lovely report which we all file. So if what we really want is the financial data.... I think we need to know what we want to have and then it is perfectly fine to ask for it. Right now, what we ask for is absolutely ridiculous and I don't want us to just add one more thing for the heck of it. If there are specifics that we want, fine, we do have a tendency to micromanage. I think it is real hard for us to trust anybody. I understand that. What don't we trust, what do we want to verify and let's just ask for that and put the rest of the stuff away because it takes hours to put together what we ask for. If this is what is important, let's look at the whole picture and decide which of those things we think are the most important to running a good University System.

Rep. Skarphol: I don't necessarily disagree with what Rep. Hawkin just said. I think when we pass the round table, there was a lot of hopes and a lot of expectations. We put in place the flexibility with accountability however I think we were premature in not asking for the budget detail until such time as those accountability issues that Rep. Hawkin was talking about have had an opportunity to create some history that we can relate to. When I was working on this I went up and talked to Mr. Smith and I think we all have a lot of respect for Mr. Jim Smith in Legislative Council and I spent some time visiting with him about the accountability measures

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and I said Jim I assume that you spent some time studying these things and he said I have. I asked if he thinks that they give us a good reflection of what we need to know and he said well I think they can at some point in time but today they do not. We have not compiled enough information. That is why my amendment says the for the 2009-2011 session I think we need to have a little more information for us to make our evaluation and there will be more history available in the accountability measures that Rep. Hawkin referred to. I am not trying to be petty with the University System I just think that when there is three six inch binders over here of detail and straight government, we should at least get something more than a quarter inch think document for the University Systems.

Voice Vote: Motion passes. Amendment is adopted.

**Rep. Glassheim:** In the spirit of trusting and verifying I was sent to my Google by the missile silo amendment being it is a historical site to learn a little history of these sites. At this point I will move to strike section twenty-three.

Rep. Metcalf seconded the motion.

Rep. Glassheim: I am just passing around three of twenty-one pages on the history of the minutemen missile sites. I would call your attention to the bottom of the first page eighteen, newly elected President John F. Kennedy instigated one of the first significant improvements to the minutemen weapons system and soon after taking office in 1961 it goes on, then at the bottom of page nineteen, we talk about minuteman two was deployed first at Grand Forks Air Force Base in ND and that would have prior to September of 1965 when SD Congressmen Barry announced the Ellsworth would also receive Minuteman Two. At the top of page twenty, by late summer of 1968 Minute Man Three was ready for testing and that later was deployed at Warren, Minot, Grand Forks and Moundstrom. My point here is that Ronald Reagan had nothing to do with these missile sites. He had nothing to do with North Dakota. He had nothing

Page 24

House Appropriations Committee

Bill/Resolution No. SB 2015

Hearing Date: 03-28-2007

to do with creating these missile sites and to name something after him that he had nothing to do with is, how should I be polite? I just want to recount that I am on the Grand Forks city council, our airport is named the Mark Andrews International Airport. Some of my friends in Grand Forks wanted to remove this name because they couldn't stand to go to the airport named for Mark Andrews, but Mark Andrews was Chairman of the Transportation Subcommittee which put a lot of money into that airport, so I voted to retain his name on the airport because he put money into it. Some of you may not want to pass the Burdick Federal Building in Fargo, but he put significant dollars into it and that is why it was named after him. That is a general principle. When we name buildings, either some donor has put money into it or some public official has put money into it, like the Frank Wald Campus in Dickinson, but there is some connection between the name and that marker. This was all done before Ronald Reagan, he had nothing to do with the missile silos. I think we shouldn't bother with a name at all, we will let that develop over time and struggles of society. If you want to put a name on it, the appropriate name would be the Eisenhower-Kennedy-Johnson Missile Silo because Eisenhower first had the idea, he first approved the expenditures late in his term to develop missile defense and then these were completed under Kennedy and Johnson, so just to show I am non-partisan so if you want to name it that, fine, they had something to do with this site. Just because you want to have somebody's name on something, I think it is a mistake.

Rep. Martinson: I couldn't agree with Dr. Glassheim more and that is why they are not naming a Minuteman Site after Ronald Reagan, this is not a Minuteman Missile site, so you Googled the wrong one.

Rep. Glassheim: What was I supposed to Google?

Rep. Martinson: I am not telling.

Chairman Svedjan: Did President Reagan have anything to do with these sites?

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Rep. Martinson: He didn't use them.

Voice Vote: Motion failed.

Rep. Carlson moved a DO PASS AS AMENDED.

Rep. Skarphol seconded.

Roll Call Vote: 23 yes. 1 no. 0 absent.

Carrier: Rep. Carlson

#### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 2, remove the second "and"

Page 1, line 3, after "exemption" insert "; to create and enact a new section to chapter 6-09 of the North Dakota Century Code, relating to limitations on transfers of the Bank of North Dakota's earnings and profits; and to provide an effective date"

Page 2, after line 29, insert:

"SECTION 6. A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Earning and profits of Bank - Limitation on transfers. Subject to legislative appropriation or transfer, the industrial commission may transfer earnings and accumulated undivided profits of the Bank to the state general fund or to a special fund. The transfer authority granted under this section is limited to transfers that do not reduce the Bank's capital structure to less than eight percent of the Bank's total assets. This section does not limit the Bank's authority to make loans under section 6-09-15.1.

SECTION 7. EFFECTIVE DATE. Section 6 of this Act becomes effective on July 1, 2009."

Renumber accordingly

78039.0205 Title. Fiscal No. 1 Prepared by the Legislative Council staff for House Appropriations - Government Operations

March 12, 2007

### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 2, replace "and" with "to provide for various transfers and financial transactions; to create and enact a new section to chapter 6-09 of the North Dakota Century Code, relating to the Bank of North Dakota; to amend and reenact sections 54-27.2-01 and 54-27.2-03 of the North Dakota Century Code, relating to the budget stabilization fund; to provide legislative intent; to provide a continuing appropriation;"

Page 1, line 3, after "exemption" insert "; to provide an effective date; and to declare an emergency"

Page 1, line 22, replace "125,058" with "1,625,058"

Page 1, line 23, replace "(954,970)" with "111,030"

Page 2, line 1, replace "(388,000)" with "(335,000)"

Page 2, line 2, replace "(1,337,138)" with "686,000"

Page 2, line 4, replace "(36,000,000)" with "(15,700,000)"

Page 2, line 5, replace "(\$38,059,031)" with "(\$13,116,893)"

Page 2, line 6, replace "(39,749,959)" with "(32,924,959)"

Page 2, line 7, replace "1,690,928" with "19,808,066"

Page 2, line 14, replace "13,720,144" with "15,220,144"

Page 2, line 15, replace "10,386,136" with "11,452,136"

Page 2, line 17, replace "1,000" with "54,000"

Page 2, after line 17, insert:

"Prairie public broadcasting Centers of excellence 2,023,138 20,300,000"

Page 2, line 18, replace "28,752,299" with "53,694,437"

Page 2, line 19, replace "6,905,360" with "13,730,360"

Page 2, line 20, replace "21,846,939" with "39,964,077"

Page 2, after line 25, insert:

"SECTION 5. INTENT. Within the authority included in section 3 of this Act are the following grants and special items:

Boys and girls clubwork State contingencies \$53,000 \$500,000

\$541,000 \$1,500,000 \$25,000

SECTION 6. INTENT - CENTERS OF EXCELLENCE. The sum of \$15,000,000 from the centers of excellence line item in section 3 of this Act may not be used unless authorized by the budget section and project status reports from prior award recipients have been provided to the budget section by December 31, 2007.

SECTION 7. LANDS AND MINERALS TRUST FUND TRANSFER TO THE GENERAL FUND. During the biennium beginning July 1, 2007, and ending June 30, 2009, the director of the office of management and budget is authorized to transfer special funds from the lands and minerals trust fund to the general fund in the amount of \$15,000,000.

SECTION 8. BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND. During the biennium beginning July 1, 2007, and ending June 30, 2009, the industrial commission shall transfer to the state general fund \$60,000,000 from the current earnings and the accumulated undivided profits of the Bank of North Dakota. The moneys-must be transferred in the amounts and at the times requested by the director of the office of management and budget. A transfer authorized may only be made to the extent the transfer does not reduce the Bank's capital structure below \$175,000,000.

SECTION 9. STUDENT LOAN TRUST FUND TRANSFER TO THE GENERAL FUND. The industrial commission shall transfer to the general fund in the state treasury the sum of \$3,100,000 of earnings from the North Dakota student loan trust fund. The moneys must be transferred in the amounts and at the times requested by the director of the office of management and budget during the biennium beginning July 1, 2007, and ending June 30, 2009, and upon certification by the student loan trust trustee that sufficient moneys remain available to pay all debt service on student loan trust bonds, all required rebate payments to the United States treasury, and all program operating expenses.

SECTION 10. PERMANENT OIL TAX TRUST FUND. The estimated income line item included in section 3 of this Act includes \$5,300,000, or so much of the sum as may be necessary, to be made available to the office of management and budget from the permanent oil tax trust fund for the purpose of repaying the Bank of North Dakota for-loans and accrued interest relating to funds borrowed for centers of excellence."

Page 2, after line 29, insert:

"SECTION 12. A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Earnings and profits of the Bank - Limitation on transfers. Subject to legislative appropriation or transfer, the industrial commission may transfer earnings and accumulated undivided profits of the Bank to the state general fund or to a special fund. The transfer authority granted under this section is limited to transfers that do not reduce the Bank's capital structure to less than eight percent of the Bank's average assets for the last quarter of the calendar year preceding the end of each biennium.

SECTION 13. AMENDMENT. Section 54-27.2-01 of the North Dakota Century Code is amended and reenacted as follows:

**54-27.2-01.** Budget stabilization fund. The budget stabilization fund is a special fund in the state treasury. The state investment board shall supervise investment of the budget stabilization fund in accordance with chapter 21-10. Any interest or other budget stabilization fund earnings must be deposited in the fund. Any amounts provided by law for deposit in the fund and any interest or earnings of the fund

which would bring the balance in the fund to an amount greater than five percent of the current biennial state general fund budget, as finally approved by the most recently adjourned special or regular session of the legislative assembly, two hundred million dollars may not be deposited or retained in the fund but must be deposited instead in the state general fund.

**SECTION 14. AMENDMENT.** Section 54-27.2-03 of the North Dakota Century Code is amended and reenacted as follows:

54-27.2-03. Transfers and expenditures from budget stabilization fund. If the director of the office of management and budget projects that general fund revenues for the biennium will be at least two and one half percent less than estimated by the most recently adjourned special or regular session of the legislative assembly, and if the governor orders a transfer, which must be reported to the budget section of the legislative council, the state treasurer shall transfer the appropriate funds from the budget stabilization fund to the state general fund to offset the decrease in general fund revenues. The amount transferred from the budget stabilization fund upon order of the governor may not exceed the difference between an amount two and one half percent below the general fund revenue projections for the bionnium of the most recently adjourned special or regular session of the legislative assembly and the general fund revenue projections for the biennium by the director of the office of management and budget. The amount transferred from the budget stabilization fund upon order of the governor to the state general fund may be expended within the limits of legislative guidelines and general fund appropriations of the most recently adjourned special or regular session of the legislative assembly. For purposes of this section, "general fund revenues for the biennium" and "general fund revenue projections for the biennium" include the general fund balance at the beginning of the biennium.

SECTION 15. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIRST LEGISLATIVE ASSEMBLY. The total general fund appropriation line item in section 3 of this Act includes \$18,686,000 for the one-time funding items identified in this section. This amount is not a part of the agency's base budget to be used in preparing the 2009-11 executive budget. The office of management and budget shall report to the appropriations committees of the sixty-first legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2007, and ending June 30, 2009.

Deferred maintenance \$3,000,000
Centers of excellence 15,000,000
Prairie public broadcasting 686,000
Total \$18,686,000

SECTION 16. REPORT ON SALARY EQUITY. The office of management and budget shall report to the budget section on the status of salary equity for state employees by June 30, 2008.

SECTION 17. EFFECTIVE DATE. Section 12 of this Act becomes effective on July 1, 2009.

SECTION 18. EMERGENCY. The centers of excellence and estimated income line items in section 3 of this Act include \$5,300,000, which is declared to be an emergency measure."

Renumber accordingly

### STATEMENT OF PURPOSE OF AMENDMENT:

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

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Salaries and wages Operating expenses Capital assets Grants Prairie Public Broadcasting Centers of excellence Statewide equity pool	\$15,220,144 11,562,136 4,645,019 224,000 2,023,138 25,300,000 10,000,000	\$13,720,144 10,386,136 4,645,019 1,000	\$1,500,000 1,066,000 53,000 2,023,138 20,300,000	\$15,220,144 11,452,136 4,645,019 54,000 2,023,138 20,300,000
Total all funds	\$68,974,437	\$28,752,29 <del>9</del>	\$24,942,138	\$53,694,437
Less estimated income	18,900,360	6,905,360	6,825,000	13,730,360
General fund	\$50,074,077	\$21,846,939	\$18,117,138	\$39,964,077
FTE	132.50	132.50	0.00	132.50

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

	ADDS FUNDING FOR UNEMPLOYMENT INSURANCE !	ADDS FUNDING FOR GRANTS 2	ADDS FUNDING FOR OPERATING EXPENSES 3	ADDS FUNDING FOR CENTERS OF EXCELLENCE 4	ADDS FUNDING FOR PRAIRIE PUBLIC BROADCASTING 5	TOTAL HOUSE CHANGES
Salaries and wages Operating expenses Capital assets	\$1,500,000		\$1,066,000			\$1,500,000 1,066,000
Grants Prairie Public Broadcasting Centers of excellence Statewide equity pool		\$53,000		\$20,300,000	\$2,023,138	53,000 2,023,138 20,300,000
Total all funds	\$1,500,000	\$53,000	\$1,066,000	\$20,300,000	\$2,023,138	\$24,942,138
Less estimated income	1,500,000		<u>25,000</u>	5,300,000	· · · · · · · · · · · · · · · · · · ·	6,825,000
General fund	\$0	\$53,000	\$1,041,000	\$15,000,000	\$2,023,138	\$18,117,138
FTE	0.00	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> This amendment adds \$1,500,000 for unemployment insurance,

### This amendment adds the following sections:

- Section 5 provides legislative intent to provide funding for grants and special items.
- Section 6 provides legislative intent relating to centers of excellence awards for the 2007-09 biennium.
- Section 7 provides for a \$15,000,000 transfer from the lands and minerals trust fund to the general fund.
- Section 8 provides for a \$60,000,000 transfer from the Bank of Dakota to the general fund.
- Section 9 provides for a \$3,100,000 transfer from the student loan trust fund to the general fund.
- Section 10 provides funding from the permanent oil tax trust fund for repayment of centers of excellence loans and interest (\$5,300,000).
- Section 12 adds a new section to North Dakota Century Code Chapter 6-09 relating to limitations on transfers from the Bank of North Dakota profits, effective July 1, 2009.
- Section 13 amends North Dakota Century Code Section 54-27.2-01 relating to the amount to be retained in the budget stabilization fund.

<sup>2</sup> This amendment adds funding for general fund grants for boys' and girls' clubwork.

<sup>3</sup> This amendment adds \$500,000 from the general fund for state contingencies, \$541,000 from the general fund for state memberships and related expenses, and \$25,000 in special funds for the Capitol Grounds Planning Commission.

<sup>4</sup> This amendment adds \$15,000,000 from the general fund for centers of excellence awards for the 2007-09 biennium and \$5,300,000 in special funds for loan and interest repayment for centers of excellence awards for the 2005-07 biennium.

<sup>5</sup> This amendment adds funding for Prairie Public Broadcasting.

- Section 14 amends North Dakota Century Code Section 54-27.2-03 relating to transfers and expenditures from the budget stabilization fund.
- Section 15 identifies one-time funding and provides for a report to the 61st Legislative Assembly regarding the agency's use of one-time funding for the 2007-09 biennium.
- · Section 16 provides for a report to the Budget Section relating to salary equity.
- Section 17 provides an effective date for Section 12 of this Act.
- Section 18 provides an emergency for centers of excellence loan and interest repayment.

			Ro	Date: 3/20	1/0-	<u> </u>
	2007 HOUSE BILL/RES	E STANDING OLUTION NO	COMM	ITTEE ROLL CALL VOTES		
House	Appr	opriations- Go	vernme	ent Operations	Com	mittee
Check here	for Confere	nce Committe	ee			
Legislative Coun	cil Amendmer	nt Number				
Action Taken	Adopt	Amendo	nent	by Voice vo	te	
Motion Made By	Skarph	ol	Se	econded By Kempenic	h	
	sentatives	Yes	No	Representatives	Yes	No
Chairman Al Ca				Vice Chairman Ron Carlisle		
Rep Keith Kemp				Rep Bob Skarphol		
Rep Blair Thore				Rep Eliot Glassheim		
Rep Joe Kroebe				Rep Clark Williams		
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Total Yes Absent	_			<del></del>		
Floor Assignment						
If the vote is on a	n amendment	hriefly indica	ıta intar	nt·		

Reporting Sections from 1459

Prepared by the Legislative Council staff for Representative Headland and Senator Wanzek

February 26, 2007

### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2298

Page 1, line 3, after "4-14.1-09" insert ", 24-02-37,"

Service The Reference of the

Page 1, line 4, after "incentives" insert ", priorities of state highway fund expenditures,"

Page 2, after line 18, insert:

"SECTION 6. AMENDMENT. Section 24-02-37 of the North Dakota Century Code is amended and reenacted as follows:

24-02-37. State highway fund - Priorities for expenditure - Use of Investment income. The state highway fund, created by law and not otherwise appropriated and allocated, must be applied and used for the purposes named in this section, as follows:

- 1. Except for investment income as provided in subsection 3 and except as otherwise provided in subsection 4, the fund must be applied in the following order of priority:
  - a. The cost of maintaining the state highway system.
  - b. The cost of construction and reconstruction of highways in the amount necessary to match, in whatever proportion may be required, federal aid granted to this state by the United States government for road purposes in North Dakota.
  - c. Any portion of the highway fund not allocated as provided in subdivisions a and b may be expended for the construction of state highways without federal aid or may be expended in the construction, improvement, or maintenance of such state highways.
- 2. All funds heretofore appropriated or hereafter appropriated or transferred to the department, whether earmarked or designated for special projects or special purposes or not, must be placed or transferred into a single state highway fund in the office of the state treasurer and any claims for money expended by the department upon warrants prepared and issued by the office of management and budget and signed by the state auditor under this title must be paid out of the state highway fund by the state treasurer; provided, however, that the commissioner shall keep and maintain complete and accurate records showing that all expenditures have been made in accordance with legislative appropriations and authorizations.
- 3. The state treasurer shall deposit the moneys in the state highway fund in an interest-bearing account at the Bank of North Dakota. The state treasurer shall deposit forty percent of the income derived from the interest-bearing account in a special interest-bearing account in the state treasury known as the special road fund. The special road fund may be used, within the limits of legislative appropriation, exclusively for the construction and maintenance of access roads to and roads within recreational, tourist, and historical areas as designated by the special road

committee. A political subdivision or state agency may request funds from the special road fund by applying to the committee on forms designated by the committee. The committee may require the political subdivision or state agency to contribute to the cost of the project as a condition of any expenditure authorized from the special road fund. Any moneys in the fund / not obligated by the special road committee on June thirtieth of each odd-numbered year must revert to the state highway fund.

4. The state treasurer shall deposit twenty percent of all sums collected from the registration of farm vehicles under subsection 5 of section 39-04-19 in a special interest-bearing account in the state treasury known as the biofuels road infrastructure fund. The biofuels road infrastructure fund may be used, within the limits of legislative appropriation, exclusively for the construction and maintenance of access roads to ethanol, biodiesel, biofuel, and other renewable fuel production facilities. A political subdivision or state agency may request funds from the biofuels road infrastructure fund by applying to the director on forms designated by the director. The director may require the political subdivision or state agency to contribute to the cost of the project as a condition of any expenditure authorized from the biofuels road infrastructure fund."

Page 2, line 25, after "treasurer" insert "shall transfer annually from the highway tax distribution fund to the biofuels road infrastructure fund an amount equal to twenty percent of all sums collected for the registration of farm vehicles under subsection 5 of section 39-04-19 and"

Page 6, line 24, replace "7" with "8"

Renumber accordingly

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	Date:	3/20/107	
Roll Call Vote #:	_ බ		

# 2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. \_\_\_\_\_\_\_\_\_\_

House Appropriati	ons- Go	overnme	ent Operations	Committee	
Check here for Conference C					
Legislative Council Amendment Nun	nber	Head	lland's Amena	lnu	116
Action Taken Adopt An	nena	lmer	nt by voice vot	<u>tc</u>	
Motion Made By Skarpho	۱	Se	econded By Moreson	`	
Representatives	Yes	No	Representatives	Yes	No
Chairman Al Carlson			Vice Chairman Ron Carlisle		
Rep Keith Kempenich	<u> </u>		Rep Bob Skarphol		
Rep Blair Thoreson			Rep Eliot Glassheim		
Rep Joe Kroeber	<del>                                     </del>		Rep Clark Williams		
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Total Yes		No			
Absent					
Floor Assignment					
If the vote is on an amendment, brief	ly indica	ate inter	nt:		

March 23, 2007

### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 2, remove the second "and"

Page 1, line 3, after "exemption" insert "; to create a legislative council medical assistance committee; to provide a continuing appropriation; to provide an appropriation; and to provide an expiration date"

Page 2, after line 29, insert:

## "SECTION 6. <u>Legislative council medical assistance committee</u> - Membership - Duties - Continuing appropriation.

- 1. The legislative council shall appoint a medical assistance committee. Membership of the committee must include:
  - a. Five members of the house of representatives, three of whom must be selected by the leader representing the majority faction of the house of representatives and two of whom must be selected by the leader representing the minority faction of the house of representatives.
  - b. Five members of the senate, three of whom must be selected by the leader representing the majority faction of the senate and two of whom must be selected by the leader representing the minority faction of the senate.
  - c. Up to nine members who represent medical assistance providers and the department of human services, who serve in an ex officio nonvoting capacity, and who are selected by the chairman of the committee with the concurrence of the other legislative members of the committee.
- The legislative council chairman shall designate the committee chairman and vice chairman from among the legislative members of the committee.
- 3. The committee shall operate according to the statutes and procedures governing the operation of other legislative council interim committees.
- 4. The committee shall study the state's medical assistance program, including options for benefit, management, and reimbursement reform.

  The committee shall engage consultant services to undertake an actuarially based analysis of the medical assistance program and reform options to ensure the future long-term sustainability of the program. The analysis must:
  - <u>a.</u> <u>Gather data regarding the current categories of medical assistance</u> beneficiaries;
  - <u>b.</u> Evaluate the current financial expenditures for medical assistance by county and by category of aid and within those categories by type of service;

- c. Evaluate the current medical assistance reimbursement system;
- <u>d.</u> Evaluate issues related to beneficiary access to care in the medical assistance program and patient access in the state's health care system, including the uninsured and underinsured:
- e. Evaluate the current commercial insurance market in conjunction with federal opportunities to increase coverage options; and
- f. Evaluate options for reform, including the implementation of risk-sharing arrangements, preventive services and case management, a high-risk pool, and a premium assistance program, and the potential use of pilot projects for evaluating the effectiveness of reform options.
- 5. The committee also shall engage consultant services to study the progress in the implementation of the medical assistance program management initiatives, including statewide targeted case management services, improvement of mental health treatment services, including the use of prescription drugs, and the use of medical assistance cards for beneficiary identification.
- 6. The legislative council may accept gifts, grants, and donations from any source, including federal or private sources, to assist the committee on medical assistance in conducting its study and obtaining consultant services under this section. Any gifts, grants, and donations received are appropriated to the legislative council on a continuing basis for the purpose of conducting the study of the state's medical assistance program and obtaining consultant services.
- 7. A state employee who is a member of the committee must receive that employee's regular salary and is entitled to mileage and expenses, to be paid by the employing agency. Members of the committee who are not members of the legislative assembly or state employees are not entitled to compensation or reimbursement of expenses for service on the committee.

SECTION 7. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, and from special funds derived from federal funds or other income, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of obtaining consultant services for the medical assistance program analysis described in section 6 of this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 8. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, and from special funds derived from federal funds or other income, the sum of \$100,000, or so much of the sum as may be necessary, to the legislative council for the purpose of obtaining consultant services for analyzing the implementation progress of the medical assistance program management initiatives described in section 6 of this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 9. EXPIRATION DATE.** Section 6 of this Act is effective through December 31, 2008, and after that date is ineffective."

Renumber accordingly

Roll Call Vote #:	Date:	3/27/07
<b></b>	_	

2007 HOUSE STANDING COM	MITTEE ROLL CALL VOTES
<b>BILL/RESOLUTION NO.</b>	2015

House Appropriations- Government Operations					mittee
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Legislative Council Amendment Num					<del></del>
Action Taken Adopt Aw	nend	men	t bu voice V	<u>ote</u>	• 
Action Taken Adopt Aw Motion Made By Skarphol		Se	econded By Kempen	<u>(Ch</u>	ı
Representatives	Yes	No	Representatives	Yes	No
Chairman Al Carlson			Vice Chairman Ron Carlisle		
Rep Keith Kempenich			Rep Bob Skarphol		
Rep Blair Thoreson			Rep Eliot Glassheim		
Rep Joe Kroeber			Rep Clark Williams		
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Prepared by the Legislative Council staff for Representative Skarphol March 26, 2007

### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 2, after line 29, insert:

"SECTION 6. ONE-TIME FUNDING - NORTH DAKOTA UNIVERSITY SYSTEM. Notwithstanding the one-time funding section contained in House Bill No. 1003, the allocation of \$3,700,000 for connectND system support included in the grand total general fund appropriation line item in section 3 of House Bill No. 1003, as amended by the senate, is to be considered a part of the institutions' base budgets to be used in preparing the 2009-11 executive budget."

Renumber accordingly

Page No. 1

			Ro	Date: 3/27	<u>/07</u>	<u> </u>
2007 H BILL	IOUSE STAN	NDING (	сомм 	ITTEE ROLL CALL VOTES		
House	Appropriation	ons- Go	vernme	ent Operations	Com	mittee
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Legislative Council Ame	ndment Num	ber _	78	039.0213		w.
Action Taken Ado	pt Am	end	mer	nt by voice u	ote	
Motion Made By Sko	rphol		Se	conded By Williams	S	
Representativ	es	Yes	No	Representatives	Yes	No
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Rep Keith Kempenich				Rep Bob Skarphol		
Rep Blair Thoreson				Rep Eliot Glassheim		
Rep Joe Kroeber				Rep Clark Williams		
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Total Yes  Absent			No			
Floor Assignment						

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

### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 2, remove the second "and"

Page 1, line 3, after "exemption" insert "; and to amend and reenact sections 15-69-02, 15-69-03, 15-69-04, and 15-69-05 of the North Dakota Century Code, relating to the centers of excellence program"

Page 2, after line 29, insert:

"SECTION 6. AMENDMENT. Section 15-69-02 of the North Dakota Century Code is amended and reenacted as follows:

### 15-69-02. (Effective through July 31, 2011) Centers of excellence.

- 1. The board shall establish a centers of excellence program relating to economic development. The program must distinguish among center designations for awards designated to address commercialization, workforce, and infrastructure needs. Through the program the commission shall make funding award recommendations for commission-approved applications to the board, the foundation, and the budget section of the legislative council. A center must be an institution of higher education under the control of the board or a nonprofit university-related or college-related foundation of an institution of higher education under the control of the board. In order to be considered for center designation, the institution of higher education or nonprofit foundation must be working in partnership with the private sector. In addition to any center designated under this chapter, the North Dakota state university center for technology enterprise and the university of North Dakota center for innovation are centers.
- 2. A commission funding award recommendation must be for a specified amount. Designation of a center occurs upon board, foundation, and budget section approval of a commission funding award recommendation. In considering whether to designate a center, the board, foundation, and budget section may not modify the commission recommendation. The budget section may not make a determination of whether to approve or reject a commission funding award recommendation until the emergency commission reviews the commission recommendation and makes a recommendation to the budget section.
- 3. A center that receives funds distributed under this chapter is not qualified to receive subsequent designations as a center until the biennium following the center's most recent designation.
- 4. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership of intellectual property, inventions, and discoveries, must address activities and issues unique to centers.
- 5. Unless otherwise provided through the appropriation process, the commission's funding awards to address workforce needs may not exceed two million dollars per biennium and the commission's funding awards to

address infrastructure needs may not exceed two million dollars per biennium.

**SECTION 7. AMENDMENT.** Section 15-69-03 of the North Dakota Century Code is amended and reenacted as follows:

15-69-03. (Effective through July 31, 2011) Centers of excellence commission. The centers of excellence commission consists of six members. The foundation shall appoint three of the foundation's members to serve on the commission and the board shall appoint three of the board's members to serve on the commission. The commission members shall designate a chairman and a vice chairman of the commission. Each member of the commission shall serve for a term of three years, beginning July first; may be reappointed for additional terms; and serves at the pleasure of the appointing entity. If a commission member ceases to serve as a member of the appointing entity, that member's membership on the commission ceases immediately and the appointing entity shall appoint a new member for the remainder of the term. Terms of initial commission members begin on July 1, 2005, and must be staggered. On a meeting-by-meeting basis, an appointing entity may substitute a member of that appointing entity to serve in place of one of the regular members appointed by that entity. If the commission chairman and vice chairman are not present at a meeting, the commission members present at that meeting shall select a commission member to serve as chairman for that meeting. A commission member may receive compensation and travel and expense reimbursement from the appointing entity. The board department of commerce shall provide the commission with appropriate staff services as may be requested by the commission.

**SECTION 8. AMENDMENT.** Section 15-69-04 of the North Dakota Century Code is amended and reenacted as follows:

15-69-04. (Effective through July 31, 2011) Application - Eligibility requirements.

- The board department of commerce shall provide center application forms, accept applications, review applications for completeness and compliance with board and commission policy, and forward complete applications to the commission in accordance with guidelines established by the commission, and assist with preaward reviews and postaward monitoring as may be requested by the commission.
- 2. The commission shall meet as necessary to review all complete applications; consider the potential need for independent, expert review of complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers; direct the office of management and budget to distribute funds to the centers; monitor centers for compliance with award requirements; and review changes in assertions made in center applications; and conduct postaward monitoring of centers.
- 3. In considering whether to approve or disapprove an application, the commission shall determine whether the applicant has conducted the due diligence necessary to put together a viable proposal and the commission shall consider whether the center will:
  - Use university or college research to promote private sector job growth and expansion of knowledge-based industries or use university or college research to promote the development of new products, high-tech companies, or skilled jobs in this state;
  - b. Create high-value private sector employment opportunities in this state;

- c. Provide for public-private sector involvement and partnerships;
- d. Leverage other funding;
- e. Increase research and development activities that may involve federal funding from the national science foundation experimental program to stimulate competitive research;
- f. Foster and practice entrepreneurship;
- g. Promote the commercialization of new products and services in industry clusters;
- h. Become financially self-sustaining; and
- i. Establish and meet a deadline for acquiring and expending all public and private funds specified in the application.
- 4. In considering whether to approve an application, the commission may provide for an independent, expert review of the application to determine whether the proposed center is viable and whether the proposed center is likely to have the desired economic impact. As necessary, the commission may contract for additional technical review of applications. The commission may not approve an application unless the commission determines the proposed center has a high likelihood of viability and success in positively impacting economic development in the state.
- 5. For no fewer than six years and no more than ten years following center designation, the commission shall monitor the center's activities in order to determine whether the center is having the desired economic impact.

**SECTION 9. AMENDMENT.** Section 15-69-05 of the North Dakota Century Code is amended and reenacted as follows:

15-69-05. (Effective through July 31, 2011) Use of funds - Terms of funds - Distribution of funds.

- 1. A center shall use funds awarded under this chapter to enhance capacity; enhance infrastructure; and leverage state, federal, and private sources of funding. If a center's primary use of funds will be to enhance infrastructure, the commission must have specifically designated the center as addressing infrastructure needs. A center awarded funds under this chapter may not use the funds to supplant funding for current operations or academic instructions or to pay indirect costs.
- 2. As a condition for receipt of funds under this chapter, a center shall agree to provide the board, foundation, and budget section of the legislative council with annual audits on all funds distributed to the center under this chapter. The annual audits must be provided until the completion of four years following the final distribution of funds under this chapter the commission's postaward monitoring of the center. As a condition for receipt of funds under this chapter, a center shall agree to provide the commission with the information necessary to monitor the postaward activities of the center.
- 3. Before the commission directs the office of management and budget to distribute funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds for each dollar of state funds to be distributed under this chapter. The commission may not direct

distribution of funds if the private sector participants cease to participate. The matching funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The matching funds may include a combination of cash and in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making funding recommendations and designation determinations, the commission, board, foundation, and budget section shall give major consideration to the portion of the matching funds provided in cash by the private sector.

- 4. If, before funds are distributed by the office of management and budget, a center undergoes a change in the terms of or assertions made in its application, the commission may direct that the office of management and budget withhold all or a portion of any undistributed funds pending commission review of the changes.
- 5. The commission may use funds appropriated for the centers of excellence program to pay for the commission's administrative expenses, which may include contracting for independent, expert reviews of complete applications. The amount of funds the commission uses each biennium for administrative expenses may not exceed two and one-half percent of the funds appropriated for the program that biennium."

Renumber accordingly

	Date:	3/27/07	
Roll Call Vote #:	<u>   5                                 </u>		

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House Appropriation	Appropriations- Government Operations						
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Legislative Council Amendment Num	nber _	7	8039.0211		<del></del>		
Action Taken Adopt Aw	lend	<u>mer</u>	nt by voice	vot	و		
Motion Made By Skarphol Seconded By Kempenich							
Representatives	Yes	No	Representatives	Yes	No		
Chairman Al Carlson			Vice Chairman Ron Carlisle				
Rep Keith Kempenich			Rep Bob Skarphol				
Rep Blair Thoreson			Rep Eliot Glassheim				
Rep Joe Kroeber			Rep Clark Williams				
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## 2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 2015

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House Appropriations- Government Operations					mittee
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Representatives	Yes	No	Representatives	Yes	No
Chairman Al Carlson			Vice Chairman Ron Carlisle		
Rep Keith Kempenich			Rep Bob Skarphol		
Rep Blair Thoreson			Rep Eliot Glassheim		
Rep Joe Kroeber			Rep Clark Williams		
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#### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 2, remove "and"

Page 1, line 3, after "exemption" insert "; and to amend and reenact section 15-69-02 of the North Dakota Century Code, relating to intellectual property created through centers of excellence relationships"

Page 2, after line 29, insert:

"SECTION 6. AMENDMENT. Section 15-69-02 of the North Dakota Century Code is amended and reenacted as follows:

#### 15-69-02. (Effective through July 31, 2011) Centers of excellence.

- 1. The board shall establish a centers of excellence program relating to economic development. Through the program the commission shall make funding award recommendations for commission-approved applications to the board, the foundation, and the budget section of the legislative council. A center must be an institution of higher education under the control of the board or a nonprofit university-related or college-related foundation of an institution of higher education under the control of the board. In order to be considered for center designation, the institution of higher education or nonprofit foundation must be working in partnership with the private sector. In addition to any center designated under this chapter, the North Dakota state university center for technology enterprise and the university of North Dakota center for innovation are centers.
- 2. A commission funding award recommendation must be for a specified amount. Designation of a center occurs upon board, foundation, and budget section approval of a commission funding award recommendation. In considering whether to designate a center, the board, foundation, and budget section may not modify the commission recommendation. The budget section may not make a determination of whether to approve or reject a commission funding award recommendation until the emergency commission reviews the commission recommendation and makes a recommendation to the budget section.
- 3. A center that receives funds distributed under this chapter is not qualified to receive subsequent designations as a center until the biennium following the center's most recent designation.
- 4. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership of intellectual property, inventions, and discoveries, must address activities and issues unique to centers. The board rules adopted under subsection 9 of section 15-10-17 and the terms of a center's private and public partnership must provide that at least four percent of the revenues derived from intellectual property developed by the private sector partner or by the public sector partner of a center of excellence must be deposited in the general fund in the state treasury."

Renumber accordingly

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	Date: 3/27/07 Roll Call Vote #:							
2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO								
House	Appropriations- Government Operations Committee							
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Legislative Coun	cil Amendment Number 78039. 0207							
Action Taken	Adopt Amendment by Voice Vote							
Motion Made By	Glassherm Seconded By Thoreson							

Representatives	Yes	No	Representatives	Yes	No
Chairman Al Carlson			Vice Chairman Ron Carlisle		
Rep Keith Kempenich			Rep Bob Skarphol		
Rep Blair Thoreson			Rep Eliot Glassheim	<del></del>	
Rep Joe Kroeber			Rep Clark Williams		
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If the vote is on an amendment, briefly indicate intent:

#### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 2, remove "and"

Page 1, line 3, after "exemption" insert "; and to amend and reenact section 15-69-02 of the North Dakota Century Code, relating to the centers of excellence approval process"

Page 2, after line 29, insert:

"SECTION 6. AMENDMENT. Section 15-69-02 of the North Dakota Century Code is amended and reenacted as follows:

#### 15-69-02. (Effective through July 31, 2011) Centers of excellence.

- 1. The board shall establish a centers of excellence program relating to economic development. Through the program the commission shall make funding award recommendations for commission-approved applications to the board, the foundation, and the budget section of the legislative council. A center must be an institution of higher education under the control of the board or a nonprofit university-related or college-related foundation of an institution of higher education under the control of the board. In order to be considered for center designation, the institution of higher education or nonprofit foundation must be working in partnership with the private sector. In addition to any center designated under this chapter, the North Dakota state university center for technology enterprise and the university of North Dakota center for innovation are centers.
- A commission funding award recommendation must be for a specified amount. Designation of a center occurs upon board, foundation, and budget section approval of a commission funding award recommendation. In considering whether to designate a center, the board, foundation, and budget section may not modify the commission recommendation. The budget section may not make a determination of whether to approve or reject take action on a commission funding award recommendation until the emergency commission reviews the commission recommendation or modified recommendation and makes a recommendation to the budget section. Upon receipt of a commission funding award recommendation, the budget section shall approve the recommendation, reject the recommendation, or rerefer the recommendation to the commission with recommended modifications. If the commission receives a rereferred recommendation from the budget section, the commission shall consider whether to modify the recommendation. If upon rereferral the commission modifies a recommendation, the board, foundation, and budget section shall consider whether to approve or reject the modified recommendation. If upon rereferral the commission does not modify a recommendation, the budget section shall make a determination of whether to approve or reject the recommendation.
- A center that receives funds distributed under this chapter is not qualified to receive subsequent designations as a center until the biennium following the center's most recent designation.

4. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership of intellectual property, inventions, and discoveries, must address activities and issues unique to centers."

Renumber accordingly

			Ro	ll Call Vote #:	Date: 3/2/	70 1	
	2007 HOUSE STAP BILL/RESOLUTI				CALL VOTES		
House	Appropriation	ons- Go	vernme	ent Operations	···.	Com	mittee
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Legislative Coun	cil Amendment Num	ber	780	39.0206		<u>.</u>	
Action Taken	Adopt Fin	end	111611	t by	Voice U	ote	
	Glassheim				4		
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If the vote is on an amendment, briefly indicate intent:

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2007 HOUSE STA BILL/RESOLUT				CALL VOTES		
House Appropriat	ions- Go	vernme	ent Operations		Com	mittee
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Motion Made By Kempenick	$\overline{}$	Se	econded By _	Skarpho	اد	
Representatives	Yes	No	Repres	entatives	Yes	No
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Rep Keith Kempenich			Rep Bob Ska	arphol		
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#### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 2, remove the second "and"

Page 1, line 3, after "exemption" insert "; and to create and enact a new section to chapter 55-10 of the North Dakota Century Code, relating to designation of the Ronald Reagan peace through strength missile silo historic site"

Page 2, after line 29, insert:

"SECTION 6. A new section to chapter 55-10 of the North Dakota Century Code is created and enacted as follows:

Ronald Reagan peace through strength missile silo historic site. If the state historical society acquires a missile silo historic site, the site is named the Ronald Reagan peace through strength missile silo historic site."

Renumber accordingly

	Date: _	3/27/07
Roll Call Vote #:	_10	)

# 2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 2015

House Appropriations- Government Operations					mittee		
Check here for Conference Committee							
Legislative Council Amendment Num	nber _	180	39.0209				
Action Taken A Clopt F	Anre	ncin	nent by Wice	( <u>)</u>	te		
Motion Made By Thoreson Seconded By Skarphol							
Representatives	Yes	No	Representatives	Yes	No		
Chairman Al Carlson	ĺ		Vice Chairman Ron Carlisle				
Rep Keith Kempenich			Rep Bob Skarphol				
Rep Blair Thoreson			Rep Eliot Glassheim				
Rep Joe Kroeber			Rep Clark Williams	j			
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2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO								
House Appropriation	ons- Go	vernme	ent Operations	Com	mittee			
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Legislative Council Amendment Num	nber _	Verb	al					
Action Taken Adopt f	fine	ndr	ment by Voic	e (	<u>)ote</u>			
Motion Made By <u>Skowphol</u>		Se	conded By	le				
Representatives	Yes	No	Representatives	Yes	No			
Chairman Al Carlson			Vice Chairman Ron Carlisle					
Rep Keith Kempenich Rep Blair Thoreson			Rep Bob Skarphol Rep Eliot Glassheim					
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for irrigation F	کر ص	Za	m					
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#### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 2, after "budget" insert "; to provide for transfer"

Page 2, after line 29, insert:

"SECTION 6. PERMANENT OIL TAX TRUST FUND TRANSFER TO THE GENERAL FUND. During the biennium beginning July 1, 2007, and ending June 30, 2009, the director of the office of management and budget is authorized to transfer special funds from the permanent oil tax trust fund to the general fund in the amount of \$50,000,000.

SECTION 7. BUDGET STABILIZATION FUND TRANSFER TO THE GENERAL FUND. During the biennium beginning July 1, 2007, and ending June 30, 2009, the director of the office of management and budget is authorized to transfer special funds from the budget stabilization fund to the general fund in the amount of \$50,000,000."

Renumber accordingly

		Ro	Date: <u>0/27</u> oll Call Vote #:\ <u></u>	10 1	
2007 HOUSE STAI BILL/RESOLUTI	NDING ON NO	COMM	ITTEE ROLL CALL VOTES		
House Appropriation	ons- Go	vernme	ent Operations	Com	mittee
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Legislative Council Amendment Num	nber _	79	8039,2204		
Action Taken Floor DV	nenc	dine	rit by Wice	1/06	<u> </u>
Motion Made By Glassheum	)	Se	econded By <u>[[]][(Iam</u>	<u>S</u>	
Representatives	Yes	No	Representatives	Yes	No
Chairman Al Carlson			Vice Chairman Ron Carlisle		
Rep Keith Kempenich			Rep Bob Skarphol		
Rep Blair Thoreson			Rep Eliot Glassheim		
Rep Joe Kroeber			Rep Clark Williams		
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Total	Yes _	No	 
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If the vote is on an amendment, briefly indicate intent:

House

**Action Taken** 

Motion Made By Hem

Chairman Al Carlson Rep Keith Kempenich Rep Blair Thoreson Rep Joe Kroeber

Legislative Council Amendment Number

Removes 40million from Higher Ed ads & million for Library in

			_	Date: 3/2	17/C	77
			R	oll Call Vote #:		
	2007 HOUSE STA BILL/RESOLUT	NDING ION NO	COMM	TTEE ROLL CALL VOTES		
House	Appropriat	ions- Go	vernme	ent Operations	Com	mittee
Check here	for Conference C	Committ	ee			
Legislative Coun	cil Amendment Nur	nber	·			
Action Taken	Recons	Ider		\$10 mill		
Motion Made By				econded By GIASSH	reir	<u> </u>
	entatives	Yes	No	Representatives	Yes	No
Chairman Al Ca	rlson	Yes	No	Representatives Vice Chairman Ron Carlisle	Yes	No
Chairman Al Ca Rep Keith Kemp	rlson penich	Yes	No	Vice Chairman Ron Carlisle Rep Bob Skarphol	Yes	No
Chairman Al Ca Rep Keith Kemp Rep Blair Thore	rlson penich son	Yes	No	Vice Chairman Ron Carlisle Rep Bob Skarphol Rep Eliot Glassheim	Yes	No
Chairman Al Ca Rep Keith Kemp	rlson penich son	Yes	No	Vice Chairman Ron Carlisle Rep Bob Skarphol	Yes	No
Chairman Al Ca Rep Keith Kemp Rep Blair Thore	rlson penich son	Yes	No	Vice Chairman Ron Carlisle Rep Bob Skarphol Rep Eliot Glassheim	Yes	No
Chairman Al Ca Rep Keith Kemp Rep Blair Thore	rlson penich son	Yes	No	Vice Chairman Ron Carlisle Rep Bob Skarphol Rep Eliot Glassheim	Yes	No
Chairman Al Ca Rep Keith Kemp Rep Blair Thore	rlson penich son	Yes	No	Vice Chairman Ron Carlisle Rep Bob Skarphol Rep Eliot Glassheim	Yes	No
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Chairman Al Ca Rep Keith Kemp Rep Blair Thore	rlson penich son	Yes	No	Vice Chairman Ron Carlisle Rep Bob Skarphol Rep Eliot Glassheim	Yes	No
Chairman Al Ca Rep Keith Kemp Rep Blair Thore	rlson penich son	Yes	No	Vice Chairman Ron Carlisle Rep Bob Skarphol Rep Eliot Glassheim	Yes	No

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

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	Date: 3/27/07	
Roll Call Vote #:	_\9	

## 2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO.

House Appropriations- Government Operations				Committee	
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Legislative Council Amendment Num	nber _		(/)		
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Motion Made By MOYPSC		Se	econded By Skarph	0/	<del></del> .
Representatives	Yes	No	Representatives	Yes	No
Chairman Al Carlson	V		Vice Chairman Ron Carlisle	V	
Rep Keith Kempenich			Rep Bob Skarphol	1	
Rep Blair Thoreson			Rep Eliot Glassheim	V	
Rep Joe Kroeber			Rep Clark Williams	1	
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Prepared by the Legislative Council staff for House Appropriations - Government Operations

March 27, 2007

#### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 2, remove the second "and"

Page 1, line 3, after "exemption" insert "; to create and enact a new section to chapter 6-09 and a new section to chapter 55-10 of the North Dakota Century Code, relating to earnings and profits of the Bank of North Dakota and historical sites; to amend and reenact sections 15-69-02, 15-69-03, 15-69-04, 15-69-05, 24-02-37, and 39-04-39 of the North Dakota Century Code, relating to centers of excellence, state highway fund, and registration fees; to provide an appropriation; to provide for reports to the budget section; to create a legislative council medical assistance committee; to provide legislative intent; to provide an effective date; and to provide an expiration date"

Page 1, line 22, replace "125,058" with "1,625,058"

Page 1, line 23, replace "(954,970)" with "151,030"

Page 2, line 1, replace "(388,000)" with "(335,000)"

Page 2, line 5, replace "(\$38,059,031)" with "(\$35,400,031)"

Page 2, line 6, replace "(39,749,959)" with "(38,224,959)"

Page 2, line 7, replace "1,690,928" with "2,824,928"

Page 2, line 14, replace "13,720,144" with "15,220,144"

Page 2, line 15, replace "10,386,136" with "11,492,136"

Page 2, line 17, replace "1,000" with "54,000"

Page 2, line 18, replace "28,752,299" with "31,411,299"

Page 2, line 19, replace "6,905,360" with "8,430,360"

Page 2, line 20, replace "21,846,939" with "22,980,939"

Page 2, after line 29, insert:

"SECTION 6. APPROPRIATION - WILLISTON RESEARCH CENTER - NESSON VALLEY IRRIGATION PROJECT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$180,000, or so much of the sum as may be necessary, to the Williston research center for the nesson valley irrigation project, including \$100,000 for operating costs and \$80,000 for salaries and wages, for the biennium beginning July 1, 2007, and ending June 30, 2009. The Williston research center is authorized one full-time technician position for this project.

**SECTION 7. INTENT.** Within the authority included in section 3 of this Act are the following grants and special items:

Boys and girls clubwork	\$53,000
State contingencies	\$500,000
State memberships and related expenses	\$581,000
Unemployment insurance	\$1,500,000
Capitol grounds planning commission	\$25,000

SECTION 8. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIRST LEGISLATIVE ASSEMBLY. The total general fund appropriation line item in section 3 of this Act includes \$3,000,000 for the one-time funding item identified in this section. This amount is not a part of the agency's base budget to be used in preparing the 2009-11 executive budget. The office of management and budget shall report to the appropriations committees of the sixty-first legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2007, and ending June 30, 2009.

Deferred maintenance

\$3,000,000

**SECTION 9. REPORT ON SALARY EQUITY.** The office of management and budget shall report to the budget section on the status of salary equity for state employees by June 30, 2008.

SECTION 10. ONE-TIME FUNDING - NORTH DAKOTA UNIVERSITY SYSTEM. Notwithstanding the one-time funding section contained in House Bill No. 1003, the allocation of \$3,700,000 for connectND system support included in the grand total general fund appropriation line item in section 3 of House Bill No. 1003, as amended by the senate, is to be considered a part of the institutions' base budgets to be used in preparing the 2009-11 executive budget.

SECTION 11. LEGISLATIVE INTENT - CRIME LABORATORY - USE OF SPACE BY STATE DEPARTMENT OF HEALTH, It is the intent of the sixtieth legislative assembly that the facility management division of the office of management and budget develop a plan for the state department of health to assume control of the existing crime laboratory space from the attorney general's office when the new crime laboratory is completed. The plan should also identify additional space in the judicial wing of the state capitol, currently occupied by the state department of health, to be made available for the supreme court.

SECTION 12. BUDGET SECTION TOUR GROUP REVIEW. Institutions shall report to any budget section tour group that visits the institution during the 2007-08 interim on the status of the extraordinary repairs funded in the institutions' budgets and the tour groups shall review the status of the repairs as part of the tour of the institution.

### SECTION 13. <u>Legislative council medical assistance committee</u> - <u>Membership - Duties - Continuing appropriation.</u>

- 1. The legislative council shall appoint a medical assistance committee. Membership of the committee must include:
  - a. Five members of the house of representatives, three of whom must be selected by the leader representing the majority faction of the house of representatives and two of whom must be selected by the leader representing the minority faction of the house of representatives.
  - b. Five members of the senate, three of whom must be selected by the leader representing the majority faction of the senate and two of whom must be selected by the leader representing the minority faction of the senate.

- c. Up to nine members who represent medical assistance providers and the department of human services, who serve in an ex officio nonvoting capacity, and who are selected by the chairman of the committee with the concurrence of the other legislative members of the committee.
- 2. The legislative council chairman shall designate the committee chairman and vice chairman from among the legislative members of the committee.
- 3. The committee shall operate according to the statutes and procedures governing the operation of other legislative council interim committees.
- 4. The committee shall study the state's medical assistance program, including options for benefit, management, and reimbursement reform.

  The committee shall engage consultant services to undertake an actuarially based analysis of the medical assistance program and reform options to ensure the future long-term sustainability of the program. The analysis must:
  - <u>a.</u> <u>Gather data regarding the current categories of medical assistance beneficiaries;</u>
  - <u>Evaluate the current financial expenditures for medical assistance by county and by category of aid and within those categories by type of service;</u>
  - c. Evaluate the current medical assistance reimbursement system;
  - d. Evaluate issues related to beneficiary access to care in the medical assistance program and patient access in the state's health care system, including the uninsured and underinsured;
  - <u>e.</u> Evaluate the current commercial insurance market in conjunction with federal opportunities to increase coverage options; and
  - f. Evaluate options for reform, including the implementation of risk-sharing arrangements, preventive services and case management, a high-risk pool, and a premium assistance program, and the potential use of pilot projects for evaluating the effectiveness of reform options.
- 5. The committee also shall engage consultant services to study the progress in the implementation of the medical assistance program management initiatives, including statewide targeted case management services, improvement of mental health treatment services, including the use of prescription drugs, and the use of medical assistance cards for beneficiary identification.
- 6. The legislative council may accept gifts, grants, and donations from any source, including federal or private sources, to assist the committee on medical assistance in conducting its study and obtaining consultant services under this section. Any gifts, grants, and donations received are appropriated to the legislative council on a continuing basis for the purpose of conducting the study of the state's medical assistance program and obtaining consultant services.
- 7. A state employee who is a member of the committee must receive that employee's regular salary and is entitled to mileage and expenses, to be paid by the employing agency. Members of the committee who are not

members of the legislative assembly or state employees are not entitled to compensation or reimbursement of expenses for service on the committee.

SECTION 14. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, and from special funds derived from federal funds or other income, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of obtaining consultant services for the medical assistance program analysis described in section 13 of this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 15. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, and from special funds derived from federal funds or other income, the sum of \$100,000, or so much of the sum as may be necessary, to the legislative council for the purpose of obtaining consultant services for analyzing the implementation progress of the medical assistance program management initiatives described in section 13 of this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 16.** A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Earnings and profits of the Bank - Limitation on transfers. Subject to legislative appropriation or transfer, the industrial commission may transfer earnings and accumulated undivided profits of the Bank to the state general fund or to a special fund. The transfer authority granted under this section is limited to transfers that do not reduce the Bank's capital structure to less than eight percent of the Bank's average assets for the last quarter of the calendar year preceding the end of each biennium.

SECTION 17. AMENDMENT. Section 15-69-02 of the North Dakota Century Code is amended and reenacted as follows:

#### 15-69-02. (Effective through July 31, 2011) Centers of excellence.

- 1. The board shall establish a centers of excellence program relating to economic development. The program must distinguish among center designations for awards designated to address commercialization, workforce, and infrastructure needs. Through the program the commission shall make funding award recommendations for commission-approved applications to the board, the foundation, and the budget section of the legislative council. A center must be an institution of higher education under the control of the board or a nonprofit university-related or college-related foundation of an institution of higher education under the control of the board. In order to be considered for center designation, the institution of higher education or nonprofit foundation must be working in partnership with the private sector. In addition to any center designated under this chapter, the North Dakota state university center for technology enterprise and the university of North Dakota center for innovation are centers.
- 2. A commission funding award recommendation must be for a specified amount. Designation of a center occurs upon board, foundation, and budget section approval of a commission funding award recommendation. In considering whether to designate a center, the board, foundation, and budget section may not modify the commission recommendation. The budget section may not make a determination of whether to approve or reject take action on a commission funding award recommendation until the emergency commission reviews the commission recommendation or modified recommendation and makes a recommendation to the budget

section. Upon receipt of a commission funding award recommendation, the budget section shall approve the recommendation, reject the recommendation, or rerefer the recommendation to the commission with recommended modifications. If the commission receives a rereferred recommendation from the budget section, the commission shall consider whether to modify the recommendation. If upon rereferral the commission modifies a recommendation, the board, foundation, and budget section shall consider whether to approve or reject the modified recommendation. If upon rereferral the commission does not modify a recommendation, the budget section shall make a determination of whether to approve or reject the recommendation.

- 3. A center that receives funds distributed under this chapter is not qualified to receive subsequent designations as a center until the biennium following the center's most recent designation.
- 4. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership of intellectual property, inventions, and discoveries, must address activities and issues unique to centers. The board rules adopted under subsection 9 of section 15-10-17 and the terms of a center's private and public partnership must provide that at least four percent of the revenues derived from intellectual property developed by the private sector partner or by the public sector partner of a center of excellence must be deposited in the general fund in the state treasury.
- 5. Unless otherwise provided through the appropriation process, the commission's funding awards to address workforce needs may not exceed four million dollars per biennium and the commission's funding awards to address infrastructure needs may not exceed four million dollars per biennium.

**SECTION 18. AMENDMENT.** Section 15-69-03 of the North Dakota Century Code is amended and reenacted as follows:

15-69-03. (Effective through July 31, 2011) Centers of excellence commission. The centers of excellence commission consists of six members. The foundation shall appoint three of the foundation's members to serve on the commission and the board shall appoint three of the board's members to serve on the commission. The commission members shall designate a chairman and a vice chairman of the commission. Each member of the commission shall serve for a term of three years, beginning July first; may be reappointed for additional terms; and serves at the pleasure of the appointing entity. If a commission member ceases to serve as a member of the appointing entity, that member's membership on the commission ceases immediately and the appointing entity shall appoint a new member for the remainder of the term. Terms of initial commission members begin on July-1, 2005, and must be staggered. On a meeting-by-meeting basis, an appointing entity may substitute a member of that appointing entity to serve in place of one of the regular members appointed by that entity. If the commission chairman and vice chairman are not present at a meeting, the commission members present at that meeting shall select a commission member to serve as chairman for that meeting. A commission member may receive compensation and travel and expense reimbursement from the appointing entity. The board department of commerce shall provide the commission with appropriate staff services as may be requested by the commission.

**SECTION 19. AMENDMENT.** Section 15-69-04 of the North Dakota Century Code is amended and reenacted as follows:

15-69-04. (Effective through July 31, 2011) Application - Eligibility requirements.

- The board department of commerce shall provide center application forms, accept applications, review applications for completeness and compliance with board and commission policy, and forward complete applications to the commission in accordance with guidelines established by the commission, and assist with preaward reviews and postaward monitoring as may be requested by the commission.
- 2. The commission shall meet as necessary to review all complete applications; consider the potential need for independent, expert review of complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers; direct the office of management and budget to distribute funds to the centers; monitor centers for compliance with award requirements; and review changes in assertions made in center applications; and conduct postaward monitoring of centers.
- 3. In considering whether to approve or disapprove an application, the commission shall <u>determine whether the applicant has conducted the due diligence necessary to put together a viable proposal and the commission shall consider whether the center will:</u>
  - a. Use university or college research to promote private sector job growth and expansion of knowledge-based industries or use university or college research to promote the development of new products, high-tech companies, or skilled jobs in this state;
  - b. Create high-value private sector employment opportunities in this state;
  - c. Provide for public-private sector involvement and partnerships;
  - d. Leverage other funding;
  - e. Increase research and development activities that may involve federal funding from the national science foundation experimental program to stimulate competitive research;
  - f. Foster and practice entrepreneurship;
  - g. Promote the commercialization of new products and services in industry clusters;
  - h. Become financially self-sustaining; and
  - i. Establish and meet a deadline for acquiring and expending all public and private funds specified in the application.
- 4. In considering whether to approve an application, the commission may provide for an independent, expert review of the application to determine whether the proposed center is viable and whether the proposed center is likely to have the desired economic impact. As necessary, the commission may contract for additional technical review of applications. The commission may not approve an application unless the commission determines the proposed center has a high likelihood of viability and success in positively impacting economic development in the state.
- 5. For no fewer than six years and no more than ten years following center designation, the commission shall monitor the center's activities in order to determine whether the center is having the desired economic impact.

**SECTION 20. AMENDMENT.** Section 15-69-05 of the North Dakota Century Code is amended and reenacted as follows:

15-69-05. (Effective through July 31, 2011) Use of funds - Terms of funds - Distribution of funds.

- 1. A center shall use funds awarded under this chapter to enhance capacity; enhance infrastructure; and leverage state, federal, and private sources of funding. If a center's primary use of funds will be to enhance infrastructure, the commission must have specifically designated the center as addressing infrastructure needs. A center awarded funds under this chapter may not use the funds to supplant funding for current operations or academic instructions or to pay indirect costs.
- 2. As a condition for receipt of funds under this chapter, a center shall agree to provide the board, foundation, and budget section of the legislative council with annual audits on all funds distributed to the center under this chapter. The annual audits must be provided until the completion of four years fellowing the final distribution of funds under this chapter the commission's postaward monitoring of the center. As a condition for receipt of funds under this chapter, a center shall agree to provide the commission with the information necessary to monitor the postaward activities of the center.
- 3. Before the commission directs the office of management and budget to distribute funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds for each dollar of state funds to be distributed under this chapter. The commission may not direct distribution of funds if the private sector participants cease to participate. The matching funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The matching funds may include a combination of cash and in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making funding recommendations and designation determinations, the commission, board, foundation, and budget section shall give major consideration to the portion of the matching funds provided in cash by the private sector.
- 4. If, before funds are distributed by the office of management and budget, a center undergoes a change in the terms of or assertions made in its application, the commission may direct that the office of management and budget withhold all or a portion of any undistributed funds pending commission review of the changes.
- 5. The commission may use funds appropriated for the centers of excellence program to pay for the commission's administrative expenses, which may include contracting for independent, expert reviews of complete applications. The amount of funds the commission uses each biennium for administrative expenses may not exceed two and one-half percent of the funds appropriated for the program that biennium.

**SECTION 21. AMENDMENT.** Section 24-02-37 of the North Dakota Century Code is amended and reenacted as follows:

24-02-37. State highway fund - Priorities for expenditure - Use of investment income. The state highway fund, created by law and not otherwise appropriated and allocated, must be applied and used for the purposes named in this section, as follows:

- Except for investment income as provided in subsection 3 <u>and except as</u> <u>otherwise provided in subsection 4</u>, the fund must be applied in the following order of priority:
  - a. The cost of maintaining the state highway system.
  - b. The cost of construction and reconstruction of highways in the amount necessary to match, in whatever proportion may be required, federal aid granted to this state by the United States government for road purposes in North Dakota.
  - c. Any portion of the highway fund not allocated as provided in subdivisions a and b may be expended for the construction of state highways without federal aid or may be expended in the construction, improvement, or maintenance of such state highways.
- 2. All funds heretofore appropriated or hereafter appropriated or transferred to the department, whether earmarked or designated for special projects or special purposes or not, must be placed or transferred into a single state highway fund in the office of the state treasurer and any claims for money expended by the department upon warrants prepared and issued by the office of management and budget and signed by the state auditor under this title must be paid out of the state highway fund by the state treasurer; provided, however, that the commissioner shall keep and maintain complete and accurate records showing that all expenditures have been made in accordance with legislative appropriations and authorizations.
- 3. The state treasurer shall deposit the moneys in the state highway fund in an interest-bearing account at the Bank of North Dakota. The state treasurer shall deposit forty percent of the income derived from the interest-bearing account in a special interest-bearing account in the state treasury known as the special road fund. The special road fund may be used, within the limits of legislative appropriation, exclusively for the construction and maintenance of access roads to and roads within recreational, tourist, and historical areas as designated by the special road committee. A political subdivision or state agency may request funds from the special road fund by applying to the committee on forms designated by the committee. The committee may require the political subdivision or state agency to contribute to the cost of the project as a condition of any expenditure authorized from the special road fund. Any moneys in the fund not obligated by the special road committee on June thirtieth of each odd-numbered year must revert to the state highway fund.
- 4. The state treasurer shall deposit twenty percent of all sums collected from the registration of farm vehicles under subsection 5 of section 39-04-19 in a special interest-bearing account in the state treasury known as the biofuels road infrastructure fund. The biofuels road infrastructure fund may be used, within the limits of legislative appropriation, exclusively for the construction and maintenance of access roads to ethanol, biodiesel, biofuel, and other renewable fuel production facilities. A political subdivision or state agency may request funds from the biofuels road infrastructure fund by applying to the director on forms designated by the director. The director may require the political subdivision or state agency to contribute to the cost of the project as a condition of any expenditure authorized from the biofuels road infrastructure fund.

**SECTION 22. AMENDMENT.** Section 39-04-39 of the North Dakota Century Code is amended and reenacted as follows:

39-04-39. Distribution of registration fees collected. Any moneys in the registration fund accruing from license fees or from other like sources, in excess of the amount required to pay salaries and other necessary expenses, in accordance with the legislative assembly's appropriation for such purposes, must be promptly deposited in the highway tax distribution fund which must be distributed in the manner as prescribed by law. The state treasurer shall transfer annually from the highway tax distribution fund to the biofuels road infrastructure fund an amount equal to twenty percent of all sums collected for the registration of farm vehicles under subsection 5 of section 39-04-19 and shall transfer annually from the highway tax distribution fund to the ethanol production incentive fund an amount equal to forty percent of all sums collected for the registration of farm vehicles under subsection 5 of section 39-04-19 except that no transfer may be made in an amount that would result in the balance of the ethanol production incentive fund exceeding five ten million dollars.

SECTION 23. A new section to chapter 55-10 of the North Dakota Century Code is created and enacted as follows:

Ronald Reagan peace through strength missile silo historic site. If the state historical society acquires a missile silo historic site, the site is name the Ronald Reagan peace through strength missile silo historic site.

**SECTION 24. EFFECTIVE DATE.** Section 16 of this Act becomes effective on July 1, 2009.

**SECTION 25. EXPIRATION DATE.** Section 13 of this Act is effective through December 31, 2008, and after that date is ineffective."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2015 - Summary of House Action

	EXECUTIVE	SENATE	HOUSE	HOUSE
	BUDGET	VERSION	CH <b>A</b> NGES	VERSION
Office of Management and Budget Total all tunds Less estimated income General fund	\$68,974,437 18,900,360 \$50,074,077	\$28,752,299 6,905,360 \$21,846,939	\$2,659,000 1,525,000 \$1,134,000	\$31,411,299 8,430,360 \$22,980,939
Legislative Council Total all funds Less estimated income General fund	\$0 \$0	\$0 \$0	\$450,000 250,000 \$200,000	\$450,000 250,000 \$200,000
Williston Research Extension Center Total all funds Less estimated income General fund Bill Total	\$0	\$0	\$180,000	\$180,000
	\$0	\$0	\$180,000	\$180,000
Total all funds	\$68,974,437	\$28,752,299	\$3,289,000	\$32,041,299
Less estimated income	18,900,360	6,905,360	<u>1,775,000</u>	<u>8,680,360</u>
General fund	\$50,074,077	\$21,846,939	\$1,514,000	\$23,360,939

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

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	VERSION
Salaries and wages Operating Expenses Capital assets	\$15,220,144 11,562,136 4,645,019	\$13,720,144 10,386,136 4,645,019	\$1,500,000 1,106,000	\$15,220,144 11,492,136 4,645,019
Grants Prairie Public Broadcasting Centers of excellence Statewide equity pool	224,000 2,023,138 25,300,000 10,000,000	1,000	53,000	54,000
Total all funds	\$68,974,437	\$28,752,299	\$2,659,000	\$31,411,299
Less estimated income	<u> 18,900,360</u>	6,905,360	1,525,000	<u>8,430,360</u>
General fund	\$50,074,077	\$21,846,939	\$1,134,000	\$22,980,939

132.50

	RESTORES FUNDING FOR UNEMPLOYMENT INSURANCE 1	RESTORES FUNDING FOR GRANTS <sup>2</sup>	ADDS FUNDING FOR OPERATING EXPENSES 3	TOTAL HOUSE CHANGES
Salaries and wages Operating expenses	\$1,500,000		\$1,106,000	\$1,500,000 1,106,000
Capital assets Grants Prairie Public Broadcasting Centers of excellence Statewide equity pool		\$53,000		53,000
Total all funds	\$1,500,000	\$53,000	\$1,106,000	\$2,659,000
Less estimated income	1,500,000		25,000	<u>1,525,000</u>
General fund	\$0	\$53,000	\$1,081,000	\$1,134,000
FTE	0.00	0.00	0.00	0.00

<sup>1</sup> This amendment restores \$1,500,000 for unemployment insurance that was removed by the Senate.

#### This amendment adds the following sections:

- Section 6 provides an appropriation for one FTE technician position and operating costs to the Williston Research Center for the Nesson Valley irrigation project.
- · Section 7 provides intent for grants and special items.
- Section 8 provides one-time funding information and provides for a report to the 61st Legislative Assembly on the use of the funds.
- Section 9 requires a report be made to the Budget Section regarding the status of salary equity for state employees.
- Section 10 provides language relating to a portion of the ConnectND allocation being included in the university system's base budget.
- Section 11 provides legislative intent regarding the use of the former crime lab.
- Section 12 requires institutions to report to budget tour groups on extraordinary repairs and requires
  the budget tour groups to review the repairs.
- Section 13 creates a Legislative Council Medical Assistance Committee.
- Section 14 provides an appropriation to the Legislative Council for consulting services for the medical assistance program.
- Section 15 provides an appropriation to the Legislative Council for consulting services in analyzing the implementation progress of the medical assistance program management initiatives.
- Section 16 creates a new section to Chapter 6-09 of the North Dakota Century Code relating to earnings from the Bank of North Dakota.
- Sections 17, 18, 19, and 20 amend Sections 15-69-02, 15-69-03, 15-69-04, and 15-69-05 relating to centers of excellence.
- Section 21 amends Section 24-02-37 relating to the state highway fund.
- Section 22 amends Section 39-04-39 relating to the distribution of registration fees.
- Section 23 creates a new section to Chapter 55-10 to name the Ronald Reagan Peace Through Strength Missile Site.

<sup>2</sup> This amendment restores funding for general fund grants for boys and girls clubwork that was removed by the Senate.

<sup>3</sup> This amendment adds \$500,000 from the general fund for state contingencies, \$581,000 from the general fund for state memberships and related expenses, and \$25,000 in special funds for Capitol Grounds Planning Commission. These items were removed by the Senate.

- · Section 24 provides an effective date for Section 16.
- Section 25 provides an expiration date for Section 13.

#### Senate Bill No. 2015 - Legislative Council - House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Consulting services			\$450,00 <u>0</u>	\$450,000
Total all funds	\$0	\$0	\$450,000	\$450,000
Less estimated income	<del></del>		<u>250,000</u>	250,000
General fund	\$0	\$0	\$200,000	\$200,000
FTE	0.00	0.00	0.00	0.00

#### Dept. 160 - Legislative Council - Detail of House Changes

	PROVIDES FUNDING FOR THE MEDICAL ASSISTANCE PROGRAM ANALYSIS	
Consulting services	\$450,000	\$450,000
Total all funds	\$450,000	\$450,000
Less estimated income	250,000	250,000
General fund	\$200,000	\$200,000
FTE	0.00	0.00

#### Senate Bill No. 2015 - Williston Research Extension Center - House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Nesson Valley irrigation project			\$180 <u>,000</u>	\$180,000
Total all funds	\$0	\$0	\$180,000	\$180,000
Less estimated income				
General fund	\$0	\$0	\$180,000	\$180,000
FTE	0.00	0.00	1.00	1.00

### Dept. 646 - Williston Research Extension Center - Detail of House Changes

	PROVIDES FUNDING FOR THE	
	NESSON VALLEY IRRIGATION PROJECT	TOTAL HOUSE CHANGES
Nesson Valley irrigation project	<u>\$180,000</u>	\$180,000
Total all funds	\$180,000	\$180,000
Less estimated income		
General fund	\$180,000	\$180,000
FTE	1.00	1.00

Date:	3/2-8/07
Roll Call Vote #:	

### 2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 2015

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Vice Chairman Kempenich					
Representative Wald	<del> </del>		Representative Aarsvold	ļ <u> </u>	
Representative Monson			Representative Gulleson		
Representative Hawken					
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Representative Martinson					
Representative Carlson			Representative Glassheim		
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## 2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. \_\_\_\_\_\_\_\_

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## 2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 2015

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Date:	3/28/07
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# 2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 2015

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78039.0214 Title. Prepared by the Legislative Council staff for Representatives Gulleson and Aarsvold and Senator Fischer

March 27, 2007

#### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 2, after "budget" insert "; to provide legislative intent"

Page 2, after line 29, insert:

"SECTION 6. LEGISLATIVE INTENT - STATE WATER COMMISSION - MAPPING PROJECT. It is the intent of the sixtieth legislative assembly that the state water commission provide up to \$300,000 for the Red River basin mapping initiative to develop a high-resolution digital evaluation model. The funding for this project is from within existing appropriation authority of the state water commission and is contingent upon additional federal funding being available for this project."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides for the State Water Commission to provide funding for the Red River Basin Mapping Initiative to develop a high-resolution digital evaluation model.

Date:	3/28/07
Roll Call Vote #:	

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House Appropriations Full	· · · · · · · · · · · · · · · · · · ·			_ Com	mittee
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## 2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. <u>2015</u>

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## 2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 2015

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Module No: HR-58-6548 Carrier: Carlson

Insert LC: 78039.0216 Title: .0300

#### REPORT OF STANDING COMMITTEE

SB 2015, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (23 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Engrossed SB 2015 was placed on the Sixth order on the calendar.

Page 1, line 2, remove the second "and"

Page 1, line 3, after "exemption" insert "; to create and enact a new section to chapter 6-09 and a new section to chapter 55-10 of the North Dakota Century Code, relating to earnings and profits of the Bank of North Dakota and historical sites; to amend and reenact sections 15-69-02, 15-69-03, 15-69-04, 15-69-05, 24-02-37, and 39-04-39 of the North Dakota Century Code, relating to centers of excellence, state highway fund, and registration fees; to provide an appropriation; to provide for reports to the budget section; to create a legislative council medical assistance committee; to provide legislative intent; to provide an effective date; and to provide an expiration date"

Page 1, line 22, replace "125,058" with "1,625,058"

Page 1, line 23, replace "(954,970)" with "151,030"

Page 2, line 1, replace "(388,000)" with "(335,000)"

Page 2, line 5, replace "(\$38,059,031)" with "(\$35,400,031)"

Page 2, line 6, replace "(39,749,959)" with "(38,224,959)"

Page 2, line 7, replace "1,690,928" with "2,824,928"

Page 2, line 14, replace "13,720,144" with "15,220,144"

Page 2, line 15, replace "10,386,136" with "11,492,136"

Page 2, line 17, replace "1,000" with "54,000"

Page 2, line 18, replace "28,752,299" with "31,411,299"

Page 2, line 19, replace "6,905,360" with "8,430,360"

Page 2, line 20, replace "21,846,939" with "22,980,939"

Page 2, after line 29, insert:

"SECTION 6. APPROPRIATION - WILLISTON RESEARCH CENTER - NESSON VALLEY IRRIGATION PROJECT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$180,000, or so much of the sum as may be necessary, to the Williston research center for the nesson valley irrigation project, including \$100,000 for operating costs and \$80,000 for salaries and wages, for the biennium beginning July 1, 2007, and ending June 30, 2009. The Williston research center is authorized one full-time technician position for this project.

**SECTION 7. INTENT.** Within the authority included in section 3 of this Act are the following grants and special items:

Boys and girls clubwork State contingencies

\$53,000 \$500,000

Module No: HR-58-6548 Carrier: Carlson

Insert LC: 78039.0216 Title: .0300

State memberships and related expenses Unemployment insurance Capitol grounds planning commission \$581,000 \$1,500,000 \$25,000

SECTION 8. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIRST LEGISLATIVE ASSEMBLY. The total general fund appropriation line item in section 3 of this Act includes \$3,000,000 for the one-time funding item identified in this section. This amount is not a part of the agency's base budget to be used in preparing the 2009-11 executive budget. The office of management and budget shall report to the appropriations committees of the sixty-first legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2007, and ending June 30, 2009.

Deferred maintenance

\$3,000,000

**SECTION 9. REPORT ON SALARY EQUITY.** The office of management and budget shall report to the budget section on the status of salary equity for state employees by June 30, 2008.

**SECTION 10. ONE-TIME FUNDING - NORTH DAKOTA UNIVERSITY SYSTEM.** Notwithstanding the one-time funding section contained in House Bill No. 1003, the allocation of \$3,700,000 for connectND system support included in the grand total general fund appropriation line item in section 3 of House Bill No. 1003, as amended by the senate, is to be considered a part of the institutions' base budgets to be used in preparing the 2009-11 executive budget.

SECTION 11. LEGISLATIVE INTENT - CRIME LABORATORY - USE OF SPACE BY STATE DEPARTMENT OF HEALTH. It is the intent of the sixtieth legislative assembly that the facility management division of the office of management and budget develop a plan for the state department of health to assume control of the existing crime laboratory space from the attorney general's office when the new crime laboratory is completed. The plan should also identify additional space in the judicial wing of the state capitol, currently occupied by the state department of health, to be made available for the supreme court.

SECTION 12. BUDGET SECTION TOUR GROUP REVIEW. Institutions shall report to any budget section tour group that visits the institution during the 2007-08 interim on the status of the extraordinary repairs funded in the institutions' budgets and the tour groups shall review the status of the repairs as part of the tour of the institution.

SECTION 13. LEGISLATIVE INTENT - STATE WATER COMMISSION - MAPPING PROJECT. It is the intent of the sixtieth legislative assembly that the state water commission provide up to \$300,000 for the Red River basin mapping initiative to develop a high-resolution digital evaluation model. The funding for this project is from within existing appropriation authority of the state water commission and is contingent upon additional federal funding being available for this project.

SECTION 14. HIGHER EDUCATION INSTITUTION BUDGET DETAIL - REPORT TO SIXTY-FIRST LEGISLATIVE ASSEMBLY. The North Dakota university system shall provide to the appropriations committees of the sixty-first legislative assembly a budget detail report for each institution in the North Dakota university system and a composite report of major categories of the university system. These reports are to be in addition to the normal budget presentation.

SECTION 15. <u>Legislative council medical assistance committee</u> - <u>Membership - Duties - Continuing appropriation.</u>

1. The legislative council shall appoint a medical assistance committee. Membership of the committee must include:

- a. Five members of the house of representatives, three of whom must be selected by the leader representing the majority faction of the house of representatives and two of whom must be selected by the leader representing the minority faction of the house of representatives.
- b. Five members of the senate, three of whom must be selected by the leader representing the majority faction of the senate and two of whom must be selected by the leader representing the minority faction of the senate.
- c. Up to nine members who represent medical assistance providers and the department of human services, who serve in an ex officio nonvoting capacity, and who are selected by the chairman of the committee with the concurrence of the other legislative members of the committee.
- 2. The legislative council chairman shall designate the committee chairman and vice chairman from among the legislative members of the committee.
- 3. The committee shall operate according to the statutes and procedures governing the operation of other legislative council interim committees.
- 4. The committee shall study the state's medical assistance program, including options for benefit, management, and reimbursement reform. The committee shall engage consultant services to undertake an actuarially based analysis of the medical assistance program and reform options to ensure the future long-term sustainability of the program. The analysis must:
  - <u>a.</u> Gather data regarding the current categories of medical assistance beneficiaries:
  - <u>Evaluate the current financial expenditures for medical assistance by county and by category of aid and within those categories by type of service;</u>
  - Evaluate the current medical assistance reimbursement system:
  - d. Evaluate issues related to beneficiary access to care in the medical assistance program and patient access in the state's health care system, including the uninsured and underinsured;
  - e. Evaluate the current commercial insurance market in conjunction with federal opportunities to increase coverage options; and
  - f. Evaluate options for reform, including the implementation of risk-sharing arrangements, preventive services and case management, a high-risk pool, and a premium assistance program, and the potential use of pilot projects for evaluating the effectiveness of reform options.
- 5. The committee also shall engage consultant services to study the progress in the implementation of the medical assistance program management

initiatives, including statewide targeted case management services, improvement of mental health treatment services, including the use of prescription drugs, and the use of medical assistance cards for beneficiary identification.

- 6. The legislative council may accept gifts, grants, and donations from any source, including federal or private sources, to assist the committee on medical assistance in conducting its study and obtaining consultant services under this section. Any gifts, grants, and donations received are appropriated to the legislative council on a continuing basis for the purpose of conducting the study of the state's medical assistance program and obtaining consultant services.
- 7. A state employee who is a member of the committee must receive that employee's regular salary and is entitled to mileage and expenses, to be paid by the employing agency. Members of the committee who are not members of the legislative assembly or state employees are not entitled to compensation or reimbursement of expenses for service on the committee.

**SECTION 16. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, and from special funds derived from federal funds or other income, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of obtaining consultant services for the medical assistance program analysis described in section 15 of this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 17. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, and from special funds derived from federal funds or other income, the sum of \$100,000, or so much of the sum as may be necessary, to the legislative council for the purpose of obtaining consultant services for analyzing the implementation progress of the medical assistance program management initiatives described in section 15 of this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 18.** A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Earnings and profits of the Bank - Limitation on transfers. Subject to legislative appropriation or transfer, the industrial commission may transfer earnings and accumulated undivided profits of the Bank to the state general fund or to a special fund. The transfer authority granted under this section is limited to transfers that do not reduce the Bank's capital structure to less than eight percent of the Bank's average assets for the last quarter of the calendar year preceding the end of each biennium.

**SECTION 19. AMENDMENT.** Section 15-69-02 of the North Dakota Century Code is amended and reenacted as follows:

#### 15-69-02. (Effective through July 31, 2011) Centers of excellence.

 The board shall establish a centers of excellence program relating to economic development. The program must distinguish among center designations for awards designated to address commercialization, workforce, and infrastructure needs. Through the program the commission shall make funding award recommendations for commission-approved

applications to the board, the foundation, and the budget section of the legislative council. A center must be an institution of higher education under the control of the board or a nonprofit university-related or college-related foundation of an institution of higher education under the control of the board. In order to be considered for center designation, the institution of higher education or nonprofit foundation must be working in partnership with the private sector. In addition to any center designated under this chapter, the North Dakota state university center for technology enterprise and the university of North Dakota center for innovation are centers.

- A commission funding award recommendation must be for a specified amount. Designation of a center occurs upon board, foundation, and budget section approval of a commission funding award recommendation. In considering whether to designate a center, the board, foundation, and budget section may not modify the commission recommendation. The budget section may not make a determination of whether to approve or reject take action on a commission funding award recommendation until the emergency commission reviews the commission recommendation or modified recommendation and makes a recommendation to the budget section. Upon receipt of a commission funding award recommendation, the budget section shall approve the recommendation, reject the recommendation, or rerefer the recommendation to the commission with recommended modifications. If the commission receives a rereferred recommendation from the budget section, the commission shall consider whether to modify the recommendation. If upon rereferral the commission modifies a recommendation, the board, foundation, and budget section shall consider whether to approve or reject the modified recommendation. If upon rereferral the commission does not modify a recommendation, the budget section shall make a determination of whether to approve or reject the recommendation.
- 3. A center that receives funds distributed under this chapter is not qualified to receive subsequent designations as a center until the biennium following the center's most recent designation.
- 4. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership of intellectual property, inventions, and discoveries, must address activities and issues unique to centers. The board rules adopted under subsection 9 of section 15-10-17 and the terms of a center's private and public partnership must provide that at least four percent of the revenues derived from intellectual property developed by the private sector partner or by the public sector partner of a center of excellence must be deposited in the general fund in the state treasury.
- 5. Unless otherwise provided through the appropriation process, the commission's funding awards to address workforce needs may not exceed two million dollars per biennium and the commission's funding awards to address infrastructure needs may not exceed two million dollars per biennium. Buildings that are essential to attracting private investment shall not be considered infrastructure.

**SECTION 20. AMENDMENT.** Section 15-69-03 of the North Dakota Century Code is amended and reenacted as follows:

15-69-03. (Effective through July 31, 2011) Centers of excellence commission. The centers of excellence commission consists of six members. The

foundation shall appoint three two of the foundation's members to serve on the commission and, the board shall appoint three two of the board's members to serve on the commission, and the legislative council shall appoint two legislators to serve on the The commission members shall designate a chairman and a vice chairman of the commission. Each member of the commission shall serve for a term of three years, beginning July first; may be reappointed for additional terms; and serves at the pleasure of the appointing entity. If a commission member ceases to serve as a member of the appointing entity, that member's membership on the commission ceases immediately and the appointing entity shall appoint a new member for the remainder of the term. Terms of initial commission members begin on July 1, 2005. and must be staggered. On a meeting-by-meeting basis, an appointing entity may substitute a member of that appointing entity to serve in place of one of the regular members appointed by that entity. If the commission chairman and vice chairman are not present at a meeting, the commission members present at that meeting shall select a commission member to serve as chairman for that meeting. A commission member may receive compensation and travel and expense reimbursement from the appointing The board department of commerce shall provide the commission with appropriate staff services as may be requested by the commission.

**SECTION 21. AMENDMENT.** Section 15-69-04 of the North Dakota Century Code is amended and reenacted as follows:

### 15-69-04. (Effective through July 31, 2011) Application - Eligibility requirements.

- The beard department of commerce shall provide center application forms, accept applications, review applications for completeness and compliance with board and commission policy, and forward complete applications to the commission in accordance with guidelines established by the commission, and assist with preaward reviews and postaward monitoring as may be requested by the commission.
- 2. The commission shall meet as necessary to review all complete applications; consider the potential need for independent, expert review of complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers; direct the office of management and budget to distribute funds to the centers; monitor centers for compliance with award requirements; and review changes in assertions made in center applications; and conduct postaward monitoring of centers.
- 3. In considering whether to approve or disapprove an application, the commission shall <u>determine whether the applicant has conducted the due</u> <u>diligence necessary to put together a viable proposal and the commission</u> <u>shall</u> consider whether the center will:
  - Use university or college research to promote private sector job growth and expansion of knowledge-based industries or use university or college research to promote the development of new products, high-tech companies, or skilled jobs in this state;
  - b. Create high-value private sector employment opportunities in this state:
  - c. Provide for public-private sector involvement and partnerships;
  - d. Leverage other funding;

- e. Increase research and development activities that may involve federal funding from the national science foundation experimental program to stimulate competitive research;
- f. Foster and practice entrepreneurship;
- g. Promote the commercialization of new products and services in industry clusters;
- h. Become financially self-sustaining; and
- i. Establish and meet a deadline for acquiring and expending all public and private funds specified in the application.
- 4. In considering whether to approve an application, the commission may provide for an independent, expert review of the application to determine whether the proposed center is viable and whether the proposed center is likely to have the desired economic impact. As necessary, the commission may contract for additional technical review of applications. The commission may not approve an application unless the commission determines the proposed center has a high likelihood of viability and success in positively impacting economic development in the state.
- 5. For no fewer than six years and no more than ten years following center designation, the commission shall monitor the center's activities in order to determine whether the center is having the desired economic impact.

**SECTION 22. AMENDMENT.** Section 15-69-05 of the North Dakota Century Code is amended and reenacted as follows:

15-69-05. (Effective through July 31, 2011) Use of funds - Terms of funds - Distribution of funds.

- 1. A center shall use funds awarded under this chapter to enhance capacity; enhance infrastructure; and leverage state, federal, and private sources of funding. If a center's primary use of funds will be to enhance infrastructure, the commission must have specifically designated the center as addressing infrastructure needs. A center awarded funds under this chapter may not use the funds to supplant funding for current operations or academic instructions or to pay indirect costs.
- 2. As a condition for receipt of funds under this chapter, a center shall agree to provide the board, foundation, and budget section of the legislative council with annual audits on all funds distributed to the center under this chapter. The annual audits must be provided until the completion of four years following the final distribution of funds under this chapter the commission's postaward monitoring of the center. As a condition for receipt of funds under this chapter, a center shall agree to provide the commission with the information necessary to monitor the postaward activities of the center.
- 3. Before the commission directs the office of management and budget to distribute funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds for each dollar of state funds to be distributed under this chapter. The commission may not direct

distribution of funds if the private sector participants cease to participate. The matching funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The matching funds may include a combination of cash and in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making funding recommendations and designation determinations, the commission, board, foundation, and budget section shall give major consideration to the portion of the matching funds provided in cash by the private sector.

- 4. If, before funds are distributed by the office of management and budget, a center undergoes a change in the terms of or assertions made in its application, the commission may direct that the office of management and budget withhold all or a portion of any undistributed funds pending commission review of the changes.
- 5. The commission may use funds appropriated for the centers of excellence program to pay for the commission's administrative expenses, which may include contracting for independent, expert reviews of complete applications. The amount of funds the commission uses each biennium for administrative expenses may not exceed two and one-half percent of the funds appropriated for the program that biennium.

**SECTION 23. AMENDMENT.** Section 24-02-37 of the North Dakota Century Code is amended and reenacted as follows:

24-02-37. State highway fund - Priorities for expenditure - Use of investment income. The state highway fund, created by law and not otherwise appropriated and allocated, must be applied and used for the purposes named in this section, as follows:

- Except for investment income as provided in subsection 3 and except as otherwise provided in subsection 4, the fund must be applied in the following order of priority:
  - a. The cost of maintaining the state highway system.
  - b. The cost of construction and reconstruction of highways in the amount necessary to match, in whatever proportion may be required, federal aid granted to this state by the United States government for road purposes in North Dakota.
  - c. Any portion of the highway fund not allocated as provided in subdivisions a and b may be expended for the construction of state highways without federal aid or may be expended in the construction, improvement, or maintenance of such state highways.
- 2. All funds heretofore appropriated or hereafter appropriated or transferred to the department, whether earmarked or designated for special projects or special purposes or not, must be placed or transferred into a single state highway fund in the office of the state treasurer and any claims for money expended by the department upon warrants prepared and issued by the office of management and budget and signed by the state auditor under this title must be paid out of the state highway fund by the state treasurer; provided, however, that the commissioner shall keep and maintain complete and accurate records showing that all expenditures

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have been made in accordance with legislative appropriations and authorizations.

- 3. The state treasurer shall deposit the moneys in the state highway fund in an interest-bearing account at the Bank of North Dakota. treasurer shall deposit forty percent of the income derived from the interest-bearing account in a special interest-bearing account in the state treasury known as the special road fund. The special road fund may be used, within the limits of legislative appropriation, exclusively for the construction and maintenance of access roads to and roads within recreational, tourist, and historical areas as designated by the special road committee. A political subdivision or state agency may request funds from the special road fund by applying to the committee on forms designated by the committee. The committee may require the political subdivision or state agency to contribute to the cost of the project as a condition of any expenditure authorized from the special road fund. Any moneys in the fund not obligated by the special road committee on June thirtieth of each odd-numbered year must revert to the state highway fund.
- 4. The state treasurer shall deposit twenty percent of all sums collected from the registration of farm vehicles under subsection 5 of section 39-04-19 in a special interest-bearing account in the state treasury known as the biofuels road infrastructure fund. The biofuels road infrastructure fund may be used, within the limits of legislative appropriation, exclusively for the construction and maintenance of access roads to ethanol, biodiesel, biofuel, and other renewable fuel production facilities. A political subdivision or state agency may request funds from the biofuels road infrastructure fund by applying to the director on forms designated by the director. The director may require the political subdivision or state agency to contribute to the cost of the project as a condition of any expenditure authorized from the biofuels road infrastructure fund.

**SECTION 24. AMENDMENT.** Section 39-04-39 of the North Dakota Century Code is amended and reenacted as follows:

**39-04-39. Distribution of registration fees collected.** Any moneys in the registration fund accruing from license fees or from other like sources, in excess of the amount required to pay salaries and other necessary expenses, in accordance with the legislative assembly's appropriation for such purposes, must be promptly deposited in the highway tax distribution fund which must be distributed in the manner as prescribed by law. The state treasurer shall transfer annually from the highway tax distribution fund to the biofuels road infrastructure fund an amount equal to twenty percent of all sums collected for the registration of farm vehicles under subsection 5 of section 39-04-19 and shall transfer annually from the highway tax distribution fund to the ethanol production incentive fund an amount equal to forty percent of all sums collected for the registration of farm vehicles under subsection 5 of section 39-04-19 except that no transfer may be made in an amount that would result in the balance of the ethanol production incentive fund exceeding five ten million dollars.

**SECTION 25.** A new section to chapter 55-10 of the North Dakota Century Code is created and enacted as follows:

Ronald Reagan peace through strength missile silo historic site. If the state historical society acquires a missile silo historic site, the site is named the Ronald Reagan peace through strength missile silo historic site.

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**SECTION 26. EFFECTIVE DATE.** Section 18 of this Act becomes effective on July 1, 2009.

**SECTION 27. EXPIRATION DATE.** Section 15 of this Act is effective through December 31, 2008, and after that date is ineffective."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2015 - Summary of House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Office of Management and Budget Total all funds Less estimated income General fund	\$68,974,437 18,900,360 \$50,074,077	\$28,752,299 6,905,360 \$21,846,939	\$2,659,000 <u>1,525,000</u> \$1,134,000	\$31,411,299 <u>8,430,360</u> \$22,980,939
Legislative Council Total all funds Less estimated income General fund	\$0 \$0	\$0 \$0	\$450,000 250,000 \$200,000	\$450,000 250,000 \$200,000
Williston Research Extension Center Total all funds Less estimated income General fund	\$0 \$0	\$0 \$0	\$180,000 \$180,000	\$180,000 \$180,000
Bill Total Total all funds Less estimated income General fund	\$68,974,437 18,900,360 \$50,074,077	\$28,752,299 6,905,360 \$21,846,939	\$3,289,000 1,775,000 \$1,514,000	\$32,041,299 8,680,360 \$23,360,939

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

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CH <b>A</b> NGES	HOUSE VERSION
Salaries and wages Operating Expenses Capital assets Grants Prairie Public Broadcasting Centers of excellence Statewide equity pool	\$15,220,144 11,562,136 4,645,019 224,000 2,023,138 25,300,000 10,000,000	\$13,720,144 10,386,136 4,645,019 1,000	\$1,500,000 1,106,000 53,000	\$15,220,144 11,492,136 4,645,019 54,000
Total all funds	\$68,974,437	\$28,752,299	\$2,659,000	\$31,411,299
Less estimated income	18,900,360	<u>6,905,360</u>	1,525,000	8,430,360
General fund	\$50,074,077	\$21,846,939	\$1,134,000	\$22,980,939
FTE	132.50	132.50	0.00	132.50

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

	RESTORES FUNDING FOR UNEMPLOYMENT INSURANCE <sup>1</sup>	RESTORES FUNDING FOR GRANTS <sup>2</sup>	ADDS FUNDING FOR OPERATING EXPENSES <sup>3</sup>	TOTAL HOUSE CHANGES
Salaries and wages Operating expenses Capital assets	\$1,500,000		\$1,106,000	\$1,500,000 1,106,000
Grants Prairie Public Broadcasting Centers of excellence		\$53,000		53,000

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Statewide equity pool	<del></del>			
Total all funds	\$1,500,000	\$53,000	\$1,106,000	\$2,659,000
Less estimated income	1,500,000	<del></del>	25,000	<u>1,525,000</u>
General fund	\$0	\$53,000	\$1,081,000	\$1,134,000
FTE	0.00	0.00	0.00	0.00

<sup>1</sup> This amendment restores \$1,500,000 for unemployment insurance that was removed by the Senate.

#### This amendment adds the following sections:

- Section 6 provides an appropriation for one FTE technician position and operating costs to the Williston Research Center for the Nesson Valley irrigation project.
- Section 7 provides intent for grants and special items.
- Section 8 provides one-time funding information and provides for a report to the 61st Legislative Assembly on the use of the funds.
- Section 9 requires a report be made to the Budget Section regarding the status of salary equity for state employees.
- Section 10 provides language relating to a portion of the ConnectND allocation being included in the university system's base budget.
- Section 11 provides legislative intent regarding the use of the former crime lab.
- Section 12 requires institutions to report to budget tour groups on extraordinary repairs and requires the budget tour groups to review the repairs.
- Section 13 provides legislative intent relating to the State Water Commission mapping project.
- Section 14 requires a report to the 61st Legislative Assembly relating to institutions of higher education budgets.
- Section 15 creates a Legislative Council Medical Assistance Committee.
- Section 16 provides an appropriation to the Legislative Council for consulting services for the medical assistance program.
- Section 17 provides an appropriation to the Legislative Council for consulting services in analyzing the implementation progress of the medical assistance program management initiatives.
- Section 18 creates a new section to Chapter 6-09 of the North Dakota Century Code relating to earnings from the Bank of North Dakota.
- Sections 19, 20, 21, and 22 amend Sections 15-69-02, 15-69-03, 15-69-04, and 15-69-05 relating to centers of excellence.

<sup>2</sup> This amendment restores funding for general fund grants for boys and girls clubwork that was removed by the Senate.

<sup>3</sup> This amendment adds \$500,000 from the general fund for state contingencies, \$581,000 from the general fund for state memberships and related expenses, and \$25,000 in special funds for Capitol Grounds Planning Commission. These items were removed by the Senate.

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- Section 23 amends Section 24-02-37 relating to the state highway fund.
- Section 24 amends Section 39-04-39 relating to the distribution of registration fees.
- Section 25 creates a new section to Chapter 55-10 to name the Ronald Reagan Peace Through Strength Missile Site.
- Section 26 provides an effective date for Section 18.
- Section 27 provides an expiration date for Section 15.

#### Senate Bill No. 2015 - Legislative Council - House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Consulting services			\$450,000	\$450,000
Total all funds	\$0	\$0	\$450,000	\$450,000
Less estimated income			250,000	<u>250,000</u>
General fund	\$0	\$0	\$200,000	\$200,000
FTE	0.00	0.00	0.00	0.00

#### Dept. 160 - Legislative Council - Detail of House Changes

	PROVIDES FUNDING FOR THE MEDICAL ASSISTANCE PROGRAM ANALYSIS	•
Consulting services	<u>\$450,000</u>	\$450,000
Total all funds	\$450,000	\$450,000
Less estimated income	<u>250,000</u>	<u>250,000</u>
General fund	\$200,000	\$200,000
FTE	0.00	0.00

#### Senate Bill No. 2015 - Williston Research Extension Center - House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Nesson Valley irrigation project			<u>\$180,000</u>	\$180,000
Total all funds	\$0	\$0	\$180,000	\$180,000
Less estimated income			<del></del>	
General fund	\$0	\$0	\$180,000	\$180,000
FTE	0.00	0.00	1.00	1.00

#### Dept. 646 - Williston Research Extension Center - Detail of House Changes

Module No: HR-58-6548 Carrier: Carlson Insert LC: 78039.0216 Title: .0300

	FUNDING FOR THE NESSON VALLEY IRRIGATION PROJECT	TOTAL HOUSE CHANGES
Nesson Valley irrigation project	<u>\$180,000</u>	\$180,000
Total all funds	\$180,000	\$180,000
Less estimated income		
General fund	\$180,000	\$180,000
FTE	1.00	1.00

2007 TESTIMONY

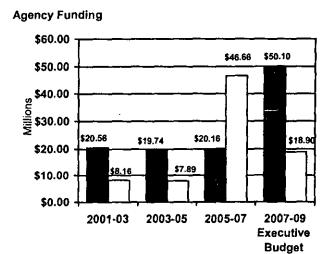
SB 2015

### Department 110 - Office of Management and Budget Senate Bill No. 2015

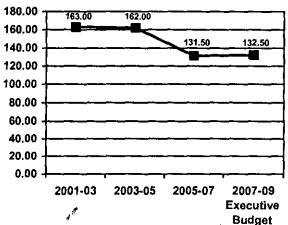
	FTE Positions	General Fund	Other Funds	Total
2007-09 Executive Budget	132.5	\$50,074,077	\$18,900,360	\$68,974,437
2005-07 Legislative Appropriations	131.5	20,156,011	46,655,319	66,811,330 <sup>2</sup>
Increase (Decrease)	1.00	\$29,916,066	(\$26,854,959)	\$2,163,107

<sup>&</sup>lt;sup>1</sup>The 2005-07 appropriation amount does not include \$915,103 of 2003-05 carryover authority.

<sup>&</sup>lt;sup>2</sup>The 2005-07 appropriation amounts do not include \$100,000 of additional federal funds authority from Emergency Commission action during the 2005-07 biennium.







■ General Fund □ Other Funds

		General Fund	Other Funds	Total
	ninistration			
1.	Increases funding for statewide dues assigned to the administrative division of the Office of Management and Budget	\$53,140		\$53,140
2.	Increases funding from the state fire and tornado fund for grants to the North Dakota Firefighters Association		\$44,000	\$44,000
3.	Changes funding source to continue centers of excellence (executive budget identified as one-time funding)	\$20,000,000	(\$20,000,000)	\$0
4.	Removes funding for repayment of loans for centers of excellence		(\$16,000,000)	(\$16,000,000)
5.	Adds funding for repayment of loans for centers of excellence (emergency measure)		\$5,300,000	\$5,300,000
6.	Provides funding for matching funds for Prairie Public Broadcasting grant (executive budget identified as one-time funding)	\$686,000		\$686,000
Cen	tral Services			
7.	Increases funding for operating expenses primarily for equipment rental and repairs	\$4,856	\$92,212	\$97,068
8.	Provides funding for computer to plate (CTP) processor		\$40,000	\$40,000
9.	Provides funding for 1 FTE position for procurement and changes funding source for procurement FTE	\$169,856	(\$96,822)	\$73,034
Faci	lity Management			
	Provides funding for deferred maintenance at the Capitol complex (executive budget identified as one-time funding)	\$2,000,000		\$2,000,000

11.	Provides funding for extraordinary repairs at the Heritage Center (executive budget identified as one-time funding)	\$1,000,000		\$1,000,000
12.	Increases funding for operating expenses primarily due to increased utilities costs	\$344,908		\$344,9
13.	Provides funding from the general fund and the Capitol building fund for extraordinary repairs (\$1,310,000) and other capital payments for special assessments (\$253,519)	<b>\$813,519</b>	\$750,000	\$1,563,519
14. ·	Provides funding for emergency power to the Governor's residence	\$35,000		\$35,000
15.	Removes funding for 2005-07 capital assets - fire suppression system - Capitol building		(\$3,155,000)	(\$3,155,000)
16.	Provides funding for increased workload due to installation of emergency backup generators and other added responsibilities	\$96,000		\$96,000
Fisc	al Management			
	Provides funding for statewide salary equity pool for classified state employees	\$5,000,000	\$5,000,000	\$10,000,000
18.	Decreases funding for operating expenses to remove the 2005-07 biennium fiscal management carryover authority	(\$915,103)		(\$915,103)
19.	Decreases funding for operating expenses primarily due to decreases in information technology contractual services and data processing expenses	(\$486,469)		(\$486,469)
Hum	an Resource Management Services			
	Increases funding for operating expenses primarily due to increased costs for data processing	\$37,647		\$37,647
Risk	Management			
	Increases funding for operating expenses primarily due to increased information technology contract costs		\$7,800	\$7,800
The	following is a comparison of funding for dues and memberships:			
	- · · · · · · · · · · · · · · · · · · ·	2005-07		2007-09
	Commission on Uniform State Laws (This budget includes	\$80,000		\$96,000

	2005-07	2007-09
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$80,000	\$96,000
Council of State Governments	143,100	155,000
Government Accounting Standards Board	4,000	6,000
Western Governors Association	74,300	74,300
National Governors Association	72,000	72,500
Midwest Governors Association	5,000	20,000
National Lieutenant Governors Association	1,200	1,200
Education Commission of the States	98,260	106,000
Total dues and memberships	\$477,860	\$531,000

#### Other Sections in Bill

Section 4 of Senate Bill No. 2015 provides for the Fiscal Management Division to carry over unexpended funds from the 2005-07 biennium to the 2007-09 biennium for continued development and operating costs of the accounting, management, and payroll systems.

Section 5 of Senate Bill No. 2015 provides for various grants and special items, including funding for state contingencies of \$500,000, the same amount as the 2005-07 biennium.

Section 6 of Senate Bill No. 2015 authorizes the Office of Management and Budget to transfer \$15 million from the lands and minerals trust fund to the general fund, an increase of \$8,200,000 from the 2005-07 biennium.

Section 7 of Senate Bill No. 2015 provides for a transfer of \$60 million from the current earnings and accumulated undivided profits of the Bank of North Dakota to the general fund.

Section 8 of Senate Bill No. 2015 provides for the Industrial Commission to transfer \$3.1 million from the earnings from the North Dakota student loan trust fund to the general fund upon request by the Office of Management and Budget and certification by the student loan trust trustee that sufficient money remains available in the trust to pay all debt service on student loan trust bonds, all required rebate payments to the United States Treasury, and all program operating expenses.

Section 9 of Senate Bill No. 2015 provides that \$5.3 million of the total special funds appropriation is from the permanent oil tax trust fund for the purpose of repaying the Bank of North Dakota for loans and accrued interest relating to funds borrowed for centers of excellence.

Section 10 of Senate Bill No. 2015 provides that \$750,000 of the total special funds appropriation is from the Capitol building fund and is to be spent by the Facility Management Division during the 2007-09 biennium.

Section 11 of Senate Bill No. 2015 provides that \$170,000 of the total special funds appropriation is from the fire and tornado fund.

Section 12 of Senate Bill No. 2015 provides that the statewide equity pool of \$10 million, \$5 million of which is from the general fund, must be used for market equity compensation adjustments for classified state employees whose salaries are furthest from their respective salary range midpoints effective July 1, 2007.

Section 13 of Senate Bill No. 2015 provides intent that compensation adjustments for the 2007-09 biennium for regular state employees are to be based on documented performance and equity. Each agency appropriation is increased by 4 percent for the first year and 4 percent for the second year of the 2007-09 biennium. Each eligible employee is to receive a minimum monthly increase of \$75.

Section 14 of Senate Bill No. 2015 amends North Dakota Century Code (NDCC) Section 54-27.2-01 to change the cap on the budget stabilization fund from 5 percent of the current biennial state general fund budget to \$200 million.

Section 15 of Senate Bill No. 2015 amends NDCC Section 54-27.2-03 to remove the requirement that general fund revenue be at least 2.5 percent less than the most recently adjourned special or regular legislative session estimate before a transfer can be made from the budget stabilization fund to the general fund.

Section 16 of Senate Bill No. 2015 amends NDCC Section 57-51.1-07.2 to provide a standing and continuing appropriation of up to \$116,700,000 per biennium from the permanent oil tax trust fund to the State Treasurer for the purpose of providing property tax relief payments to counties.

#### Continuing Appropriations

Risk management fund - NDCC Chapter 32-12.2 - Risk fund to timely settle claims and lawsuits

Risk management workers' compensation fund - NDCC Section 65-04-03.1 - Workers' compensation for state employees.

Human Resource Management Services training fund - NDCC Section 54-44-11 - State personnel training and development operating fund.

Capitol building fund - NDCC Chapter 48-10 - Capitol grounds planning fund.

Preliminary planning revolving fund - NDCC Section 54-27-22 - Preliminary planning revolving fund for state agencies.

Postage revolving fund - NDCC Chapter 48-06 - Purchase postage for postage machines in central mailroom.

Indigent civil legal services fund - NDCC Section 54-06-20 - Indigent civil legal services.

Central Services fund - NDCC Section 54-44-04 - Central supply revolving fund.

#### Major Related Legislation 🗸

House Bill No. 1107 - This bill provides for the mileage reimbursement rate for state officials and employees to be increased from 37.5 to 42.5 cents per mile.

Senate Bill No. 2090 - This bill removes the requirement that all money and other property in the Capitol building fund, except as otherwise appropriated, be for the exclusive purpose of construction of an addition to the legislative wing and provides that the cap for expenditures from the interest and income fund of the Capitol building fund increases from \$50,000 to \$100,000 per biennium.

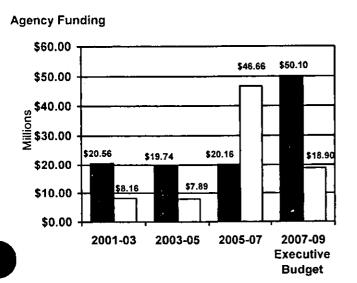
Senate Bill No. 2092 - This bill changes the name of the risk management Workforce Safety and Insurance fund to the risk management workers' compensation fund and provides that expenditures from the fund include costs associated with workers' compensation loss control programs.

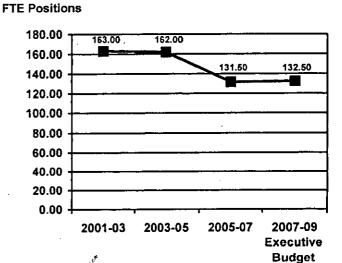
## Department 110 - Office of Management and Budget enate Bill No. 2015

	FTE Positions	General Fund	Other Funds	Total
2007-09 Executive Budget	132.5	\$50,074,077	\$18,900,360	\$68,974,437
2005-07 Legislative Appropriations	131.5	20,156,011	46,655,319	66,811,330 <sup>2</sup>
Increase (Decrease)	1.00	\$29,916,066	(\$26,854,959)	\$2,163,107

<sup>&</sup>lt;sup>1</sup>The 2005-07 appropriation amount does not include \$915,103 of 2003-05 carryover authority.

<sup>&</sup>lt;sup>2</sup>The 2005-07 appropriation amounts do not include \$100,000 of additional federal funds authority from Emergency Commission action during the 2005-07 biennium.





■ General Fund □ Other Funds

#### **First House Action**

Attached is a summary of first house changes.

Executive Budget Highlights (With First House Changes in Bold)

	(1111111130 011	angos in Doia,		_
		General Fund	Other Funds	Total
	inistration			
1.	Increases funding for statewide dues assigned to the administrative division of the Office of Management and Budget	\$53,140		\$53,140
2.	Increases funding from the state fire and tornado fund for grants to the North Dakota Firefighters Association. The Senate removed this funding.		\$44,000	\$44,000
3.	Changes funding source to continue centers of excellence (executive budget identified as one-time funding). The Senate removed this funding.	\$20,000,000	(\$20,000,000)	\$0
4.	Removes funding for repayment of loans for centers of excellence		(\$16,000,000)	(\$16,000,000)
5.	Adds funding for repayment of loans for centers of excellence (emergency measure). The Senate removed this funding.		\$5,300,000	\$5,300,000
6.	Provides funding for matching funds for Prairie Public Broadcasting grant (executive budget identified as one-time funding). The Senate removed this funding.	\$686,000		\$686,000

Cont	tral Services			
	Increases funding for operating expenses primarily for	\$4,856	\$92,212	\$97,068
	equipment rental and repairs		,	•
8.	Provides funding for computer to plate (CTP) processor		\$40,000	\$40,000
9.	Provides funding for 1 FTE position for procurement and changes funding source for procurement FTE	\$169,856	(\$96,822)	\$73,0
	lity Management	<b>\$2,000,000</b>		£3 000 000
10.	Provides funding for deferred maintenance at the Capitol complex (executive budget identified as one-time funding)	\$2,000,000		\$2,000,000
11.	Provides funding for extraordinary repairs at the Heritage Center (executive budget identified as one-time funding)	\$1,000,000	•	\$1,000,000
12.	Increases funding for operating expenses primarily due to increased utilities costs	\$344,908		\$344,908
13.	Provides funding from the general fund and the Capitol building fund for extraordinary repairs (\$1,310,000) and other capital payments for special assessments (\$253,519)	\$813,519	\$750,000	\$1,563,519
14.	Provides funding for emergency power to the Governor's residence	\$35,000		\$35,000
15.	Removes funding for 2005-07 capital assets - fire suppression system - Capital building		(\$3,155,000)	(\$3,155,000)
16.	Provides funding for increased workload due to installation of emergency backup generators and other added responsibilities	\$96,000		\$96,000
	al Management			
17.	Provides funding for statewide salary equity pool for classified state employees. The Senate removed this funding and appropriated it to the Office of Management and Budget in Senate Bill No. 2189.	\$5,000,000	\$5,000,000	\$10,000,000
18.	Decreases funding for operating expenses to remove the 2005-07 biennium fiscal management carryover authority	(\$915,103)		(\$915,103)
19.	Decreases funding for operating expenses primarily due to decreases in information technology contractual services and data processing expenses	(\$486;469)		(\$486,4f <sup>-</sup>
	lan Resource Management Services Increases funding for operating expenses primarily due to increased costs for data processing	\$37,647		\$37,647
	Management Increases funding for operating expenses primarily due to increased information technology contract costs		\$7,800	\$7,800
The	following is a comparison of funding for dues and memberships:			
		2005-07		2007-09
	Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$80,000		\$96,000
	Council of State Governments	143,100		155,000
	Government Accounting Standards Board	4,000		6,000
	Western Governors Association	74,300		74,300
	National Governors Association	72,000	•	72,500
	Midwest Governors Association	5,000		20,000
	National Lieutenant Governors Association	1,200		1,200
	Education Commission of the States	98,260		106,000
	Total dues and memberships	\$477,860		\$531,000

#### The Senate removed this funding.

#### Other Sections in Bill

Section 4 of Senate Bill No. 2015 provides for the Fiscal Management Division to carry over unexpended funds from the 2005-/ biennium to the 2007-09 biennium for continued development and operating costs of the accounting, management, and payrosystems.

Section 5 of Senate Bill No. 2015 provides for various grants and special items, including funding for state contingencies of \$500,000, the same amount as the 2005-07 biennium. The Senate removed this section.

Section 6 of Senate Bill No. 2015 authorizes the Office of Management and Budget to transfer \$15 million from the lands and minerals trust fund to the general fund, an increase of \$8,200,000 from the 2005-07 biennium. The Senate removed this section.

Section 7 of Senate Bill No. 2015 provides for a transfer of \$60 million from the current earnings and accumulated undivided profits of Bank of North Dakota to the general fund. The Senate removed this section.

ection 8 of Senate Bill No. 2015 provides for the Industrial Commission to transfer \$3.1 million from the earnings from the North Dakota student loan trust fund to the general fund upon request by the Office of Management and Budget and certification by the student loan trust trustee that sufficient money remains available in the trust to pay all debt service on student loan trust bonds, all required rebate payments to the United States Treasury, and all program operating expenses. The Senate removed this section.

Section 9 of Senate Bill No. 2015 provides that \$5.3 million of the total special funds appropriation is from the permanent oil tax trust fund for the purpose of repaying the Bank of North Dakota for loans and accrued interest relating to funds borrowed for centers of excellence. The Senate removed this section.

Section 10 of Senate Bill No. 2015 provides that \$750,000 of the total special funds appropriation is from the Capitol building fund and is to be spent by the Facility Management Division during the 2007-09 biennium.

Section 11 of Senate Bill No. 2015 provides that \$170,000 of the total special funds appropriation is from the fire and tornado fund. The Senate removed this section.

Section 12 of Senate Bill No. 2015 provides that the statewide equity pool of \$10 million, \$5 million of which is from the general fund, must be used for market equity compensation adjustments for classified state employees whose salaries are furthest from their respective salary range midpoints effective July 1, 2007. The Senate removed this section.

Section 13 of Senate Bill No. 2015 provides intent that compensation adjustments for the 2007-09 biennium for regular state employees are to be based on documented performance and equity. Each agency appropriation is increased by 4 percent for the first year and 4 percent for the second year of the 2007-09 biennium. Each eligible employee is to receive a minimum monthly increase of \$75. The Senate removed this section.

Section 14 of Senate Bill No. 2015 amends North Dakota Century Code (NDCC) Section 54-27.2-01 to change the cap on the budget stabilization fund from 5 percent of the current biennial state general fund budget to \$200 million. The Senate removed this section.

Section 15 of Senate Bill No. 2015 amends NDCC Section 54-27.2-03 to remove the requirement that general fund revenue be at least 2.5 percent less than the most recently adjourned special or regular legislative session estimate before a transfer can be made from the budget stabilization fund to the general fund. The Senate removed this section.

Section 16 of Senate Bill No. 2015 amends NDCC Section 57-51.1-07.2 to provide a standing and continuing appropriation of up to 116,700,000 per biennium from the permanent oil tax trust fund to the State Treasurer for the purpose of providing property tax relief ayments to counties. The Senate removed this section.

#### **Continuing Appropriations**

Risk management fund - NDCC Chapter 32-12.2 - Risk fund to timely settle claims and lawsuits

Risk management workers' compensation fund - NDCC Section 65-04-03.1 - Workers' compensation for state employees.

Human Resource Management Services training fund - NDCC Section 54-44-11 - State personnel training and development operating fund.

Capitol building fund - NDCC Chapter 48-10 - Capitol grounds planning fund.

Preliminary planning revolving fund - NDCC Section 54-27-22 - Preliminary planning revolving fund for state agencies.

Postage revolving fund - NDCC Chapter 48-06 - Purchase postage for postage machines in central mailroom.

Indigent civil legal services fund - NDCC Section 54-06-20 - Indigent civil legal services.

Central Services fund - NDCC Section 54-44-04 - Central supply revolving fund.

#### **Major Related Legislation**

House Bill No. 1107 - This bill provides for the mileage reimbursement rate for state officials and employees to be increased from 37.5 to 45 cents per mile.

Senate Bill No. 2090 - This bill removes the requirement that all money and other property in the Capitol building fund, except as otherwise appropriated, be for the exclusive purpose of construction of an addition to the legislative wing and provides that the cap for expenditures from the interest and income fund of the Capitol building fund increases from \$50,000 to \$100,000 per biennium.

Senate Bill No. 2092 - This bill changes the name of the risk management Workforce Safety and Insurance fund to the risk management workers' compensation fund and provides that expenditures from the fund include costs associated with workers' compensation loss control programs.

House Bill No. 1322 - This bill provides for limitations on indemnification provisions in state service contracts.

House Bill No. 1454 - This bill increases state minimum wage rates.

House Bill No. 1459 - This bill provides an appropriation of \$3,595,000 from the general fund and \$750,000 of other funds to the Office of Management and Budget for extraordinary repairs.

House Bill No. 1483 - This bill requires the Office of Management and Budget and the State Board of Higher Education to develop guidelines for biobased procurement programs.

Senate Bill No. 2189 - This bill provides \$5 million from the general fund and \$5 million from other funds for a statewide salary equity ool.

Senate Bill No. 2404 - This bill provides an appropriation of \$700,000 from the general fund to the Office of Management and Budger for grant assistance to tribally controlled community colleges.

ATTACH:1

#### TATEMENT OF PURPOSE OF AMENDMENT:

#### enate Bill No. 2015 - Funding Summary

	Executive Budget	Senate Changes	Senate Version
Office of Management and			
Budget			
Salaries and wages	\$15,220,144	(\$1,500,000)	\$13,720,144
Operating expenses	11,562,136	(1,176,000)	10,386,136
Capital assets	4,645,019		4,645,019
Grants	224,000	(223,000)	1,000
Prairie public broadcasting	2,023,138	(2,023,138)	
Centers of excellence	25,300,000	(25,300,000)	
Statewide equity pool	10,000,000	(10,000,000)	
Total all funds	\$68,974,437	(\$40,222,138)	\$28,752,299
Less estimated income	18,900,360	(11,995,000)	6,905,360
General fund	\$50,074,077	(\$28,227,138)	\$21,846,939
FTE	132.50	0.00	132.50
Bill Total			
Total all funds	\$68,974,437	(\$40,222,138)	\$28,752,299
Less estimated income	18,900,360	(11,995,000)	6,905,360
General fund	\$50,074,077	(\$28,227,138)	\$21,846,939
FTE	132.50	0.00	132.50

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

	Executive Budget	Senate Changes	Senate 🗸 🗸
Salaries and wages	\$15,220,144	(\$1,500,000)	\$13,720,144
Operating expenses	11,562,136	(1,176,000)	10,386,136
Capital assets	4,645,019		4,645,019
Grants	224,000	(223,000)	1,000
Prairie public broadcasting	2,023,138	(2,023,138)	
Centers of excellence	25,300,000	(25,300,000)	
Statewide equity pool	10,000,000	(10,000,000)	
Total all funds	\$68,974,437	(\$40,222,138)	\$28,752,299
Less estimated income	18,900,360	(11,995,000)	6,905,360
General fund	\$50,074,077	(\$28,227,138)	\$21,846,939
FTE	132.50	0.00	132.50

#### epartment No. 110 - Office of Management and Budget - Detail of Senate Changes

. • •	Removes Funding for Unemployment Insurance <sup>1</sup>	Removes Funding for Grants <sup>1</sup>	Removes Funding for Operating Expenses <sup>3</sup>	Removes Funding for Centers of Excellence <sup>4</sup>	Removes Funding for Prairie Public Broadcasting <sup>5</sup>	Remov Funding to. Statewide Equity Pool
Sąlaries and wages Operating expenses Capital assets	(\$1,500,000)		(1,176,000)			
Grants Prairie public broadcasting Centers of excellence		(223,000)		(25,300,000)	(2,023,138)	
Statewide equity pool  Total all funds	(\$1,500,000)	(\$223,000)	(\$1,176,000)	(\$25,300,000)	(\$2,023,138)	(10,000,000)
Less estimated income	(1,500,000)	(170,000)	(25,000)	(5,300,000)	0	(5,000,000)
General fund	\$0	(\$53,000)	(\$1,151,000)	(\$20,000,000)	(\$2,023,138)	(\$5,000,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Salaries and wages Operating expenses Capital assets Grants Prairie public broadcasting	Total Senate Changes (\$1,500,000) (1,176,000) (223,000) (2,023,138)					
Centers of excellence Statewide equity pool	(25,300,000) (10,000,000)					
Total all funds Less estimated income	(\$40,222,138) (11,995,000)					
General fund	(\$28,227,138)		4.0			
FTE	0.00					

<sup>&</sup>lt;sup>1</sup> This amendment removes \$1,500,000 from the salaries and wages line item for unemployment insurance.

<sup>&</sup>lt;sup>2</sup> This amendment removes \$53,000 in general fund grants for the boys and girls clubwork and \$170,000 in special funds for the firefighters association.

<sup>&</sup>lt;sup>3</sup> This amendment removes \$500,000 from the general fund for state contingencies, \$531,000 from the general fund for state memberships and related expenses, \$120,000 from the general fund for a state consultant, and \$25,000 in special funds for the Capitol Grounds Planning Commission.

<sup>&</sup>lt;sup>4</sup> This amendment removes funding for centers of excellence and loan and interest repayment for centers of excellence.

<sup>&</sup>lt;sup>5</sup> This amendment removes funding for Prairie Public Broadcasting.

This amendment removes Sections 5, 6, 7,8, 9, 11, 12, 13, 14, 15, 16, and 17.

# Testimony on SB 2015 Pam Sharp, Director Office of Management and Budget January 12, 2007

Good morning Chairman Holmberg and members of the Senate Appropriations Committee.

This morning I will cover the narrative sections of the appropriation bill and highlight the enhancements we have requested. Each of the division directors will present information on their respective divisions, which include Fiscal Management, Human Resource Management Services, Central Services, Facility Management, and Risk Management. This bill also includes funding for Prairie Public Broadcasting, however, a separate hearing has been scheduled for them for February 2; so you will hear their testimony at that time.

Funding for the Centers of Excellence is included in this bill and you will hear from Shane Goettle and Mark Nesbitt regarding the Centers.

**SECTION 1** of HB 2015 is the original appropriation for the Office of Management and Budget.

**SECTION 2** details the adjustments necessary to the original appropriation to get to the Governor's executive recommendation for the Office of Management and Budget.

SECTION 3 provides the appropriation by line item for all of OMB. Note that there is a separate line for Centers of Excellence in the amount of \$25.3 million. \$5.3 million of this amount is required to pay back principle and interest for the funds that were borrowed from the Bank of North Dakota in the current biennium for Centers of Excellence. The source for the repayment is the permanent oil tax trust fund. In addition, \$20.0 million is provided for funding of the Centers of Excellence for the 2007-09 biennium and the source of that funding is the general fund.

SECTION 4 allows Fiscal Management to carry over any unexpended funds for continued development and operating costs of accounting, management and payroll systems. At the beginning of the current biennium, \$915,103 was carried over. We estimate that we will have approximately \$1.5 million to carry over at the end of the current biennium. Out of this amount \$550,000 is from funding for new modules for ConnectND that have not been completed yet due to timing constraints. We do still plan on using this funding for additional modules and improvements for ConnectND during the 2007-09 biennium.

**SECTION 5** relates to the special items included in the Administration budget. These include \$53,000 for boys and girls club work, \$500,000 for Emergency Commission use on state contingencies, \$531,000 for state memberships and related expenses, \$170,000 for the Firemen's Association, \$1.5 million for unemployment insurance, \$25,000 for the Capitol Grounds Planning Commission and \$120,000 for a state consultant in Washington DC.

**SECTION 6** provides for a transfer of \$15.0 million from the land and minerals trust fund to the general fund. This is a transfer that is made every biennium and the amount depends on the earnings in the fund.

**SECTION 7** provides for a \$60.0 million transfer from the Bank of North Dakota to the general fund and states that any transfer authorized may only be made to the extent the transfer does not reduce the Bank's capital structure below \$175.0 million.

**SECTION 8** provides for the transfer of \$3.1 million from the North Dakota student loan trust fund.

**SECTION 9** provides \$5.3 million from the permanent oil tax trust fund for the purpose of paying back the Bank of North Dakota for \$5.0 million in loans as well as accrued interest related to Centers of Excellence.

**SECTION 10** allows \$750,000 to be spent by the Facility Management Division from the capitol building fund. This money will be spent mostly on restoration items for the capitol building and John Boyle will address that in his testimony.

**SECTION 11** provides funding to the Firemen's Association from the fire and tornado fund. This relates to the \$170,000 included in Section 5.

**SECTION 12** provides a statewide equity pool for classified state employees. \$5.0 million of general funds has been provided and \$5.0 million of special funds would also be spent for this purpose, for a total of \$10.0 million.

**SECTION 13** provides for 4 percent salary increases for state employees for each year of the 2007-09 biennium. Each employee whose documented performance meets all standards will receive a minimum of \$75. The remainder is to be distributed based on documented performance and equity.

A separate hearing has been scheduled on Monday, January 15 for state employee compensation.

**SECTION 14** is an amendment to Section 54-27.2-01 which relates to the budget stabilization fund. This amendment changes the cap on the budget stabilization fund from five percent of the state general fund budget to \$200.0 million.

SECTION 15 is an amendment that also relates to the budget stabilization fund. The current statute allows for a transfer from the budget stabilization fund only after we have exceeded a revenue shortfall of two and one-half percent. For example, if we projected a revenue shortfall of \$100.0 million, we would have to allot the first two and one-half percent of the budget, which would amount to \$61.7 million, and only then would we be able to draw the remainder of \$38.3 million from the budget stabilization fund. This amendment would allow us to avoid an allotment situation and would allow us to draw all of the shortfall from the stabilization fund.

SECTION 16 provides for a continuing appropriation from the permanent oil tax trust fund for the Governor's proposed property tax relief. HB 1051 provides the legislation for this property tax relief and that bill does contain an appropriation as well.

**SECTION 17** is an emergency clause for Section 3, which provides for the payback to the Bank of North Dakota for the principle and interest borrowed for Centers of Excellence. We are requesting the emergency clause so we can avoid paying as much interest as possible.

The following is a summary of OMB's major general fund funding requests:

- 1. \$3.0 million for deferred maintenance for the capitol complex and extraordinary repairs at the Heritage Center.
- 2. \$686,000 for one-time matching funds to Prairie Broadcasting to continue the conversion from analog to digital technology.
- 3. \$5.0 million in general funds for the salary equity pool. (Also includes \$5.0 million in special funds for the salary equity pool).
- 4. \$20.0 million for Centers of Excellence.
- 5. \$63,048 for a new FTE for vendor registry in Central Services.
- 6. \$48,435 for Filenet for vendor registry to store term contracts and vendor applications in an electronic format.

OMB's anticipated turnback for the 2005-07 biennium is \$150,000.

Each of the division directors will discuss these requests in more detail. When that is completed, Shane Goettle, Mark Nesbitt, and Chancellor Eddie Dunn will provide testimony on the Centers of Excellence.

# Testimony on SB 2015 Pam Sharp, Director Office of Management and Budget February 28, 2007

Good morning Mr. Chairman, and members of the Government Operations Division of the House Approprations Committee.

Engrossed Senate Bill 2015 looks completely different now than it did before the Senate finished their work on it.

The original SB 2015 contained seven pages and 17 sections. Engrossed Senate Bill 2015 is two pages and contains 5 sections. The Senate Appropriations Committee removed all of the sections that did not pertain directly to OMB's operating budget. All of the items removed from OMB's bill are critical and must be restored – if not in this bill, then in another bill.

An amendment restoring all of the items that were removed is attached at the end of this packet of testimony. The amendments are on the yellow pages.

This morning I will cover the amendment with you and review the narrative sections of the appropriation bill that were removed. I will also highlight the enhancements we have requested for OMB. Each of the division directors will present information on their respective divisions, which include Fiscal Management, Human Resource Management Services, Central Services, Facility Management, and Risk Management. This bill also includes funding for Prairie Public Broadcasting and John Harris will present testimony on that.

**SECTION 1** of SB 2015 is the original appropriation for the Office of Management and Budget. No amendments are necessary for this section.

**SECTION 2** details the adjustments necessary to the original appropriation to get to the Governor's executive recommendation for the Office of Management and Budget. Amendments to these numbers are provided in the yellow pages.

**SECTION 3** provides the appropriation by line item for all of OMB. Adjustments to these numbers are provided in the yellow amendments.

SECTION 4 was not changed and allows Fiscal Management to carry over any unexpended funds for continued development and operating costs of accounting, management and payroll systems. At the beginning of the current biennium, \$915,103 was carried over. We estimate that we will have approximately \$1.5 million to carry over at the end of the current biennium. Out of this amount \$550,000 is from funding for new modules for ConnectND that have not been completed yet due to timing constraints. We do still plan on using this funding for additional modules and improvements for ConnectND during the 2007-09 biennium.

The next section which is now Section 5 allows \$750,000 from the capitol building fund to be spent by facility management on restoration items for the capitol building, which John Boyle will talk about in his testimony.

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Please refer to the yellow amendments and I will go through each of the sections that were taken out.

SECTION 5 relates to the special items included in the Administration budget. These include \$53,000 for boys and girls club work, \$500,000 for Emergency Commission use on state contingencies, \$531,000 for state memberships and related expenses, \$170,000 for the Firemen's Association, \$1.5 million for unemployment insurance, \$25,000 for the Capitol Grounds Planning Commission and \$120,000 for a state consultant in Washington DC.

The \$1.5 million for unemployment insurance is money that OMB needs to pay unemployment insurance claims for all state employees. The source of this money is state employee payroll and our payroll system takes the appropriate amounts of money and puts it into this unemployment fund. OMB them pays all unemployment claims for state employees.

The \$500,000 for the emergency commission obviously needs to be restored and I believe OMB is the proper place for this since OMB is the only agency that has access to the accounting system and can make the changes approved by the emergency commission.

The counties would be very upset if they did not get the \$500 per county for each year of the biennium restored for the boys and girls club work, and the \$170,000 is extremely important for the Firemen's Association, as well. It is also important that the \$120,000 for the state's consultant in Washington DC be restored.

Finally, this section contains the authorization to pay \$531,000 for state dues and memberships. Certainly, all of these statewide dues and memberships don't have to be paid by OMB, but they do need to be paid.

**SECTION 6** provides for a transfer of \$15.0 million from the land and minerals trust fund to the general fund. This is a transfer that is made every biennium and the amount depends on the earnings in the fund.

SECTION 7 provides for a \$60.0 million transfer from the Bank of North Dakota to the general fund and states that any transfer authorized may only be made to the extent the transfer does not reduce the Bank's capital structure below \$175.0 million.

**SECTION 8** provides for the transfer of \$3.1 million from the North Dakota student loan trust fund.

**SECTION 9** provides \$5.3 million from the permanent oil tax trust fund for the purpose of paying back the Bank of North Dakota for \$5.0 million in loans as well as accrued interest related to Centers of Excellence.

The 59<sup>th</sup> Legislative Assembly directed OMB to borrow this money and seek authority from this Legislative Assembly to pay the money back from the Permanent Oil Tax Trust Fund. The full \$5 million has been borrowed and we do need the authority to pay it back.

**SECTION 11** provides funding to the Firemen's Association from the fire and tornado fund. This relates to the \$170,000 included in Section 5.

**SECTION 12** is an amendment to Section 54-27.2-01 which relates to the budget stabilization fund. This amendment changes the cap on the budget stabilization fund from five percent of the state general fund budget to \$200 million.

SECTION 13 is an amendment that also relates to the budget stabilization fund. The current statute allows for a transfer from the budget stabilization fund only after we have exceeded a revenue shortfall of two and one-half percent. For example, if we have a projected revenue shortfall of \$100.0 million, we would have to allot the first two and one-half percent of the budget, which would amount to \$61.7 million, and only then would we be able to draw the remainder of \$38.3 million from the budget stabilization fund. This amendment would allow us to avoid an allotment situation and would allow us to draw all of the shortfall from the stabilization fund.

**SECTION 14** is an emergency clause for Section 3, which provides for the payback to the Bank of North Dakota for the principle and interest borrowed for Centers of Excellence. We are requesting the emergency clause so we can avoid paying as much interest as possible.

These amendments restore all of the items that were cut by the Senate with the exception of the following items:

- 1. State employee compensation and statewide equity pool these are both provided for in SB 2189.
- 2. Funding for Centers of Excellence. The Senate has assured me they will be amending funding for Centers of Excellence into HB 1018, the Department of Commerce.
- 3. Continuing appropriation for the Governor's proposed property tax relief this continuing appropriation is now in HB 1051.

The following is a summary of OMB's major general fund funding increases requested in this budget:

- 1. \$3.0 million for deferred maintenance for the capitol complex and extraordinary repairs at the Heritage Center.
- 2. \$686,000 for one-time matching funds to Prairie Broadcasting to continue the conversion from analog to digital technology.
- 3. \$63,048 for a new FTE for vendor registry in Central Services.
- 4. \$48,435 for Filenet for vendor registry to store term contracts and vendor applications in an electronic format.

OMB's anticipated turnback for the 2005-07 biennium is \$150,000.

Each of the division directors will discuss these requests in more detail and John Harris from Prairie Public Broadcasting will provide information on our request for PPB.

# Proposed Amendments to Engrossed Senate Bill No. 2015

Page 1, Line 2, after the semicolon remove "and" and replace "an" with "for"

Page 1, line 3, remove "exemption" and replace with "various transfers and financial transactions; to amend and reenact sections 54-27.2-01, 54-27.2-03, and 57-51.1-07.2 of the North Dakota Century Code, relating to the budget stabilization fund and the permanent oil tax trust fund; to provide legislative intent; to provide a continuing appropriation; and to declare an emergency."

Page 1, line 22 replace "\$125,058" with "\$1,625,058"

Page 1, line 23 replace "(954,970)" with "221,030"

Page 2, line 1 replace "(388,000)" with "(165,000)"

Page 2, line 2 replace "(1,337,138)" with "686,000"

Page 2, line 5 replace "(\$38,059,031)" with "(33,136,893)"

Page 2, line 6 replace "(39,749,959)" with "(38,054,959)"

Page 2, line 7 replace "\$1,690,928" with "\$4,918,066"

Page 2, line14 replace "\$13,720,144" with "\$15,220,144"

Page 2, line 15 replace "10,386,136" with "11,562,136"

Page 2, line 17 replace "1,000" with "224,000"

Page 2 after line 17 insert:

"Prairie public broadcasting

2,023,138

Centers of excellence

5,300,000"

Page 2, line 18 replace "\$28,752,299" with "\$38,974,437"

Page 2, line 19 replace "6,905,360" with "13,900,360"

Page 2, line 20 replace "\$21,846,939" with "\$25,074,077"

Page 2, after line 25 insert:

"SECTION 5. INTENT. Within the authority included in section 3 of this Act are the following grants and special items:

Boys and girls clubwork	\$53,000
State contingencies	\$500,000
State memberships and related expenses	\$531,000
Firefighter's association	\$170,000
Unemployment insurance	\$1,500,000
Capitol grounds planning commission	\$25,000
State consultant	\$120,000

SECTION 6. LANDS AND MINERALS TRUST FUND TRANSFER TO THE GENERAL FUND. During the biennium beginning July 1, 2007, and ending June 30, 2009, the director of the office of management and budget is authorized to transfer special funds from the lands and minerals trust fund to the general fund in the amount of \$15,000,000.

SECTION 7. BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND. During the biennium beginning July 1, 2007, and ending June 30, 2009, the industrial commission shall transfer to the state general fund \$60,000,000 from the current earnings and the accumulated undivided profits of the Bank of North Dakota. The moneys must be transferred in the amounts and at the times requested by the director of the office of management and budget. A transfer authorized may only be made to the extent the transfer does not reduce the Bank's capital structure below \$175,000,000.

**SECTION 8. STUDENT LOAN TRUST FUND TRANSFER TO THE GENERAL FUND.** The industrial commission shall transfer to the general fund in the state treasury the sum of \$3,100,000 of earnings from the North Dakota student loan trust fund. The moneys must be transferred in the amounts and at the times requested by the director of the office of management and budget during the biennium beginning July 1, 2007, and ending June 30, 2009, and upon certification by the student loan trust trustee that sufficient moneys remain available to pay all debt service on student loan trust bonds, all required rebate payments to the United States treasury, and all program operating expenses."

"SECTION 9. PERMANENT OIL TAX TRUST FUND. The estimated income line item included in section 3 of this Act includes \$5,300,000, or so much of the sum as may be necessary, to be made available to the office of management and budget from the permanent oil tax trust fund for the purpose of repaying the Bank of North Dakota for loans and accrued interest relating to funds borrowed for centers of excellence."

Page 2, after line 29 insert:

**SECTION 11. FIRE AND TORNADO FUND.** The amount of \$170,000, or so much of the amount as may be necessary, included in the estimated income line item in section 3 of this Act, is from the fire and tornado fund."

"SECTION 12. AMENDMENT. Section 54-27.2-01 of the North Dakota Century Code is amended and reenacted as follows:

**54-27.2-01. Budget stabilization fund.** The budget stabilization fund is a special fund in the state treasury. The state investment board shall supervise investment of the budget stabilization fund in accordance with chapter 21-10. Any interest or other budget stabilization fund earnings must be deposited in the fund. Any amounts provided by law for deposit in the fund and any interest or earnings of the fund which would bring the balance in the fund to an amount greater than five percent of the current biennial state-general fund budget, as finally approved by the most recently adjourned-special or regular session of the legislative assembly, two hundred million dollars may not be deposited or retained in the fund but must be deposited instead in the state general fund.

**SECTION 13. AMENDMENT.** Section 54-27.2-03 of the North Dakota Century Code is amended and reenacted as follows

54-27.2-03. Transfers and expenditures from budget stabilization fund. If the director of the office of management and budget projects that general fund revenues for the biennium will be at least two and one-half percent less than estimated by the most recently adjourned special or regular session of the legislative assembly, and if the governor orders a transfer, which must be reported to the budget section of the legislative council, the state treasurer shall transfer the appropriate funds from the budget stabilization fund to the state general fund to offset the decrease in general fund revenues. The amount transferred from the budget stabilization fund upon order of the governor may not exceed the difference between an amount two and one half percent below the general fund-revenue projections for the biennium of the most-recently adjourned special or regular session-of-the-legislative assembly and the general fund revenue projections for the biennium by the director of the office of management and budget. The amount transferred from the budget stabilization fund upon order of the governor to the state general fund may be expended within the limits of legislative guidelines and general fund appropriations of the most recently adjourned special or regular session of the legislative assembly. For purposes of this section, "general fund revenues for the biennium" and "general fund revenue projections for the biennium" include the general fund balance at the beginning of the biennium.

**SECTION 14. EMERGENCY.** The centers of excellence and estimated income line items in Section 3 of this Act include \$5,300,000, which is declared to be an emergency measure.

Renumber accordingly

# Testimony on SB 2015 Sheila Peterson, Director OMB Fiscal Management Division January 12, 2007

Good morning Mr. Chairman, and members of the Senate Appropriations Committee.

My name is Sheila Peterson. I am the Director of the Fiscal Management Division of OMB.

The Fiscal Management Division has four major areas of responsibility: budget, accounting, payroll, and financial reporting.

We measure our success in terms of peer evaluation. Our peer evaluations come through the Government Finance Officers Association (GFOA) of the United States and Canada. Our last Comprehensive Annual Financial Report (CAFR) again received the GFOA Certificate of Achievement for Excellence in Financial Reporting. We have received this award every year since 1991. Our last budget documents again received the GFOA Distinguished Budget Presentation Award. We have received this award every biennium since 1993.

The Fiscal Management Division currently has 21.00 FTE. All total, the Governor recommended \$16.2 million for next biennium; \$10.0 million of this amount is the statewide equity pool. The remaining amount, \$6.2 million, is for the operations of the divisions.

Ninety-two percent of the Fiscal Management budget falls into two categories - data processing and salaries. All of our functions depend on technology - accounting, payroll, budget, and financial reports - and people. The remainder of our bigger expenses includes consultants and printing. Consultants are hired for revenue and economic forecasting, cost allocation, and assisting us in the statewide comprehensive annual financial reports. Printing expenses include the CAFR and all budget documents.

Mr. Chairman, that concludes my remarks. I would be happy to answer any questions.

#### Testimony on SB 2015 Sheila Peterson, Director OMB Fiscal Management Division February 28, 2007

Good morning Mr. Chairman and members of the Government Operations Division of the House Approprations Committee.

My name is Sheila Peterson. I am the Director of the Fiscal Management Division of OMB.

The Fiscal Management Division has four major areas of responsibility: budget, accounting, payroll, and financial reporting.

We measure our success in terms of peer evaluation. Our peer evaluations come through the Government Finance Officers Association (GFOA) of the United States and Canada. Our last Comprehensive Annual Financial Report (CAFR) again received the GFOA Certificate of Achievement for Excellence in Financial Reporting. We have received this award every year since 1991. Our last budget documents again received the GFOA Distinguished Budget Presentation Award. We have received this award every biennium since 1993.

The Fiscal Management Division currently has 21.00 FTE. All total, the Governor recommended \$16.2 million for next biennium; \$10.0 million of this amount was the statewide equity pool, which was moved to SB 2189. The remaining amount, \$6.2 million, is for the operations of the division.

Ninety-two percent of the Fiscal Management budget falls into two categories - data processing and salaries. All of our functions depend on technology - accounting, payroll, budget, and financial reports - and people. The remainder of our bigger expenses includes consultants and printing. Consultants are hired for revenue and economic forecasting, cost allocation, and assisting us in the statewide comprehensive annual financial reports. Printing expenses include the CAFR and all budget documents.

Mr. Chairman, that concludes my remarks. I would be happy to answer any questions.

# Testimony SB 2015 Laurie Sterioti Hammeren, Director OMB Human Resource Management Services January 12, 2007

Good morning, Chairman Holmberg and members of the Senate Appropriations Committee. I am Laurie Sterioti Hammeren, Director of Human Resource Management Services, a division of the Office of Management and Budget.

Human Resource Management Services has 10.50 FTE positions and is responsible for maintaining a unified system of human resource management covering more than 50 agencies and 6,420 classified employees. Our mission is to actively promote effective management in North Dakota State government by providing leadership and expertise in human resource services. We provide an array of services in four broad functional areas:

- Classification and Compensation
- Human Resource Consulting and Coaching
- Employment Services to include mediation
- Training and Development

Significant resources and technical support are provided to agencies including the continued development and maintenance of the HRMS web site, <a href="www.nd.gov/hrms">www.nd.gov/hrms</a>, which includes:

- Job Openings, employment application forms, and other employment information for applicants
- Supervisor's Guide- a guide for managers on human resource laws and rules, as well as other management information, and human resource forms
- A link to Legislative Council's Administrative Rules
- Compensation information such as the 2006 ND State Employee Compensation Report which we presented to you last week
- Job Class Index & Descriptions, pay grades and ranges
- Training Course Listings
- Other information such as the ND State Employee Fact Sheet (Dec.-2006) and HRMS presentations

We measure our performance through a variety of means:

- Quarterly meetings with State agency human resource contacts where we provide information and receive feedback to determine our direction
- Surveys regarding special needs, topics, requested services, and customer service
- Statistical data to monitor the effectiveness of technical assistance provided, to plan for future service needs, and to measure the accomplishment of performance goals.

Our budget request for this next biennium is \$1,533,194 from the general fund. Ninety-three percent of HRMS' program costs are salaries for 10.50 FTE positions. All of the Division's services require human capital. Operating expenses account for seven percent of HRMS'

program costs. Operating expenses focus on the services provided to agencies through printing, our website and maintaining staff expertise.

HRMS has requested a one-time expenditure not to exceed \$37,630 to redesign the HRMS Website. ITD has recommended that we budget this amount for this project. The primary purpose of this redesign is to enhance usability and navigation, and will result in advanced search capability, solid navigational and architectural mechanisms for positive user experience, streamlined internal processes, and conformance to state government web development standards.

Mr. Chairman, members of the Committee, this concludes my remarks. I am available to answer any questions.

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# Testimony SB 2015 Linda Belisle, Director OMB Central Services Division January 12, 2007

Chairman Holmberg and members of the Committee, my name is Linda Belisle. I'm the director of the Central Services Division.

Central Services consists of 4 distinct and diverse programs. They are:

- 1. Central Duplicating Services (NDCC 54-44-04(21), NDCC §46-01 and NDCC §46-02) provides printing services for state agencies and departments by operating a print shop located in the capitol building. Services include printing of letterhead, envelopes, business cards, brochures, and forms, graphic design, and delivery of printing and supply orders in the capitol complex.
- 2. Central Supply (NDCC §54-44-04.19) offers agencies the convenience of an on-site source for commonly used office supplies and equipment. Items purchased from state term contracts at the best price possible are stocked and re-sold to agencies.
- 3. State Procurement Office (NDCC §54-44.4) provides purchasing services for and assistance to agencies and departments for the purchase of goods and services. In addition, personnel from the State Procurement Office manage and maintain the PeopleSoft vendor database which is used by all state agencies including the institutions under the jurisdiction of the State Board of Higher Education.
- 4. State and Federal Surplus Property (NDCC §54-44-04.6 and NDCC §54-44-04.5)
  - a. Provides disposal services for state agencies and departments of their fixed assets and allows for the transfer of fixed assets between state agencies.
  - b. Responsible for the acquisition of Federal personal property surplus to the needs of the Federal government and distribution of that property to eligible recipients as defined by Federal law.

Each of the programs is committed to providing economical and timely services through the administration of its programs. Performance is measured through the use of customer satisfaction surveys and other feedback from agencies and departments.

Central Services Division's total budget request is \$6,279,242. Approximately 80 percent of that or \$4,910,442 is special fund authority for the Division's three service funds – Central Duplicating, Central Supply, and Surplus Property. Expenditures for these operations are recovered through billings of direct and indirect costs for the services performed.

The remaining request or \$1,368,800 is general fund appropriation for the State Procurement Office. This appropriation will fund normal operations at the 2005-07 biennium level and includes funding for one additional FTE. The FTE is needed due to the increased workload related to the management of the PeopleSoft vendor database, which consists of approximately 90,000 vendors and employees from all state agencies and higher ed institutions. The database is expected to grow by an additional 30,000 vendors by the end of 2007.

This concludes my testimony and I will be happy to answer any questions you may have.

## Testimony on SB 2015 John Boyle, Director OMB Facility Management Division January 12, 2007

Good morning Chairman Holmberg and members of the Senate Appropriations Committee. My name is John Boyle. I am the Director of the Facility Management Division within the Office of Management and Budget.

The Facility Management Division is currently comprised of 62 full-time employees. These employees provide central mailroom and tour guide services as well as custodial work, grounds and landscaping, and maintenance within the Capitol Complex. These state employees ensure the public, elected officials, appointed officials, and other state employees working within the Capitol Complex are provided a safe, clean and friendly environment.

We are requesting \$13,029,284 in spending authority for the next biennium. This equates to \$12,279,284 from the general fund and \$750,000 in special funds for the next biennium. The amount requested from the general fund is a 48 percent increase from the budgeted amount requested two years ago. The majority of this increase is attributed to one-time extraordinary repairs in the amount of \$3,000,000 being appropriated from the general fund.

Sixty-nine percent of my Division's general fund budget falls into two categories - operating expenses and salaries. The three largest items within the operating expenses are monthly utilities, daily repairs, and daily maintenance. The remaining 31 percent of the budget accounts for our extraordinary repairs, maintenance and equipment. A few of the items within this category include the addition of two blank panels and the correcting of the names on the All Veterans Memorial, restoration projects in the Capitol, heat pump and carpet replacement for the Heritage Center, and parking lot repairs at the Judicial Wing and the State Office Building.

Facility Management takes pride in providing a safe, clean and friendly environment to all those using the Capitol Complex. It is our goal to ensure that we maintain these standards each biennium. Facility Management measures our effectiveness by utilizing our work order management system and by conducting surveys.

Mr. Chairman, this concludes my prepared remarks. At this time, I would be happy to answer any of your questions.

## Testimony on SB 2015 John Boyle, Director OMB Facility Management Division February 28, 2007

Good morning Mr. Chairman and members of the Government Operations Division of the House Appropriations Committee. My name is John Boyle. I am the Director of the Facility Management Division within the Office of Management and Budget.

The Facility Management Division is currently comprised of 62 full-time employees. These employees provide central mailroom and tour guide services as well as custodial work, grounds and landscaping, and maintenance within the Capitol Complex. These state employees ensure the public, elected officials, appointed officials, and other state employees working within the Capitol Complex are provided a safe, clean and friendly environment.

We are requesting \$13,029,284 in spending authority for the next biennium. This equates to \$12,279,284 from the general fund and \$750,000 in special funds for the next biennium. The amount requested from the general fund is a 48 percent increase from the budgeted amount requested two years ago. The majority of this increase is attributed to one-time extraordinary repairs in the amount of \$3 million being appropriated from the general fund.

The Capitol Grounds Planning Commission requested the \$750,000 appropriation of these special funds from the Capitol Building Trust. These special funds will be used for projects within the Capitol to include the restoration of the brass columns and the black Belgium marble wall located in Memorial Hall.

Sixty-nine percent of my Division's general fund budget falls into two categories-operating expenses and salaries. The three largest items within the operating expenses are monthly utilities, daily repairs and daily maintenance. The remaining 31 percent of the budget accounts for our extraordinary repairs, maintenance and equipment. A few of the items within this category include the addition of two blank panels and the correcting of the names on the All Veterans Memorial, restoration projects in the Capitol, heat pump and carpet replacement for the Heritage Center and parking lot repairs at the Judicial Wing and the State Office Building.

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Mr. Chairman, this concludes my prepared remarks. At this time, I would be happy to answer any of your questions.

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## Testimony on SB 2015 Jo Zschomler, Director OMB Risk Management Division January 12, 2007

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Mr. Chairman, and members of the Senate Appropriations Committee, my name is Jo Zschomler. I am the Director of the Risk Management Division of OMB.

The Risk Management Division was established to promote safety and reduce loss resulting from the state's tort liability and employee injury claims by identifying and measuring risks of loss and implementing appropriate measures to address those risks.

The Division staff consists of the director, the manager of the risk management workers compensation program, a claims manager, a loss control analyst, and an administrative assistant.

On the tort liability side, the Division administers all claims and lawsuits filed against the state and state employees through the Risk Management Fund. Contribution rates for the fund are determined by an actuarial review of each state entity's loss history. The entities can reduce their required contributions by 15 percent if they can document that they have developed the proactive loss control criteria established by the Division that was developed to reduce the number and severity of claims and lawsuits.

On the workers compensation side, the risk management workers compensation program (RMWCP) continues to save premium workers compensation dollars due to the establishment of the account that consolidated 143 state agency accounts, authorized a \$100,000 deductible per claim, and facilitated the cross agency return-to-work program. Workforce Safety and Insurance estimates that for the five-year period of July 1, 2001 (the inception of our program) until June of 2006, the savings in premiums paid to WSI by state agencies was \$5,812,097.

In the last two years the Division has been able to pass approximately \$4.6 million of workers compensation premium savings on to state agencies by:

- 1) Establishing a discount program for up to a 17 percent reduction in premium. This program emphasizes claims management, prompt claims reporting, return to work, and effective ergonomics.
- 2) Establishing a designated medical provider program that eliminates the deductible on claims that comply with the program requirements.
- 3) Augmenting the WSI 40 percent premium dividend with a RMWCP dividend program that is based on an incurred loss ratio (paid losses plus reserves divided by premium.)

The Division measures it performance by benchmarking against its own loss history and participating in a cost of risk survey with other state governmental entities. The survey report for fiscal 2005 showed North Dakota's tort liability program costs were .07 percent of the state's

Operating Expenditure. The average for all of the participating states was .16 percent. Our workers compensation program cost per \$100 of payroll was the lowest at .23 percent. The average for all participating states was 1.37 percent. Our automobile liability cost per vehicle was \$246 as compared with an average of \$332 for all participating states. Incurred losses for tort liability, automobile liability and workers compensation were the lowest of the 11 participating states.

The 2005 Legislature appropriated \$1,149,594 for the Division's budget. Our requested budget for 2007-2009 biennium is \$1,244,918.

Thank you.

#### IMPACT TO BND ON NOT HAVING \$60 MILLION TRANSFER TO GENERAL FUND FOR THE BIENNIUM JULY 1, 2007 – JUNE 20, 2009

#### IMPACT ON INCOME(OPERATING PERFORMANCE):

This current biennium BND is transferring the \$60 million to the general fund as follows:

\$30 million – December 31, 2006

\$30 million – June 30, 2007

The same dates as above were used to calculate the impact of BND not making the transfers to the general fund in the next biennium. BND's earnings would increase during the period January 1, 2009 – June 30, 2009. This is based on the bank having additional interest free money of \$30 million for this six month period, earning at the current Federal Funds Rate of 5.25%, BND would have additional interest earnings of 3.75%, or \$562.500. Either the bank or the State Treasuerer has this \$562,500 in earnings depending on whose name is attached to the money.

#### IMPACT ON RETURN ON EQUITY:

Retaining the transfers, in turn, growing equity, the banks return on equity goes from having averaged 24% over the past 4 years to being 20% in calendar year 2008 and 18.5% in calendar year 2009. This is because we currently do not have the ability to grow the loan portfolio and leverage these equity dollars and therefore, return on equity would decrease.

#### IMPACT ON BALANCE SHEET(FINANCIAL POSITION):

If BND retains the \$60 million, the banks capital will increase by the \$60 million. An important ratio for BND is its leverage ratio, which basically is capital/average quarterly assets. Capital at June 30, 2009 would be at \$275 million versus being at \$215 million. Based on this, the leverage ratio of the bank based on \$2.3 billion in average quarterly assets would be at nearly 12% versus being at 9.3%. A bank is considered well capitalized if the leverage ratio is above 5%. BND's target is 8%. North Dakota banks leverage ratios average around 10%. The leverage ratio is a measure of the financial strength of the bank.

Prepared by Eric Hardmeyer, President, Bank of North Dakota

### Testimony on the Centers of Excellence Initiative SB 2015

#### By Chancellor Eddie Dunn North Dakota University System

### Senate Appropriations Committee January 12, 2007

Chairman Holmberg,

My comments will be brief. I will only make four points:

First, the Centers of Excellence initiative has had a very positive impact on the North Dakota University System. As all of you know, especially Senator Holmberg as the most recent chairman of the Roundtable, the Roundtable has charged the University System with taking on a much stronger role in enhancing North Dakota's economy. No other initiative, at least in recent history, has had a greater impact in helping make that happen.

Second, one of the most valuable results of the initiative is that it has stimulated discussion with business and industry regarding how the colleges or universities in the region or within the institution's mission, can contribute to the most fundamental purpose and expectation of the centers: Create new private sector businesses and employment and do so throughout the state. One of the most valuable aspects of these discussions is that it has caused communities, regions, business and industry – in conjunction with the colleges and universities – to talk about the development opportunities that exist and how the colleges and universities can help respond to these opportunities. That is precisely what is needed if we are to take on the challenges of a state with limited population.

Third, it has helped forge a much stronger, trusting working relationship with the North Dakota Department of Commerce. I believe legislators, economic developers and community leaders expect higher education and the Department of Commerce to work together to help make economic development and quality of place a reality. I believe we have made strong progress in that area in the past year and much of the credit is due to Commissioner Goettle. He understands the importance and the power of linking economic development and higher education.

Last, but certainly not least and on behalf of all of the college and university presidents, I would like to express my admiration and appreciation to Mr. Mark Nisbet. The time and effort he has invested in this initiative, as evidenced by his thorough understanding of each of the Centers of Excellence funded – as well as those considered but not funded – goes far beyond what anyone should reasonably expect of a private sector volunteer.

The Centers of Excellence is an important vehicle for creating the necessary partnerships and strengthening North Dakota's economy. I would strongly encourage continued funding of this important initiative.

#### Testimony in Support of SB 2015 January 12, 2007 Senate Appropriations Committee

#### Mark Nisbet - Chairman of the Centers of Excellence Commission

Mr. Chairman and members of the committee, my name is Mark Nisbet. I serve as chairman of the Centers of Excellence Commission and as part of the Economic Development Foundation. At my day job I'm the principal manager for Xcel Energy in North Dakota.

I'm here today to visit with you about the exciting things happening in North Dakota driven by the Centers of Excellence program. In my role as chair of the Commission I have had the opportunity to visit many of the communities associated with the Centers and I have been especially impressed with the level of excitement this program generates. Businesses are eager to partner with the colleges and universities and the colleges and universities are equally as excited to now have the resources to partner with businesses. And members of the communities involved are excited about prospects of the new high-wage private sector jobs made possible by these Centers. I should also note that some of the partners were eager to come in and testify on behalf of the program, but in the essence of time we opted not to do so.

As you are aware, last session Centers of Excellence was approved by the legislature as a \$50 million program, with \$20 million appropriated for the current biennium and legislative intent for another \$30 million in the future bienniums. The governor has included \$20 million in SB 2015 as the next installment for this program in SB 2015. I'm asking for your support of this request.

The Centers of Excellence Commission has taken very seriously our role within the program; both in approving applications and monitoring Centers for compliance. When deciding to approve applications we look directly to the statute for guidance on how each Center's application fits with the legislative criteria. In fact if you take a look at the Center's application form you will find that most of the questions are directly asking the applicant to describe how they will fulfill each legislative criteria laid out in statute.

In order to fulfill our responsibility in monitoring Centers for compliance with award requirements we have enlisted the assistance of the Department of Commerce. As a Commission we have requested detailed annual reports from each of the Centers, as well as brief narratives for quarterly updates. We understand the importance of accountability with such a large investment of public money.

I would like to give you a brief update on the 11 Centers that have been approved for funding. These Centers are located across the state and are directed at various sectors of our economy. The approved Centers include:

Center for Advanced Electronics Design & Manufacturing – NDSU, Fargo

- Dakota Center for Technology Optimized Agriculture LRSC, Devils Lake
- National Center for Hydrogen Technology UND EERC, Grand Forks
- National Energy Center of Excellence BSC, Bismarck
- Center for Agbiotechnology NDSU, Fargo
- Center for Unmanned Aerial Systems UND, Grand Forks
- Center for Petroleum Safety and Technology WSC, Williston
- Institute for Customized Business Solutions VCSU, Valley City
- Center for Surface Protection NDSU, Fargo
- Center for Entrepreneurship and Rural Revitalization DSU, Dickinson
- Center of Excellence in Life Sciences and Advanced Technologies UND, Grand Forks

In the interest of time I won't give specifics on each of the Centers, but I would like to highlight three of them as examples on how Centers of Excellence promising to grow and diversify our economy.

The National Center for Hydrogen Technology (NCHT) conducts extensive research in hydrogen and fuel cell technology. The \$2.5 million in Centers of Excellence funding is matched with \$500,000 from the Grand Forks Growth Fund for the construction of the NCHT research facility. This facility is necessary in order to enhance their capacity to conduct research and has already lead to over \$24 million in matching dollars in the form of sponsored research as of December, 2006. This number promises to go even higher. The economic benefits to the state include not only the research being conducted here, which in itself will add 50 new jobs with an average salary over \$60,000; but more importantly the research will ultimately lead to job growth in private sector partner companies such as ePower Synergies, Inc.; Kraus Global, Inc.; Basin Electric Power Cooperative; and Phoenix Industries. Research being conducted includes hydrogen from coal, biomass-to-hydrogen, integrated hydrogen and ethanol production, and wind-to-hydrogen.

The Center for Agbiotechnology: Oilseed Development serves as an example of how Centers of Excellence can benefit the entire state. This Center's mission is to facilitate the sustainable long-term development of oilseed agriculture in North Dakota. The initial focus is on canola research, in which they will be partnering with Monsanto, a leading agbiotechnology company, and ADM and Dakota Skies Biodiesel; who have announced plans for canola-based biodiesel plants in Velva and Minot. The Center will develop germplasm, conduct product and agronomic tests, evaluate these lines for their use in biodiesel, explore potential commercial applications for their special oil characteristics, and conduct economic, marketing, and new product strategies. Ultimately bringing value-added traits into agricultural crops, such as canola, will benefit the net income of North Dakota producers.

The Center for Entrepreneurship and Rural Revitalization – Institute for Technology and Business initial focus is working with Killdeer Mountain Manufacturing to expand its high-tech aerospace manufacturing business which will lead to additional jobs in rural North Dakota communities. This partnership is projected to create 80 to 120 jobs within

5 years. Specifically, the Institute for Technology and Business will assist with the implementation of advanced "supply chain transparency" technology that incorporates Radio Frequency Identification (RFID) tags; as well as provide consulting services for business and leadership development. The Institute will also work with other partners to create a capacity for supporting entrepreneurs and businesses in addition to KMM.

Centers of Excellence have brought about many great partnerships. Obviously each of the Centers represents partnership between the private sector and the individual college or university. Another partnership I have been blessed to participate with is the cooperative effort among the Commission, the ND University System, and the Department of Commerce; all working together to create a Centers of Excellence program that is truly excellent. Chancellor Eddie Dunn has been a great proponent of Centers of Excellence since the beginning and the cooperation with the University System as a whole has helped make it a successful program. Commerce Commissioner Shane Goettle has also generously offered staff support to the Commission in helping conduct due diligence of the applications and with follow-up monitoring of the approved Centers. Centers of Excellence have showcased what can be accomplished in terms of economic development when we all work together.

The statistics show that North Dakota's economy is growing and I believe Centers of Excellence play an important role in continuing that growth. I encourage you to continue to invest in North Dakota's future and ask that you support the Governor's request of \$20 million for Centers of Excellence.

Thank you for your time and attention. I would be happy to answer any questions.

#### Detailed Centers of Excellence Matching Funds

	Center of Excellence	BSC	NDSU: Electronics	UND: EERC	LRSC	NDSU: Oilseed	NDSU: Surface			VCSU	wsc	DSU	Totals
(	COE Award	\$3,000,000	\$3,000,000	\$2,500,000		, , , , , , , , , , , , , , , , , , , ,		\$1,000,000				\$1,150,000	\$20,000,000
	Private Sector Cash Match	\$2,650,000	\$0	\$4,087,453	\$0	\$0	V		\$7,250,000	·	\$0	\$340,000	\$14,832,416
1	Non-Private Sector Cash Match	\$2,472,000	\$3,725,000	\$5,739,467	\$0	\$0	\$2,152,537	\$3,200,000	\$2,850,000	\$0	\$0	\$180,000	\$20,319,004
, 1	Total Cash Match	\$5,122,000	\$3,725,000	\$9,826,920	\$0	\$0	\$2,657,500	\$3,200,000	\$10,100,000	\$0 .	\$0	\$520,000	\$35,151,420
	Private Sector in Lieu of Cash	\$0	\$3,050,000	\$481,199	\$8,000	\$0	14	\$0	\$0	\$4,274,829		\$2,105,000	\$10,721,528
⇒ ⊢	Private Sector In-Kind	\$1,000,000	\$0	\$0	\$627,000	\$10,500,000	<del>                                    </del>	\$1,000,000		\$0	\$918,128	+ <del></del> -	\$14,586,048
<u> </u>	Non-Private Sector in Lieu of Cash	\$0	\$0	\$0		\$0	· -		\$0	\$0	\$0	\$0	\$0
ığı	Non-Private Sector In-Kind	\$1,220,000	\$0	\$0	\$589,704	\$0	1 * -	\$0	\$0	\$821,504	\$0	\$242,000	\$2,873,208
율	Total in Lieu of Cash & In-Kind Contributions	\$2,220,000	\$3,050,000	\$481,199	\$1,224,704	\$10,500,000	\$1,343,420	\$1,000,000	\$0	\$5,096,333	\$918,128	\$2,347,000	\$28,180,784
/3 T									ļ				
F	Private Sector Total Match	\$3,650,000	\$3,050,000	\$4,568,652	\$635,000	\$10,500,000		\$1,000,000		\$4,274,829			\$40,139,992
ı İr	Non-Private Sector Total Match	\$3,692,000	\$3,725,000		\$589,704	\$0		\$3,200,000		-	\$0	\$422,000	\$23,192,212
, j <del>.</del>	Total Match	\$7,342,000	\$6,775,000	\$10,308,119	\$1,224,704	\$10,500,000	\$4,000,920	\$4,200,000		\$5,096,333		-	\$63,332,204
ĪF	Private Sector Funds	\$0	\$0	* - 1	\$0	<u> </u>		1	\$0	\$0	\$0	\$0	\$1,362,968
ı	Non-Private Sector Funds	\$0	\$0	\$11,775,750	\$45,000	\$0	\$0	\$0	\$0		\$0	\$0	\$11,820,750
, F	Total Cash Contributions	\$0	\$0	\$13,138,718	\$45,000	\$0	\$0	\$0	\$0 .0	\$0	\$0	\$0	\$13,183,718
ιĖ							į.						
₽ F	Private Sector in Lieu of Cash	\$0	\$0	\$0	\$0	\$0	1	\$0	\$0	\$0	\$0	\$0	\$0
	Private Sector In-Kind	\$0	\$0		\$22,400	\$0	<u> </u>	\$0	\$0	\$2,720	\$0	\$0	\$1,461,201
ğ	Von-Private Sector in Lieu of Cash	\$0	\$0		\$0	\$0	ļ <del>-</del>	\$0	\$0	\$0	\$0	\$0	\$0
ותו	Non-Private Sector In-Kind	\$0	\$0	\$0	<b> \$</b> 0	\$0	\$0	\$0	\$0	\$0	\$0	<b>\$</b> 0	\$0
直	Total in Lieu of Cash & In-Kind Contributions	\$0	\$0	\$1,436,081	\$22,400	\$0	\$0	\$0	\$0	\$2,720	\$0	\$0	\$1,461,201
, <b>*</b>							[	<u> </u>	ļ <u></u>				
	Private Sector Additional Leveraged Funds	\$0	\$0	\$2,799,049	\$22,400	\$0	L	\$0	\$0	\$2,720	\$0	\$0	\$2,824,169
	Non-Private Sector Additional Leveraged Funds	\$0	\$0	\$11,775,750	\$45,000	\$0	1, -	\$0	\$0	\$0	\$0	\$0	\$11,820,750
,  -	Total Additional Leveraged Funds	\$0	\$0	\$14,574,799	\$45,000	\$0	\$0	<b> \$</b> 0	\$0	\$2,720	\$0	\$0	\$14,622,519
$\overline{}$		Ï											
ıF	TOTAL Private Sector	\$3,650,000	\$3,050,000	\$7,367,701	\$657,400	\$10,500,000	<del>                                     </del>	\$1,000,000	<del></del>	\$4,277,549		<del> </del>	\$42,964,161
٦ <del> </del>	TOTAL Non-Private Sector	\$3,692,000	\$3,725,000	\$17,515,217	\$634,704	\$0		\$3,200,000		\$821,504	\$0	\$422,000	\$35,012,962
1 <del>2</del> 1	TOTAL	\$7,342,000	\$6,775,000	\$24,882,918	\$1,269,704	\$10,500,000	\$4,000,920	\$4,200,000	\$10,100,000	\$5,099,053	\$918,128	\$2,867,000	\$77,954,723
ďβ	<u></u>	1	·					<u></u>					
,  -	TOTAL revised w/ new EERC information	\$7,342,000	\$6,775,000	\$29,287,051	\$1,269,704	\$10,500,000	\$4,000,920	\$4,200,000	\$10,100,000	\$5,099,053	\$918,128	\$2,867,000	\$82,358,856
$\overline{}$							L	ļ	<u> </u>				1
Πİ	Notes:				<u> </u>					ļ			
- 1	'in lieu of cash" refers to new dollars that are exp			ļ		<u> </u>			1				
<u> </u>	'In-Kind" refers to exsisting recources that are pr	ut forward f	or use on the proje	ect	_			l			<u> </u>		
- 14	'I everaged funds" are eligible matching funds th	at were put	t forward after the I	ime of the a	pplication.		<u> </u>	l	<u> </u>	<u> </u>	<u> </u>	ļ	<del> </del>
The UND EERC provided new information to the House Appropriations at their testimony on Match 13, that showed total leveraged funds of \$29,287,051 for the NCHT.											1		

# DEPARTMENT OF COMMERCE TESTIMONY ON SB 2015 JANUARY 12, 2007, 11:00 A.M. SENATE APPROPRIATIONS COMMITTEE HARVEST ROOM SENATOR RAY HOLMBERG, CHAIRMAN

#### SHANE GOETTLE - COMMISSIONER, ND DEPARTMENT OF COMMERCE

Mr. Chairman and members of the committee, good morning. I am Shane Goettle, Commissioner of the North Dakota Department of Commerce, and I am here before you today in support of SB 2015; specifically the continued funding of Centers of Excellence.

The Department of Commerce's mission is to lead efforts to attract, retain, and expand wealth; ultimately leading to an improved quality of life for the people of North Dakota. In our context, wealth is much more than just monetary wealth for the state—it also means wealth found our state and community infrastructure, wealth found in the skills and training of our people, and wealth found in the take-home pay of our workers and families.

In order to grow our economy it is important that we utilize both our natural and institutional resources. Our use of natural resources is evident in the growth we are seeing in both agriculture and energy with the creation of new ethanol and biodiesel plants across the state. Just as we learn better ways to harvest our natural resources and add-value to them to produce jobs and wealth for economy, so to can we learn better ways to utilize our institutional resources and capture the value inherent in the bright minds and extensive resources that exist in our University System. The Centers of Excellence program is designed to do just that--enhance our institutional resources while at the same time helping private business expand and develop new products and services. Centers of Excellence are already showing potential to attract some of the best and brightest minds into North Dakota.

The Department of Commerce has worked along with the ND University System office in providing staff support for the Centers of Excellence Commission and helping with the initial review of Center applications for completeness and compliance. We have experienced remarkable cooperation with the ND University System in working on the Centers of Excellence program. On a personal note, I would like to thank Chancellor Eddie Dunn for all the time and effort he has put into making Centers of Excellence a success.

The Centers of Excellence award funding should be looked at as an investment portfolio. As with any investment portfolio it is important to monitor it for results and manage it for performance. We have already taken the initiative to assist the Centers of Excellence Commission with the ongoing follow-up and monitoring of the Centers. This allows us to not only provide the Commission members with the information they need, but it also puts Commerce personnel in direct contact with each Center to help each of them identify additional opportunities and partnerships. We have recently collected annual reports from each of the Centers. We received great cooperation in working with each Center in creating the reporting format and we look forward to continuing to build on those relationships. Our commitment with

respect to follow-up and monitoring is to keep everyone focused on the outcomes that we all hope to realize from this program – new products, new services, new jobs, and new wealth.

Economic development is an ever-changing process. In the past, growth strategies focused to a very large degree on attracting large, out of state businesses into the state. It was essentially a zero-sum game, our gain was another state's loss or vice versa. Today, communities and regions in this world that are experiencing the strongest success in economic development are looking within their own borders, developing the natural and institutional resources that they have, and building on the talent that exists in their area to stimulate profitable new business ideas and ventures.

This is approach is at the core of the focus on innovation that has become so prominent in the business world today. At Commerce, we are implementing a variety of "build from within" strategies. Development of our energy and value-added ag resources is a major one. Innovate ND — the effort to help people turn their business ideas into functional businesses is another. Experience North Dakota is another example of trying to build on our resource — trying to attract those people who have roots in North Dakota back here to hold positions in our growing economy. And Centers of Excellence is a vital build from within strategy.

I believe innovation is the fuel for reinventing our economy and higher education is a primary source for this fuel. The Centers of Excellence program maximizes the resources and investments we have in the University System and directs them toward private sector. This program has the potential to fuel innovation and stimulate new private sector economic engines that will generate new prosperity in our state. It should be viewed and measured as an economic development program designed to grow our state.

Thank you for your time this morning.

## Testimony on Centers of Excellence March 13, 2007 House Appropriations, Government Operations Division

#### Mark Nisbet - Chairman of the Centers of Excellence Commission

Mr. Chairman and members of the committee, my name is Mark Nisbet. I serve as chairman of the Centers of Excellence Commission and as part of the Economic Development Foundation. I'm also the principal manager for Xcel Energy in North Dakota.

I would like to start out by thanking you for the insight you had in approving a \$50 million Centers of Excellence program last session. We are already starting to see results from the eleven Centers that were funded as a result of the \$20 million you appropriated for this biennium. We are here today to make a case for another \$20 million installment in this program so that we can continue the work that was started.

In my role as chairman of the Centers of Excellence Commission I have had the opportunity to witness many of the exciting things happening as a result of the Centers of Excellence program. Private businesses are stepping up to the plate to partner with our colleges and universities to create Centers that are generating high-value employment opportunities and growing and diversifying North Dakota's economy. In fact the original \$20 million appropriated for the 2005-07 biennium is leveraging a match approaching \$80 million. What was required to be at least 2-to-1 match is in fact approaching a 4-to-1 match.

I believe very strongly in the Centers of Excellence program and I hope it can continue with the same level of excitement and potential growth for our economy.

Centers of Excellence is an economic development program. As such, it is rightfully expected that it should demonstrate results in creating high-value jobs and new wealth for this state. With that in mind the Centers of Excellence Commission has, with the help of the Department of Commerce, started the process of monitoring each of the eleven approved Centers for performance. This monitoring consists of an in-depth annual report from each Center and quarterly updates on their progress. We support clarifying the post-award monitoring requirements in statute, as HB 1027 does.

I ask for your continued support of the Centers of Excellence program. This program is starting to have an impact and with your help it will keep getting better.

Thank you for your time and attention. I would be happy to answer any questions.

### NORTH-DAKOTA ECONOMIC DEVELOPMENT FOUNDATION

#### RESOLUTION IN SUPPORT OF CENTERS OF EXCELLENCE March 6, 2007

WHEREAS, the eleven Centers funded during the 2005-2007 biennium each received approval from the Centers of Excellence Commission, the North Dakota Economic Development Foundation, the State Board of Higher Education, and the Legislative Budget Section; and

WHEREAS, these eleven Centers all show great promise in diversifying and growing North Dakota's economy and creating high value careers for North Dakotans; and

WHEREAS, the Centers of Excellence program has generated excitement among North Dakota communities and has led to discussion and new ideas on how to better utilize universities and colleges for economic development; and

WHEREAS, the Sixtieth Legislative Assembly of North Dakota is considering funding levels and possible changes to the Centers of Excellence program;

THEREFORE BE IT RESOLVED, that the North Dakota Economic Development Foundation supports the eleven Centers of Excellence approved and funded during the 2005-2007 biennium and encourages the North Dakota Legislature to continue its support of the Centers of Excellence program and program flexibility.

## DEPARTMENT OF COMMERCE TESTIMONY ON CENTERS OF EXCELLENCE MARCH 13, 2007, 9:00 A.M. HOUSE APPROPRIATIONS COMMITTEE, GOVERNMENT OPERATIONS DIVISION REPRESENTATIVE AL CARLSON, CHAIRMAN

#### SHANE GOETTLE - COMMISSIONER, ND DEPARTMENT OF COMMERCE

Good morning, Mr. Chairman, and members of the committee. I am Shane Goettle, Commissioner of the North Dakota Department of Commerce and I am here before you today in support of the Centers of Excellence program.

At its core, the Centers of Excellence program is an economic development program. It is a tool that allows our colleges and universities to engage private businesses to help them grow and prosper in North Dakota. The direct results of a successful Center of Excellence are good paying jobs and a growing economy.

The Centers of Excellence Commission has instituted a process to monitor the Centers on a regular basis in order to ensure the results are being recognized. This process involves an annual report from each Center, as well as quarterly updates. The Department of Commerce has agreed to assist the Commission in this effort and is compiling the information for the first annual report. This joint effort already in place mirrors the statutory language that HB 1027 would put in place concerning post-award monitoring.

The Centers of Excellence program has worked to strengthen the relationship between higher education and economic development in the state.

I ask your support for continued funding of the Centers of Excellence program. I believe the Centers of Excellence program is working and has been a step forward in better utilizing our universities and colleges for economic development purposes.

Further, I hope you will agree that preserving the flexibility in the program is the way to go. The flexibility allows the program to be responsive and market driven to the demands of business.

Thank you for your time and attention this morning. I will be happy to respond to your questions.

## Basin Electric Power Cooperative Support for the Energy and Environmental Research Center, Center of Excellence Joint House Appropriations Committee March 13, 2007

Mr. Chairman and members of the committee, my name is Dale Niezwaag and I am here representing Basin Electric Power Cooperative. Basin Electric supports the Energy and Environmental Research Center (EERC) and its Center of Excellence designation.

Basin Electric has taken a lead in the state in research and development of hydrogen as a transportation fuel. Hydrogen can be created by a variety of resources and its clean-burning properties make it desirable as an alternative, renewable fuel. In partnership with our members, EERC, the U.S. Department of Energy, North Dakota State University (NDSU) North Central Research Extension Center and others, Basin Electric is constructing a project to convert wind power into hydrogen.

The project will use renewable electricity produced by Basin's Minot Wind Project to run an electrolyzer to convert water into hydrogen and oxygen. The hydrogen will be stored on site for use as a transportation fuel and for operations at the NDSU North Central Research Center. Three 2006 GM Flexfuel pickups are already converted to run on hydrogen for Verendrye Electric Cooperative, Central Electric Power Cooperative, and the NDSU North Central Research Center. NDSU is also working to convert a tractor to run on hydrogen for use at the Experiment Station.

Research and demonstration projects like this are not economically feasible on their own but extremely valuable in understanding the opportunities and challenges involved in developing new technologies. Organizations like the EERC have outside expertise that allows these projects to happen and new technologies to be developed in areas where they may not normally be developed. Basin Electric is very supportive of EERC and its Centers of Excellence designation.



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#### NATIONAL CENTER FOR HYDROGEN TECHNOLOGY Select Projects

#### Hydrogen from Biomass

#### **Corporate Partner:**

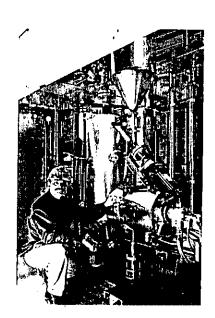
Xcel Energy (Minnesota)

#### **Total Funding:**

\$2,080,000

#### Comments:

The technology developed in this project is currently being patented and proposed for <u>demonstration and commercialization</u>. The Energy & Environmental Research Center (EERC) is in discussion with North Dakota manufacturers to build portions of this system and future commercial demonstration systems.



#### Hydrogen from Wind

#### **Corporate Partner:**

Basin Electric Power Cooperative (North Dakota)

#### **Total Funding:**

\$1,500,000 (EERC portion: \$500,000)

#### **Comments:**

This is an innovative <u>demonstration</u> of a wind to hydrogen refueling system in Minot with three hydrogen vehicle demonstrations. This refueling site may be used in the future to aid in cold-weather testing of near-commercial fuel cell vehicles.





Energy Center

#### **EERC HYDROGEN PROJECTS**

Summary of Projects since January 1, 2005

Updated: 3/8/07

	Project Cost	Federal		Nonfederal	Ca	sh Equivalent
	 	 Funding		Cash		In-Kind
Funded Projects	\$ 27,515,330	\$ 18,724,978	\$	6,771,002	\$	2,019,350
Completed Projects	\$ 1,271,721	\$ 375,000	\$	896,721	\$	-
NCHT Building	\$ 3,000,000		\$	3,000,000	\$	
Total	\$ 31,787,051	\$ 19,099,978	\$	10,667,723	\$	2,019,350
Pending Projects	\$ 17,692,544	\$ 4,687,879	\$	13,004,665	\$	-

#### EERC HYDROGEN PROJECTS - FUNDED

Proposal No.	Project Title	Sponsors	EERC Contact	Start Date	End Date	Total Project Cost	Federal Funding	Nonfederal Cash*	Cash Equivalent In-Kind
2007-0102	Enhanced and Extended Tests of the Pratt & Whitney Rocketdyne Hydrogen Generator Pilot Plant	Pratt & Whitney Rocketyne, Inc.	Almlie	12/7/2006	3/23/2007	\$824,000		\$824,000	
2005-0285	Integrated Demonstration of JP-8- Based Hydrogen Production and Use in Military Fuel Cell Electric Hybrid Vehicles – Years 1 & 2	U.S. Army Corps of Engineers/e-Power	Aulich	7/1/2005	4/22/2008	\$2,217,650	\$2,182,650		\$35,000
	Advanced Tactical Fuels - Year 3	U.S. Army Construction Engineering Research Laboratory	Aulich			\$3,040,000	\$3,040,000		
2006-0195	NAFL – Phase 16 – Task 4 – Electrochemical Synthesis of Urea Fertilizer from Ethanol Coproducts CO₂ and Coal Combustion NOx	USDA	Aulich	6/1/2006	5/31/2007	\$61,313	\$61,313		
2007-0029	Fuel Cell-Hybrid Powered Nontactical Vehicles and Demonstration	U.S. Army Construction Engineering Research Laboratory	Aulich	10/27/2006	4/26/2009	\$801,180	\$801,180		
2007-0001	HydroMax Process Development with Diversified Energy	Diversified Energy Corporation	Benson	8/1/2006	9/30/2007	\$251,735		\$251,735	
2006-0162	Biomass 2006 – 1.1 – Integrated Thermochemical and Liquid Fuels Synthesis Process	U.S. DOE/Catacel	Folkedahl	7/1/2006	6/30/2007	\$89,450	\$60,000		\$29,450
2006-0162	Biomass 2006 – 1.2 – Engineering Analysis of an Indirect Liquefaction Process	U.S. DOE/IdaTech	Folkedahi	7/1/2006	6/30/2007	\$257,000	\$193,000		\$64,000
2007-0101	Design and Construction of a Catalytic Reactor for Energy Conversion Devices, Inc.	Energy Conversion Devices, Inc.	Hajicek	12/1/2006	6/30/2007	\$119,675		\$119,675	
2005-0217	National Center for Hydrogen Technology Year 1	U.S. DOE/Siemens/ Great River Energy/North Dakota Industrial Commission//TXU/ Air Products and Chemicals, Inc./ IdaTech/SGL Carbon/Franklin Fuel Cells/ePower Synergies, Inc./ Resurfice Corporation/Dynetek/ Nuvera/Enersis/Kraus Global Inc./Red River Valley Research Corridor/CEO Praxis/Xcel Energy/Ballard/Rio Tinto	Holmes	6/23/2005	12/31/2006	\$3,391,500	\$2,700,000	\$315,000	\$376,500

#### EERC HYDROGEN PROJECTS - FUNDED

Proposal No.	Project Title	Sponsors	EERC Contact	Start Date	End Date	Total Project Cost	Federal Funding	Nonfederal Cash*	Cash Equivalent In-Kind
	National Center for Hydrogen Technology – Year 2	U.S. DOE Siemens/Lignite Consortium/Air Products and Chemicals/Advanced Biomass Gasification Technologies	Holmes	6/23/2006	6/22/2007	\$3,169,082	\$2,250,000	\$919,082	
2006-0152	Base 2006 (Year 9): 6.6 Transient Liquid-Phase Bonding of FeCrAl ODS Alloys Using Aluminum Foil	Ú.S. DOE	Hurley	4/1/2006	3/31/2007	\$70,000	\$70,000		
2007-0025	Joining of ODS FeCrAl Alloys	U of Tenn – Batelle	Hurley	8/31/2006	6/30/2007	\$80,835		\$80,835	
2002-0068 2002-0069	JV 46 – Development of Testing of an SOFC Gasification System	U.S. DOE Xcel Energy	Hutton	6/1/2002	1/30/2007	\$2,076,095	\$1,250,142	\$825,953	
2006-0152	Base 2006 (Year 9): 3.15 Hydrogen Production from High-Temperature Sources	U.S. DOE	Olson	4/1/2006	3/31/2007	\$50,000	\$50,000		
2005-0050 2005-0303		Basin Electric Power Cooperative	Schmidt	1/10/2005	12/31/2008	\$1,250,000		\$1,000,000	\$250,000
2006-0162	Biomass 2006 – 3.1 - Education and Outreach Tools for Hydrogen and Alternative Fuels from Biomass	U.S. DOE/Multi	Schmidt	7/1/2006	6/30/2007	\$20,000	\$10,000		\$10,000
2006-0164	Gasification Project Assistance	Biomass Energy Solutions, Inc.	Schmidt	3/1/2006	2/28/2007	\$33,862		\$33,862	
2006-0181	Gasifier Demo – Fond du Lac Reservation	Fond du Lac College	Schmidt	9/18/2006	8/31/2007	\$49,438		\$49,438	
2007-0016	Advanced Biomass Gasification Technologies (ABGT) Commercialization	Xethanol Corporation	Schmidt	8/15/2006	8/31/2007	\$103,227		\$103,227	
2006-0161	Hydrogen Evaluation and Consortium Development	ND Division of Community Services	Stevens	7/1/2005	5/31/2007	\$30,000		\$30,000	
2005-0069	Advanced Gasification Mercury/Trace Metal Control with Monolith Traps	U.S. DOE Corning	Swanson	6/27/2005	12/31/2006	\$6,243,179	\$4,993,179		\$1,250,000
2005-0144	Base CA 2005 (Y8) – 3.13: Enhanced Hydrogen Production from Water-Gas Shift Using CO₂ Sorbents	U.S. DOE	Swanson	4/1/2005	3/31/2007	\$240,000	\$240,000		
2005-0277	A Novel Slurry-Based Biomass Reforming Process	United Technologies Research Center	Swanson			\$872,919		\$872,919	
L	Pressure Transport Reactor Gasification – Year 1	U.S. DOE North American Coal		4/1/2005	12/31/2006	\$634,764	\$553,514	\$81,250	
2006-0019	<u> </u>	Institute	Swanson	4/10/2006	9/30/2007	\$86,498		\$86,498	
2006-0152	Base 2006 (Year 9): 4.4 Testing of Catalysts	U.S. DOE	Swanson	4/1/2006	3/31/2007	\$120,000	\$120,000		

#### EERC HYDROGEN PROJECTS - FUNDED

Proposal No.	Project Title	Sponsors	EERC Contact	Start Date	End Date	Total Project Cost	Federal Funding	Nonfederal Cash*	Cash Equivalent In-Kind
2005-0319	Technical Support: High-Pressure Solids Coal Pump and Injector Demonstration	Pratt & Whitney Rocketdyne, Inc.	Weber	8/1/2005	12/21/2006	\$1,132,528		\$1,132,528	
2005-0202	Biomass 2005 – Activity 5: Process Integration for Economic Hydrogen Production from Ethanol	U.S. DOE/MN Com Research Council/ND Com Utilization Council/Chippewa Valley Ethanol Company/H <sub>2</sub> Innovations	Wocken	6/1/2005	12/31/2006	\$199,400	\$150,000	\$45,000	\$4,400
TOTAL						\$27,515,330	\$18,724,978	\$6,771,002	\$2,019,350



Proposal No.	Project Title	Sponsors	EERC Contact	Start Date	End Date	Total Project Cost	Federal Funding	Nonfederal Cash*	Cash Equivalent In-Kind
TBD	TRI Reformer Demonstration	TRI	Erickson			\$1,500,000	\$500,000	\$1,000,000	
2007-0165	Construction and Demonstration of a HydroMax Experimental Reactor	Diversified Energy	Benson			\$150,000		\$150,000	
2007-0169	National Center for Hydrogen Technology – Year 3	U.S. DOE/Air Liguide/Multi	Holmes			\$4,550,000	\$2,400,000	\$2,150,000	
2007-0110	Base CA – Year 10 Task 3.17 Coal to Liquids	U.S. DOE	Holmes	4/1/2007	3/31/2008	\$270,000	\$270,000	\$0	
2007-0157	Carbon-Based Fuel Cells – Experimental Investigations to Achieve High Power Densities	National Science Foundation	Hutton			\$230,290	\$230,290		
2007-0110	Base CA – Year 10 Task 3.18 Advanced Interconnect Design & Testing	U.S. DOE	Hutton	4/1/2007	3/31/2008	\$50,000	\$50,000	\$0	
2007-0144	The Potential for Biomass District Energy Production in Nanwalek, Alaska	Chugachmuit	Leroux			\$106,731		\$106,731	
2007-0150	Gasification of DDGS for Fuel Cell Power Generation	ND Com Growers Association	Leroux			\$49,700		\$49,700	<del> </del>
2007-0110	Base CA - Year 10 Task 3.19 Hydrothermal Dewatering for the Potential to Reduce CO <sub>2</sub> Emissions and Upgrade Low-Rank Fuels	U.S. DOE	Pavlish, B.	4/1/2007	3/31/2008	\$50,000	\$50,000	\$0	
2007-0192	Testing of Thermally Treated Municipal Solid Waste	Clean Earth Solutions, Inc.	Schmidt			\$25,000		\$25,000	
2007-0193	1-MW Biomass Gasification Power Plant – Testing and Delivery	Aboriginal Cogeneration Corp	Schmidt			\$2,475,788		\$2,475,788	
2007-0163		Fond du Lac Reservation	Schmidt			\$74,889		\$74,889	
2005-0297	Advanced High-Temperature, High- Pressure Transport Reactor Gasification – Year 2	U.S. DOE Multi	Swanson			\$1,000,000	\$800,000	\$200,000	
2005-0315	Gasification Testing of Coal-Biomass Mixtures in a Fluidized Bed	North Carolina A&T State University	Swanson			\$50,000		\$50,000	
2006-0019		Research Triangle Institute	Swanson			\$537,223		\$537,223	
2006-0273		Bulgarian Lignite Power Project	Swanson			\$694,979	\$387,589	\$307,390	
2006-0277	Pure Hydrogen Production Using Integrated Metal Membranes	IdaTech, LLC	Swanson	1/1/2008	12/31/2008	\$149,715		\$149,715	
2006-0300		Unitel Technologies Inc.	Swanson			\$2,172,978		\$2,172,978	
2007-0168	Coupon Testing with Coal-Derived Syngas Combustion	Siemens Power Generation, Inc.	Swanson			\$71,666		\$71,666	



Proposal No.	Project Title	Sponsors	EERC Contact	Start Date	End Date	Total Project Cost	Federal Funding	Nonfederal Cash*	Cash Equivalent In-Kind
2006-0073	Technical Support: High-Pressure Solids Coal Pump and Injector Demonstration – Task 2C and Phase 2	Pratt & Whitney Rocketdyne, Inc.	Weber			\$3,483,585		\$3,483,585	
TOTAL	<u> </u>		<u></u>		<u> </u>	\$17,692,544	\$4,687,879	\$13,004,665	\$0

#### HYDROGEN - EERC COMPLETED PROJECTS

Proposal No.	Proposal Title	Sponsors	EERC Contact	Start Date	End Date	Total Project Cost	Federal Funding	Non Federal Cash	Cash Equivalent
	Rio Tinto's Sodium Issues in Coal Gasification	Rio Tinto, Technical Services	Benson	4/1/2006	9/30/2006	\$23,250		<b>\$23,</b> 250	
	Evaluation and Testing of CE-CERT Hydrogasification Process to Produce Liquid Fuels	University of California	Benson	7/15/2006	11/30/2006	\$147,738		\$147,738	
2006-0213	Support of Westmoreland Coal in Producing a FutureGen Facility Site	Westmoreland Coal Sales Company	Jones	3/20/2006	6/30/2006	\$130,000		\$130,000	
2007-0124	Gasification of Biomass: Part 1 – Test in Continuous Fluidized-Bed Reactor	ThermoChem Recovery International, Inc.	Patel	12/15/2006	1/15/2007	\$16,683		\$16,683	
2003-0175- R1	Commercial Development of Biomass Gasification Technology	North Dakota Department of Commerce	Schmidt	6/26/2003	5/31/2006	\$75,000		\$75,000	
2005-0214	Gasification of Grass Seed Residue	Agricultural Utilization Research Institute	Schmidt	6/29/2005	2/28/2006	\$25,000		\$25,000	)
2005-0236	Wood Waste Electricity Generation System	BMC Construction	Schmidt	7/20/2005	12/31/2006	\$197,221		\$197,22	
2004-0147	Design, Construction, and Testing of a Metalloid Capture Device	Microbeam Technologies, Inc.	Swanson	8/1/2004	5/31/2006	\$243,629		. \$243,629	,
2004-0192	Biomass 2004 – Activity 1: Ethanol Processing for Hydrogen Production – System Integration	U.S. DOE/Minnesota Corn Growers Association/ Chippewa Valley Ethanol Producers	Wocken	7/1/2004	3/31/2006	\$106,200	\$80,000	\$26,20	
	Wahpeton Hydrogen Workshop	CEO Praxis	Wocken	2/1/2006	4/30/2006	\$12,000		\$12,00	)
2004-0151	Base CA 2004 (Y7) – 3.11: FutureGen Technologies	U.S. DOE	Zygarlicke	4/1/2004	3/31/2006	\$295,000	\$295,000		
TOTAL	<u> </u>					\$1,271,721	\$375,000	\$896,721	\$0



#### **News Release**

UNIVERSITY OF NORTH DAKOTA

15 North 23rd Street — PO Box 9018 / Grand Forks, ND 58202-9018 / Phone: (701) 777-5000 Fax: 777-5181

Web Site: www.undeerc.org

For Immediate Release: Tuesday, April 27, 2004

#### PRESS CONFERENCE APRIL 30, 2004, AT 9:00 A.M.

#### NEW CUTTING-EDGE TECHNOLOGY TO BE UNVEILED

(GRAND FORKS, N.D.) – A "zero emissions" vehicle prototype that could be used in combat zones or to move fighter jets on aircraft carriers will be on display at the University of North Dakota (UND) Energy & Environmental Research Center (EERC) on April 30, 2004, at 9:00 a.m.

The John Deere Fuel Cell-Powered Commercial Work Vehicle (CWV), similar to a four- or six-wheel all-terrain vehicle, will be displayed on the east patio of the EERC's new facilities.

Comments will be given by EERC Director Gerald Groenewold, EERC Associate Director for Research Tom Erickson, and Deere & Company's ePower Technologies Director, Bruce Wood. Colonel Mark Ramsay, Commander of the 319th Air Refueling Wing at the Grand Forks Air Force Base (GFAFB), has been invited to test drive the vehicle at 9:30 a.m.

"Deere & Company and the EERC are jointly pursuing opportunities to couple the CWV technology with the EERC's proprietary on-demand hydrogen-dispensing technology," said Groenewold. "The Grand Forks Air Force Base may be an ideal location for demonstration of this technology in the future."

"Traditional versions of other John Deere vehicles have had tremendous success in military application," said EERC Associate Director for Research Tom Erickson. "We anticipate the same with this new CWV."

The CWV has a number of features of value to military flight line supervisors including a heavy-duty 1-ton load capacity with four-wheel electric drive, four-wheel electric steer, and a power inverter that allows it to divert its entire electric output to off-board power requirements. The CWV would be redesigned and resized to meet the requirements of the U.S. Air Force for towing, braking, load carrying, and aircraft starting.

The media event will be followed by a tour of the EERC at 10:00 a.m. with representatives from the Grand Forks Region Economic Development Corporation and the North Dakota Department of Commerce, including Director for Economic Development and Finance Linda Butts. They will be joined by representatives of Trammell Crow Company, based in San Jose, California, which works with clients to develop new expansion sites. The group is exploring new research opportunities in the state. Members of the media are also welcome.

-END-

For more information contact: Tom Erickson, EERC Associate Director for Research, at (701) 777-5153 or terickson@undeerc.org or Derek Walters, EERC Communications Manager, at (701) 777-5113 or dwalters@undeerc.org

For Immediate Release Wednesday September 8, 2004 CONTACT: Sanjay Talwani

or Barry E. Piatt

PHONE: 202-224-2551

#### Dorgan secured funding for project to develop hydrogen fuel technology:

#### WIND-HYDROGEN PILOT PROJECT AWARDED \$497,000 FEDERAL GRANT

(WASHINGTON, DC) --- U.S. Senator Byron Dorgan (D-ND) announced Wednesday that a consortium of energy companies and research institutions in North Dakota has been awarded a federal grant of \$497,050 to undertake an innovative pilot program to produce, store and distribute hydrogen fuel. The project could be a major step toward efficiently producing hydrogen fuel using wind energy in North Dakota.

Dorgan, a member of the Senate Energy and Water Appropriations Subcommittee, secured the funding for the project during last year's appropriations process.

The consortium consists of Basin Electric Power Cooperative, the University of North Dakota Energy and Environmental Research Center (EERC), Stuart Energy, the North Dakota State University (NDSU) North Central Research Extension Center, Verendrye Electric Power Cooperative, and the City of Minot. These partners will contribute \$124,262 to the project.

"This project has enormous implications for the future of wind energy, hydrogen power, and economic growth in America's Heartland," said Dorgan, a national leader in the drive to bring hydrogen-powered vehicles and wind energy into mainstream use. "North Dakota is positioned to become a world leader in wind power, and North Dakota scientists are already doing some of the most important hydrogen technology work in the world. I'm pleased that the Department of Energy has recognized this project as an important part of its research program."

The project plan consists of two parts. The initial phase will analyze the economics and environmental impacts associated with the production of hydrogen fuel using wind turbines. The second phase, scheduled to begin in the spring of 2005, will include the placement of a hydrogen electrolyzer using "dynamic scheduling" with Basin Electric's wind energy farms to produce hydrogen for use as a vehicle fuel both on and off site. The hydrogen electrolyzer would be constructed at the NDSU North Central Research Extension Center with the support of Verendrye Electric.

The electrolyzer would be one of the nation's first sources of hydrogen from a renewable resource. The hydrogen could be used as a fuel source for both internal combustion and fuel cell vehicles as well as for electrical generation. The consortium is working with a number of entities to determine the best use of the hydrogen.

"We believe that this project can be an example for how the future might look," said Wayne Backman, Basin Electric's Senior Vice President of Generation. Backman noted that the project will provide a glimpse of some of the challenges and opportunities for the development of a hydrogen economy.

For Immediate Release Friday September 17, 2004

CONTACT: Barry E. Piatt

or Sanjay Talwani PHONE: 202-224-2551

Senator calls building expansion "important next step" toward EERC's growing future:

### DORGAN ANNOUNCES \$3 MILLION IN HYDROGEN RESEARCH FOR UND'S ENERGY & ENVIRONMENTAL RESEARCH CENTER

(GRAND FORKS, NORTH DAKOTA) – U.S. Senator Byron Dorgan (D-ND) announced Friday he has secured an additional \$3 million this week for the Energy & Environmental Research Center (EERC) to conduct research on hydrogen technology development. The building expansion, and the new project are "vivid and real reminders that North Dakota's role in federal research is growing and on the cutting edge," said Dorgan, who has made creating a Red River Research Corridor a top priority in order to bring new, high paying jobs to the state.

Dorgan made the announcement at the dedication for EERC's new building expansion project. He said he included money in the FY '05 Interior Appropriations bill, which was approved by the full Appropriations Committee on Tuesday. The bill now goes to the full Senate where approval is expected.

"The development of hydrogen is very important to our country and its long-term energy future," Dorgan said. "Through this project, EERC researchers will help our country work its way toward energy independence. The work they will do may well help revolutionize the way we fuel our automobiles, and help free us from our dangerous dependence on foreign oil. The EERC project will study ways hydrogen can be stored and used in vehicles and for other purposes."

Dorgan said EERC's new 47,000 square-foot expansion will provide EERC room to add an additional 90 researchers. "UND's EERC is a key player in my Red River Valley Research Corridor initiative," Dorgan said. "This expansion is an important next step in growing the Center's capability and ultimately research expertise. I look forward to working with Dr. Groenewold and the EERC researchers to create new research opportunities in the future."

For Immediate Release Wednesday July 6, 2005

CONTACT: Barry E. Piatt or Brenden Timpe

PHONE: 202-224-2551

### DORGAN SAYS HYDROGEN RESEARCH FUNDING PUTS EERC AT FOREFRONT OF THE DRIVE TO HYDROGEN ECONOMY

(GRAND FORKS, NORTH DAKOTA) – U.S. Senator Byron Dorgan (D-ND) announced Wednesday that action by the U.S. Senate last week will provide another \$3 million for hydrogen fuel cell research and development at the University of North Dakota's (UND) Energy and Environmental Research Center (EERC).

In the past year alone, Dorgan has secured a \$2.7 million grant for hydrogen fuel cell research work at the EERC and won designation of the EERC as a National Center for Hydrogen Technology. The \$3 million is another "big boost" toward putting the facility at the front line of research into a new source of fuel for the nation's transportation system, research that is full of economic development potential for the state, he said during a stop here.

"The EERC has done solid research for years on a wide variety of energy sources," Dorgan said. "For years I've been talking about the need to move toward a hydrogen fuel-cell economy, and now we are seeing that plan begin to take off. It's important work for our country, and I'm very pleased to see the EERC so centrally involved. Congratulations are in order for the staff at the EERC, whose work and dedication have earned Washington's confidence."

The Energy and Water Appropriations bill, which the Senate approved last week includes the \$3 million for hydrogen research at the EERC, money Dorgan secured as a member of the Appropriations Committee. The Energy Policy Act of 2005, also approved last week by the Senate, includes funding for hydrogen research and aggressive goals for development of the technology as a fuel source. Dorgan also earmarked \$1 million in the Department of Defense budget last year for the EERC to demonstrate the viability of supplying hydrogen fuel cell for the battlefield. He will push for additional funding for this project.

"If you look at the future of transportation, hydrogen is the most exciting new technology on the scene," Dorgan said. "Hydrogen may very well be the successor to the gasoline-powered cars we drive today, and the seeds for this new industry are being sown here at UND."



#### **NEWS RELEASE**

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For Immediate Release: Wednesday, October 19, 2005

#### **EERC Awarded \$2.5 Million for New Hydrogen Facility**

(GRAND FORKS, ND) – The Energy & Environmental Research Center (EERC) at the University of North Dakota (UND) was approved for a \$2.5 million award from the North Dakota Centers of Excellence Commission to build a new facility for the EERC's National Center for Hydrogen Technology.

The \$3 million, 15,000-square-foot facility is dedicated to the development and commercialization of hydrogen and fuel cell technologies and is expected to create between 50 and 100 new high-paying technical jobs and attract \$50 million in research contracts in the short term. It will be built to the west of the current EERC facilities on the UND campus.

"This award recognizes the value that the EERC holds in offering hundreds of quality jobs, partnerships with industry, and opportunities to spin off high-tech businesses in our region," said EERC Director Gerald Groenewold. "The EERC's National Center for Hydrogen Technology represents a significant partnership between the federal government, the state, private industry, and higher education and provides a cornerstone to address this nation's enormous challenge of developing new technologies which will guarantee this country's energy security for the long term—the EERC will make North Dakota proud."

The EERC submitted a proposal to the newly formed Centers of Excellence Commission in May 2005, the first proposal sent to the commission. The Centers of Excellence application required a 2-to-1 match of funds from non-state sources, but the EERC's proposal offered a 5-to-1 match, and over the next 5 years, it is expected to exceed a 20-to-1 match. The award will be matched with \$500,000 from the Grand Forks Growth Fund, which is managed by the Grand Forks Job Development Authority.

"We would like to thank the city of Grand Forks for its tremendous support and financial partnership," Groenewold said. "This new facility will house world-class activities which will draw global attention to Grand Forks and bring more world-class talent to our community."

The EERC was designated the National Center for Hydrogen Technology by the U.S. Department of Energy (DOE) in November 2004 in recognition of over 50 years of hydrogen research involving fossil fuels and renewable energy. U.S. Senator Byron Dorgan secured initial funding through DOE, that funding has been leveraged by numerous corporate partners, including Air Products and Chemicals, Chippewa Valley Ethanol, Basin Electric Power Cooperative, ePower Synergies, Inc., Hydrogenics Corporation, IdaTech, Pratt & Whitney Rocketdyne, SGL Carbon, Schunk-INEX, Siemens Energy Systems, and Xcel Energy.

The award will now go through three more levels of approval by the State Board of Higher Education, the North Dakota Department of Commerce Foundation, and the Legislative Budget Section before final disbursement of funds in early December.

Groenewold says construction on the National Center for Hydrogen Technology facility should begin in spring 2006, with anticipated completion in fall 2006.

-END-

For Immediate Release Monday October 31, 2005 CONTACT: Barry Piatt or Brenden Timpe PHONE: 202-224-2551

#### Senator says North Dakota can play role in emerging hydrogen economy:

### DORGAN TO BRING TOGETHER HYDROGEN ENERGY LEADERS FOR ACTION SUMMIT NOVEMBER 7 AT EERC

(WASHINGTON, D.C.) --- U.S. Senator Byron Dorgan (D-ND) announced Monday he will bring together business, academic and government leaders Monday, Nov. 7, at the University of North Dakota's Energy and Environmental Research Center (EERC) for a Hydrogen Energy Action Summit aimed at finding ways for North Dakota to take the lead in the emerging hydrogen economy.

Dorgan, whose work in promoting hydrogen research includes the designation last year of the EERC as a National Center for Hydrogen Technology, said the summit will foster an understanding of the current status of research, development and commercialization of hydrogen technology and help cultivate the Red River Valley Research Corridor as a hub of hydrogen research. Dorgan said he is pleased with the line-up of speakers at the event, which includes experts from ChevronTexaco, Xcel Energy, Ballard Power Systems, the U.S. Department of Energy and the National Hydrogen Association.

"Hydrogen is the most exciting technology we see in the future of energy and transportation. With the record-high gas prices and projected costs of heating our homes this winter, I can't think of a better fime to be pushing toward a hydrogen fuel cell future," Dorgan said. "Hydrogen fuel cells have an unlimited potential for growth, and there's no reason the research for the industry can't be done here at the EERC in the Red River Valley Research Corridor. This Action Summit is a way to bring some of the country's leading hydrogen minds together to find out where we're headed and how our region can be a part of that growth."

Since Dorgan created the Red River Valley Research Corridor in 2002, he has directed more than \$225 million to universities and businesses in North Dakota. Much of that has supported hydrogen research. As a member of the Senate Energy Committee, he included \$3.75 billion in the recently passed federal energy bill for hydrogen research, some of it for projects in North Dakota. Earlier this year he also secured a \$2.7 million grant for fuel cell research at the EERC.

For more information or to register to attend the Action Summit, log on to http://www.theresearchcorridor.com or call Senator Dorgan's Fargo office at 701-239-5389.

#### FOR IMMEDIATE RELEASE October 31, 2005

Contact: Don Canton or Don Larson (701) 328-2200

#### HOEVEN HOSTS DEFENSE DEPARTMENT OFFICIALS EXPLORING EERC HYDROGEN TECHNOLOGY PROJECT EERC Recommended for \$2.5 million Centers of Excellence Award

GRAND FORKS, N.D. – Gov. John Hoeven today hosted a delegation from the U.S. Department of Defense (DOD) who are interested in military applications for several innovative alternative and renewable fuel technologies being developed at the Energy and Environmental Research Center (EERC). Of particular interest to the Pentagon are the EERC's various hydrogen technologies.

Joining Hoeven for a tour of the facility and discussions were Dr. Theodore Barna, Assistant Deputy Under Secretary of Defense; Dr. William Harrison III, Senior Advisor of the department's Clean Fuels Initiative in the Office of the Secretary of Defense; and EERC. Director Dr. Gerald Groenewold.

"The EERC's focus on the practical and commercial application of hydrogen technology to fuel vehicles is a perfect match for the military, and a perfect match for our Centers of Excellence Program," Hoeven said. "The center's partnership with ePower Synergies, Inc. makes this a well rounded venture, linking the state, the university system and the private sector to create new jobs and new opportunities for North Dakotans."

The North Dakota Centers of Excellence Commission, the selection body for the Governor's Centers of Excellence program, recently recommended that the EERC be awarded \$2.5 million toward the building of a new \$3 million facility for its National Center for Hydrogen Technology (NCHT). The city of Grand Forks has also awarded the EERC \$500,000 to provide a total of \$3 million. An \$8 million to \$14 million match for the Centers of Excellence grant will be used for research activities at the new center. The 15,000-square-foot NCHT facility is expected to create 100 new high-paying technical jobs and attract \$50 million in research contracts in the short term. Construction is expected to begin in spring 2006.

The EERC was designated the National Center for Hydrogen Technology by the U.S. Department of Energy (DOE) in November 2004 in recognition of over 50 years of hydrogen research involving fossil fuels and renewable energy. The EERC currently has more than \$8 million in funding for hydrogen research, which includes \$2.9 million from DOE, and is leveraged by numerous corporate partners.

A major focus of the EERC's program is evaluating military applications of the EERC's hydrogen on-demand fueling system for producing hydrogen from JP-8 diesel fuel, which is used in all military vehicles. In addition to the development of this innovative hydrogen production technology, a fuel cell-powered forklift truck will be demonstrated at the Grand Forks Air Force Base and compared to a conventional propane-powered unit. The hydrogen technology could potentially be applied to thousands of DoD vehicles in the future. Project partners include DoD (U.S. Army and U.S. Air Force) and ePower Synergies, Inc., Cordova, Illinois.

"This is a unique example of an economic development partnership between the federal government, the state, private industry, and higher education, which leads to the creation of high-quality jobs and spin-off companies and draws on the world-class activities and talent at the EERC," said Groenewold.

#### **NEWS RELEASE**

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Web Site: www.undeerg.org

For Immediate Release: Friday, November 4, 2005

Press Conference set for 10:30 a.m. Monday, November 7, 2005

## World's First Fuel Cell-Powered Ice Resurfacer to Be Unveiled at the EERC

(GRAND FORKS, ND) – The first-ever hydrogen fuel cell-powered ice resurfacer—a machine that smooths the surface of ice skating and hockey rinks—will make its world debut at the University of North Dakota (UND) Energy & Environmental Research Center (EERC) on Monday, November 7, 2005. The unveiling is part of the Hydrogen Energy Action Summit sponsored by U.S. Senator Byron Dorgan (D-ND).

The ice resurfacer, called the eP-Ice Bear, is being developed by ePower Synergies, Inc., a Cordova, Illinois-based company that develops transportation systems utilizing clean, sustainable energy, and the Resurfice Corporation of Elmira, Ontario, manufacturer of Olympia and Ice Bear brand ice refinishers. The eP-Ice Bear ice resurfacer is ideal for indoor use because of its zero-emission powertrain that produces only water as a by-product.

The EERC's National Center for Hydrogen Technology is supporting the development of the system and leading the initial demonstration of the technology.

"The EERC's National Center for Hydrogen Technology is the cornerstone of our hydrogen efforts," said EERC Director Gerald Groenewold. "We currently have \$8 million in contracts funded through federal agencies and numerous private sector partners to support the development of technologies for hydrogen production and fuel cells. We anticipate up to \$50 million in contracts in the near term."

"We think it is very appropriate to debut the eP-Ice Bear at this event, as it shows what Senator Dorgan has been saying: that the hydrogen revolution is under way," said Bruce Wood, president of ePower. "This development of a near-commercial ice refinisher underscores the fact that the technology is ready, the hydrogen is available, and companies are developing products for commercialization."

The vehicle is anticipated to be introduced to the public in the near future at the world-class Ralph Engelstad Arena. After demonstrating the eP-Ice Bear and its fueling system in North Dakota, ePower Synergies will then exhibit the vehicle at the 2005 Electric Drive Transportation Association Conference in Vancouver, British Columbia.

"We are very proud that our Ice Bear is first. It is a no-compromise, high-performance machine with no harmful emissions," said Andy Schlupp, president of Resurfice. "We also have the strong possibility of a near-term commercial sale."

In addition to ePower Synergies and the EERC, other project partners include Ontariobased HyMotion; Alberta-based Dynetek Corporation; Nuvera Fuel Cells, Cambridge, Massachusetts; and the U.S. Department of Energy National Energy Technology Laboratory. "This project is an excellent opportunity to showcase our vast expertise in hydrogen technologies," said Tom Erickson, Associate Director for Research at the EERC. "We are also working with Kraus Global, Inc., of Winnipeg to supply the portable hydrogen re-fueling station for the eP-Ice Bear vehicle," he said.

Senator Dorgan's Action Summit, called "Building the Hydrogen Economy," begins at 8:30 a.m. on November 7 and will focus on a variety of topics, including hydrogen technologies for the transportation industry, hydrogen-powered unmanned aerial vehicles, and current activities in the region. The summit will be followed on November 8 by a training workshop focused on the fundamentals of the hydrogen industry. Register for both events at www.theresearchcorridor.com.

#### -END-

#### For more information contact:

EERC: Derek Walters, Communications Manager, at (701) 777-5113 or dwalters@undeerc.org. ePower Synergies: Amy Nielsen, VP Communications, at (309) 654-9299, or amynielsen@frontiernet.net Resurfice: Lisa Schlupp, at (519) 669-1694, or lschlupp@resurfice.com

For Immediate Release Monday November 7, 2005 CONTACT: Barry Piatt or Brenden Timpe PHONE: 202-224-2551

#### Senator points to abundant evidence at Hydrogen Energy Action Summit:

# DORGAN SAYS EFFORTS TO FOSTER HYDROGEN-BASED ECONOMY ARE PAYING OFF

(GRAND FORKS, NORTH DAKOTA) --- Surrounded by examples of hydrogen-powered technology put into application, U.S. Senator Byron Dorgan (D-ND) said Monday his once-distant vision of an economy based on hydrogen has evolved into a real-life revolution that is increasingly replacing outmoded technologies and being integrated into the everyday lives of millions.

Dorgan, presenting a plaque to Energy and Environmental Research Center (EERC) honoring its designation as a "National Center for Hydrogen Technology," said the EERC's research has been – and will continue to be – integral to the development of a hydrogen economy. But hydrogen has moved beyond the realm of research and into a state where it is increasingly being integrated to real-life situations, Dorgan said. With the targets and timetables Dorgan inserted in the federal energy bill that passed Congress this year – calling for 100,000 hydrogen-fueled vehicles on the road by 2010 and 2.5 million by 2020 – the technology will only become more common, he said.

"I've always said that if we have the leadership to set targets and the will to meet them, we can make progress very quickly," Dorgan said. "We're surrounded today by groups like the EERC and others, who looked at the way we power our vehicles and decided something needs to change. When we look at the future of transportation, hydrogen emerges as one of the most promising technologies that will help us shed our dangerous dependence on foreign sources of oil."

A long-time supporter of hydrogen technology, Dorgan's most recent work includes authoring a provision in the federal energy bill including \$3.75 billion for hydrogen research. Earlier this year, he secured a \$2.7 million grant for hydrogen research at the EERC.

Dorgan also worked to secure the EERC's designation as a "National Center for Hydrogen Technology," cementing its role in the rise of hydrogen power. The facility is an anchor in Dorgan's Red River Valley Research Corridor, to which he has directed more than \$225 million since 2002.

"I am proud of the work the EERC has done in this exciting field," Dorgan said. "The work done in this facility has helped propel us into the future of transportation at an amazing rate, and I look forward to the work we will see here in the future."



### **NEWS RELEASE**

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For Immediate Release: Wednesday, January 18, 2006

# EERC Hydrogen Contracts to Total more than \$20 Million

(GRAND FORKS, N.D.) — Just weeks after North Dakota lawmakers approved the Centers of Excellence awards for research and job initiatives at universities around the state, the Energy & Environmental Research Center (EERC) at the University of North Dakota announced today its contracts related to hydrogen technologies are expected to total more than \$20 million within the next few months.

The EERC was awarded \$2.5 million as part of the Centers of Excellence program to build a facility for its National Center for Hydrogen Technology (NCHT). The Centers of Excellence application required a 2-to-1 match of funds from nonstate sources and a strong commitment from the private sector—the EERC's proposal offered a 4-to-1 match immediately and a projected 20-to-1 match over the next 5 years. Within the near future, the EERC will achieve close to a 10-to-1 match, with 60% of those funds derived from cash contracts with private industry sources. The EERC currently has hydrogen projects with over 15 U.S. and international private sector partners.

"The opportunities that Senator Byron Dorgan's support and the state's support of the Centers of Excellence program have brought to the EERC and North Dakota are absolutely phenomenal," said EERC Director Gerald Groenewold. "Numerous corporate partners have already verbally committed to bringing manufacturing and business opportunities to the Grand Forks area as our projects develop."

That will lead to more than 100 new private sector and private sector-equivalent jobs within the next 2 to 5 years locally and numerous others across the state, as well as spin-off companies spanning between the Minnesota and Montana borders.

Since submission of the original proposal to the Centers of Excellence Commission, the cash value of existing hydrogen projects at the EERC has grown from \$8 million to more than \$10 million. An additional \$13 million of near-term opportunities are in discussion with a variety of sponsors.

Corporate and federal partners involved in the anticipated new hydrogen projects include the U.S. Department of Energy (DOE); Siemens Power Generation, Inc.; Air Products and Chemicals, Inc.; Schunk-INEX; ePower Synergies, Inc.; Nuvera, and Pratt & Whitney Rocketdyne.

"These opportunities are just the beginning," said Groenewold. "The EERC has been developing hydrogen technologies for over 50 years. Current economic, political, and energy security drivers are creating a very strong market for the development of hydrogen technologies that will last for decades."

The EERC was designated as the National Center for Hydrogen Technology in November 2004 by the U.S. Department of Energy in recognition of over 50 years of hydrogen research involving fossil fuels and renewable energy. For more information, visit www.undeerc.org.

-END-

For more information contact: Gerald Groenewold, EERC Director, at (701) 777-5131 or ghg@undeerc.org.

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Web Site: www.undeerc.org

# Monday, April 17, 2006

# EERC Breaks Ground on \$3 Million Hydrogen Facility

(GRAND FORKS, NORTH DAKOTA) — Construction is under way on the Energy & Environmental Research Center's (EERC's) National Center for Hydrogen Technology facility. The EERC broke ground on the \$3 million facility today and expects completion sometime late this fall.

Speakers at the groundbreaking ceremony included EERC Director Gerald Groenewold; Governor John Hoeven (R-ND); Senator Kent Conrad (D-ND); Senator Byron Dorgan (D-ND); North Dakota University System Chancellor Robert Potts; Grand Forks Mayor Michael Brown; East Grand Forks Mayor Lynn Stauss; Grand Forks Region Economic Development Corporation President and CEO Klaus Thiessen; and Grand Forks City Council President/EERC Foundation Secretary-Treasurer Hal Gershman.

The 15,000-square-foot facility will allow the EERC to capitalize on the tremendous growth in hydrogen-related projects at the EERC. The facility will significantly enhance the strategic research, development, testing, and commercialization of hydrogen and fuel cell technologies and result in 50 to 100 new, high-paying private sector-equivalent jobs at the EERC. An additional 50 to 100 new private sector jobs in the greater Grand Forks region will also evolve as these projects progress.

Funding for the facility is being provided by the North Dakota Centers of Excellence Commission, which awarded the EERC \$2.5 million, and the city of Grand Forks, which provided \$500,000 in matching funds.

"This facility represents a significant partnership between the federal government, the state of North Dakota, the city of Grand Forks, private industry, and the EERC and provides a cornerstone to address the nation's enormous challenge of developing new technologies that will guarantee our energy security for the long term," said EERC Director Gerald Groenewold.

A 30-foot-high demonstration/testing area will be located inside the building, along with a staging area for vehicle demonstration, a fuel cell testing area, a high-temperature materials lab, and other individual labs for a variety of hydrogen production technologies. The building is being designed by Schoen & Associates.

"This building will be a specialized state-of-the-art facility to provide solutions for the world's growing energy needs while, at the same time, provide opportunities for regional economic growth," said Associate Director for Research Tom Erickson.

The EERC was designated the National Center for Hydrogen Technology by the U.S. Department of Energy (DOE) in November of 2004 in recognition of over 50 years of hydrogen research involving fossil and renewable energy. Senator Dorgan secured cornerstone research funding, which has been leveraged by numerous corporate partners.

The EERC has more than \$20 million in current hydrogen contracts in place. An additional \$20 million of near-term opportunities are in discussion with a variety of sponsors, for a total of \$40 million.

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For Immediate Release: Monday, June 19, 2006

# Fuel Cell-Powered Forklift Truck on Display at the EERC

(GRAND FORKS, NORTH DAKOTA) – The Energy & Environmental Research Center (EERC) at the University of North Dakota and ePower Synergies, Inc., announce the arrival of their second fuel cell-powered vehicle: a new Hyster forklift truck. The forklift is currently on display at the EERC.

This new vehicle is the result of a partnership between the U.S. Army Corps of Engineers Construction Engineering Research Laboratory, ePower Synergies, the U.S. Air Force, and the EERC to develop fuel cell vehicles and a portable hydrogen production and refueling system for military applications. The truck offers high performance quiet operation with no carbon monoxide or other harmful emissions.

"Hydrogen fuel cell technology is now, not tomorrow," stated EERC Director Gerald Groenewold. "The key is to demonstrate that hydrogen vehicles are commercially and technologically viable and safe. Off-road applications are just the first wave—the EERC and its corporate partners are involved in the development of a variety of off-road hydrogen fuel cell vehicles, which are providing a cornerstone for deployment of hydrogen fuel cell-powered highway vehicles."

Because the fuel cell forklift will be operating both inside and outside, and on a variety of surfaces, a European-produced pneumatic-tired, high-power, 80-volt drive system Hyster was selected for the transformation. "Because it's a European-based vehicle, this application will provide us with very useful feedback and experience for our subsequent growth outside North America," said Frank Trotter, president and COE of General Hydrogen, manufacturer of the fuel cell used in the Hyster forklift (based in Richmond, British Columbia, near Vancouver).

"One objective of this project is to evaluate the performance of a hydrogen fuel cell-powered forklift against a forklift powered with an internal combustion engine fueled with propane," said Bruce Wood, president of ePower Synergies. "Customers typically prefer propane-powered units as they deliver higher performance than battery electric units, but when noise and engine emissions are a problem, they use the battery-powered units. This fuel cell-powered forklift offers the best of both, and unlike the hours it takes to properly charge lift truck batteries, the fuel cell can be refueled in less than 5 minutes."

ePower Synergies is a developer of clean vehicles and personal mobility systems based in Cordova, Illinois, with an office in Portland, Oregon. This is the second fuel cell-powered vehicle unveiled within the past year at the EERC. The world's first hydrogen fuel cell-powered ice resurfacer, the eP-ICEBEAR, was introduced in November 2005.

The forklift is expected to go into service for at least 1 year at the North Dakota Army National Guard Base in Grand Forks, North Dakota, and will be officially unveiled in early July. Both the eP-Ice Bear and the Hyster Forklift will be on display at the North Dakota State Fair, July 21–29, 2006, in Minot, North Dakota.

Disclaimer: This project is sponsored in part by the U.S. Department of Defense. The information provided in this document does not necessarily reflect the position or policy of the U.S. Government, and no official endorsement has been made.

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### **NEWS RELEASE**

UNIVERSITY OF NORTH DAKOTA

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For Immediate Release: Friday, July 14, 2006

# Hydrogen Vehicle Showcase Comes to North Dakota State Fair, July 21–29, 2006

(GRAND FORKS, NORTH DAKOTA) – The Energy & Environmental Research Center (EERC) at the University of North Dakota (UND), along with a group of utility and private sector partners from around North Dakota, will showcase several aspects of the sustainable hydrogen economy, including up to six hydrogen vehicles, at the North Dakota State Fair July 21–29, 2006.

"The goal is to inform the public about the wide array of projects occurring around the state and in the upper Great Plains with respect to hydrogen fuel cell technologies and the regional programs and opportunities that are under way," said Kirk Williams, Research Engineer at the EERC and project manager. "All aspects of hydrogen will be explained, from how it is made to how it is dispensed and used in vehicles," he said.

Hydrogen ( $H_2$ ) is the main component of water ( $H_2$ O) and is the most abundant element in nature. A hydrogen fuel cell operates like a rechargeable battery. However, it does not run down or require charging. It uses hydrogen and oxygen in an electrochemical process that generates electricity and heat while emitting only water vapor as a by-product.

Many of the hydrogen vehicles on display are in use today. Vehicles will be displayed in several locations. An inside display located in the Commercial I exhibit building will feature the eP-Ice Bear, the world's first fuel cell ice resurfacer; a Hyster forklift truck; a Global Electric Motorcar (GEM); and a hydrogen-fueled internal combustion engine.

Other vehicles expected to be displayed throughout the fairgrounds include three hydrogen-powered Chevrolet Silverado 4x4 half-ton pickup trucks, a portable hydrogen refueler, and the UND School of Engineering and Mines fuel cell car. Several of these vehicles will be driven in the opening State Fair parade on Saturday, July 22.

"Hydrogen fuel cells are here today—they are not tomorrow's technology," said EERC Director Gerald Groenewold. "The only question is, how fast are we going to deploy them in our workplaces and on our roadways?" he said.

The State Fair hydrogen showcase is presented by the EERC's National Center for Hydrogen Technology (NCHT); the U.S. Department of Energy National Energy Technology Laboratory; Prairie Public Broadcasting, Inc.; the North Dakota Department of Commerce Division of Community Services; Basin Electric Power Cooperative; Verendrye Electric Power Cooperative; the North Dakota Association of Rural Electric Cooperatives; Hydrogen Engine Center; ePower Synergies, Inc.; the Minot Area Chamber of Commerce; the North Dakota State Fair; and Cal-Dak Cabinets, Inc.

Disclaimer: Portions of this project are sponsored in part by the U.S. Department of Defense and the U.S Department of Agriculture. The information provided in this document does not necessarily reflect the position or policy of the U.S. Government, and no official endorsement has been made.

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### **NEWS RELEASE**

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For Immediate Release: Wednesday, January 17, 2007

# EERC Demonstrates Hydrogen Production at Ethanol Facilities

(GRAND FORKS, NORTH DAKOTA) – The Energy & Environmental Research Center (EERC) at the University of North Dakota is leading a project to demonstrate the production of hydrogen at existing and future ethanol facilities in a unique, economical way, providing a near-term path toward a hydrogen economy. The hydrogen produced could be used on-site in fuel cells to provide additional power for the plant or as fuel for hydrogen vehicles.

"Hydrogen production integrated with an ethanol facility will provide an important source of renewable energy for both stationary and transportation fuel cell applications in a hydrogen-based economy," said Chad Wocken, EERC Research Manager. "This technology will help facilitate regional and national growth in hydrogen utilization."

Under the multiyear contract, the EERC's Centers for Renewable Energy and Biomass Utilization are testing the technical feasibility of integrating hydrogen production with ethanol production. Activities include optimizing the ethanol-reforming process, demonstrating utilization of the produced hydrogen for power generation, optimizing the design for future ethanol plants, and conducting a full economic evaluation of the technology.

The information gathered from these efforts will be used to better define system integration, energy input, and the operational conditions required to produce hydrogen at an ethanol facility. The hydrogen becomes either a low-cost energy source for the facility or a value-added product enhancing the overall facility's economics.

"Ultimately, numerous cost savings can be realized through integration of heat, power, and distillation systems within an ethanol plant," said Wocken. "Additionally, if coupled with a fuel cell, overall plant efficiency could be improved."

"The EERC's renewable energy programs are leading the nation in expanding the use of agriculture products and by-products for the production of electricity, heat, and fuels," said EERC Director Gerald Groenewold. "This program is focused not only on the ethanol industry, but also on the future energy path of the United States."

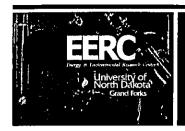
Project partners include the U.S. Department of Energy, the Minnesota Corn Research & Promotion Council, the North Dakota Corn Utilization Council, Chippewa Valley Ethanol Company, and H<sub>2</sub>Gen Innovations.

The EERC will highlight this research project as well as many other efforts in renewable fuels and energy during the North Dakota Department of Commerce Renewable Energy Day, January 19, 2007, at the State Capitol Building in Bismarck, North Dakota. The event runs from 8 a.m. to noon.

-END-

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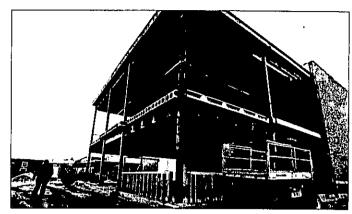
# National Center for Hydrogen Technology

ydrogen is envisioned to be the primary fuel of the future, driving the energy security of the United States. Using hydrogen as a fuel in a fuel cell, turbine, or internal combustion engine produces no harmful emissions, only water. However, the reality is that, with the exception of a few isolated prototypes, much of the infrastructure for H, does not exist and has not been demonstrated. Significant advances are being made at the Energy & Environmental Research Center (EERC) and in laboratories of leading companies throughout the world to develop technologies dealing with the various aspects of hydrogen production, including its generation, separation, purification, transportation, dispensing, and utilization. The challenge in advancing toward a hydrogen economy is not only in developing individual components and modules but also in integrating and testing the various technologies together for a complete hydrogen system, from production through utilization.

The EERC combines nearly 60 years of experience in hydrogen systems with a focus on working with industry partners to solve real-world problems by bringing innovative solutions to the commercial marketplace. The EERC has a long history of developing, testing, and integrating modular technologies for the production and utilization of hydrogen. Specifically, the EERC has unique, world-class experience in hydrogen production from fossil fuels as well as renewable fuels, development of on-demand hydrogen fueling systems from a variety of fuels, gas separation and purification through conventional and advanced methods, and utilization of the hydrogen via direct combustion and in fuel cells.

# Integration of Hydrogen Production and Utilization

The success of new fuel forms within energy markets requires both the development of lower-cost and more effective technologies and also their integration into a total system that provides substantial economic and environmental benefits. The success of a hydrogen economy will require that components be tested in a variety of configurations to determine their optimal design and application. The National Center for Hydrogen Technology Program currently encompasses nearly \$29 million in projects funded through market-driven private sector and federal partnerships, with near-term funding levels projected at nearly \$45 million. The EERC's National Center for Hydrogen Technology focuses on integrating state-of-



The EERC is building a 15,000-square-foot facility for its growing hydrogen programs. This building, funded by the North Dakota Centers of Excellence Commission and the City of Grand Forks, will provide state-of-the-art space for lab- and demonstration-scale hydrogen production and utilization systems. The building is scheduled for completion in May 2007.

the-art system components into real-world systems and determining operational characteristics and true economics.

Recent highlights of the National Center for Hydrogen Technology Program include the following:

- The EERC is building a \$3,000,000 state-of-the-art facility for developing hydrogen technologies with funding from the North Dakota Centers of Excellence Commission (\$2,500,000) and the City of Grand Forks (\$500,000). The 15,000-square-foot facility will be completed in the spring of 2007. This facility has contributed significantly to the growth of the EERC's hydrogen program.
- The EERC is advancing a proprietary hydrogen production and dispensing system (patent pending).
   Kraus Global, Inc., will lead the introduction of this technology into the commercial marketplace. This system will overcome the cost, logistics, and safety issues of existing refueling systems which limit their commercial potential significantly.
- The National Center for Hydrogen Technology is working with a Xethanol subsidiary, Advanced Biomass Gasification Technologies, to further develop and commercialize a microgasification technology for generating distributed power, hydrogen, and synthetic fuels from domestic coal and biomass resources. An EERC gasifier, developed in partnership with Xcel Energy, is being considered for the next generation of this system.

- The National Center for Hydrogen Technology is advancing information critical to the effective utilization of lignite coal to produce electric power, hydrogen, synthetic fuels, and carbon dioxide. The National Center for Hydrogen Technology is working with the North Dakota Industrial Commission, the North American Coal Corporation, Great River Energy, TXU Power, and Rio Tinto to take advantage of the unique characteristics and resolve the challenges for coal gasification with lignite coals.
- The National Center for Hydrogen Technology is working with IdaTech LLC to perform an engineering analysis and bench-scale demonstration to turn downed trees into electricity at remote sites. The truck-mounted technology will be used to gasify wood and turn it into methanol to be used as green fuel for portable fuel cellbased electric generators.
- In conjunction with Basin Electric Power Cooperative, the EERC is leading a program to demonstrate hydrogen production from wind energy. An electrolysis unit, fueling station, and three vehicles will be in operation at a site south of Minot, North Dakota, in 2007.
- The National Center for Hydrogen Technology provided a booth at the North Dakota State Fair in Minot on July 21–29, 2006, to present hydrogen education and outreach materials and provide hydrogen vehicle demonstrations to the general public. To kick off the event, U.S. Senator Dorgan held a press event at the booth following the State Fair parade.
- The EERC is working with Pratt & Whitney Rocketdyne Inc., to conduct extended-duration pilot-scale testing of a new hydrogen production technology invented by Pratt & Whitney Rocketdyne. The technology has the potential to improve the economics over those of current commercial production methods while supplying a CO, stream for enhanced oil recovery.
- The National Center for Hydrogen Technology, in partnership with Siemens Power Generation, Inc., is developing a new technology to provide ultralow emissions for power generation facilities required to meet the cleanest emission standards. A bench-scale system was installed on one of the EERC's test reactors and tested on hydrogen-rich gas generated from coal.
- The EERC is developing an innovative hydrogen production and dispensing technology for the U.S.
   Department of Defense. This technology will be demonstrated at the Grand Forks Air Force Base.

#### **EERC NCHT Partners**

- Advanced Biomass Gasification Technologies
- Agricultural Utilization Research Institute
- Air Liquide
- · Air Products and Chemicals, Inc.
- Appareo Systems
- Ballard Power Systems
- Basin Electric Power Cooperative
- BNI Coal Company
- Bobcat Company
- CEO Praxis Înc.
- Chippewa Valley Ethanol Company
- Corning
- CRI-Criterion, Inc.
- ePower Synergies, Inc.
- Franklin Fuel Cells
- · General Hydrogen
- Grand Forks Air Force Base
- · Grand Forks Army National Guard
- · Great River Energy
- H,Gen Innovations
- HvMotion
- IdaTech LLC
- Kraus Global Inc.
- Lignite Energy Council North Dakota Industrial Commission
- Microbeam Technologies, Inc.
- Minnesota Corn Growers Association
- · Minnesota Corn Research Council
- National Energy Technology Laboratory
- National Rural Electric Cooperative Association
- Nextech Materials
- North American Coal Corporation
- North Dakota Association of Rural Cooperatives
- North Dakota Centers of Excellence
- North Dakota Corn Growers Association
- North Dakota Corn Utilization Council
- Nuvera Fuel Cells
- Olympia
- Prairie Public Broadcasting, Inc.
- · Pratt & Whitney Rocketdyne, Inc.
- Railroad Commission of Texas
- Red River Valley Research Corridor
- Resurfice Corporation
- Rio Tinto
- SGL Carbon
- · Siemens Power Generation, Inc.
- Sud Chemie, Inc.
- ThermoChem Recovery International, Inc.
- TXU Power
- U.S. Air Force
- U.S. Army
- U.S. Army Corps of Engineers Construction Engineering Research Laboratory
- U.S. Department of Energy
- United Technologies Research Center
- U.S. Department of Agriculture
- Xcel Energy
- Xethanol

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# CENTERS OF EXCELLENCE



Providing Strategic Solutions to Energy and Environmental Issues Worldwide

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he commercialization of innovative technologies is essential to new wealth, new jobs, and economic prosperity. It is critical to the success of the Energy & Environmental Research Center (EERC) at the University of North Dakota and key to North Dakota's future.

The EERC and its multidisciplinary team of over 290 highly skilled scientists, engineers, and support staff, representing 120 disciplines, are recognized internationally for their dedication to improving the global quality of life. Through ten distinct Centers of xcellence, initiated to provide solutions to strategic energy and environmental issues, the EERC is researching, demonstrating, and commercializing scientifically advanced energy systems and innovative technologies to prevent and clean up air, water, and soil pollution. Many of these Centers of Excellence are recognized as the premier facilities in their respective fields by organizations including the U.S. Department of Energy (DOE), the U.S. Environmental Protection Agency (EPA), and the U.S. Department of Agriculture (USDA), among others.

Through its Centers of Excellence, the EERC, with its federal and corporate partners, is committed to moving technologies out of the laboratory and into the marketplace to further economic development, expand opportunities for research and manufacturing, and evolve quality jobs.

### Coal Utilization Technologies Center

The EERC has been developing and enhancing clean coal technologies for over 50 years and is the world's leading research, development, demonstration, and commercialization center for coal, with special emphasis on low-rank coal. EERC research and development programs are designed to embrace all aspects of energy-from-coal technologies from cradle to grave, beginning with fundamental resource characterization and ending with waste utilization or disposal. Today's energy and environmental needs typically require the expertise of a total-systems team that can focus on technical details while retaining a broad perspective. The EERC's expertise in coal gasification provides unique opportunities for developing innovative approaches to produce hydrogen, synthetic natural gas, and liquid fuels from coal.

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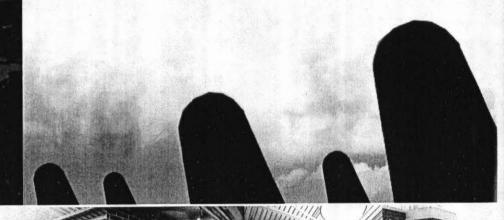
### Emission Control Technologies Center

The EERC is internationally recognized for its groundbreaking work in the development of control technologies to reduce emissions from mobile and stationary sources worldwide (SO<sub>3</sub>, NO<sub>x</sub>, SO<sub>2</sub>, and CO<sub>2</sub>), mercury, and fine particulate matter. The EERC's Emission Control Technologies Center has conducted hundreds of industry-driven projects ranging from fundamental studies of system interactions to pilot- and full-scale slipstream testing of advanced technologies that offer solutions to meet clean air requirements well into the next century.

#### Contacts:

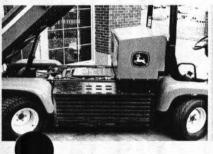
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### The National Center for Hydrogen Technology

e EERC was designated in November 2004 as the National enter for Hydrogen Technology (NCHT) by DOE. The EERC has the experience, expertise, and facilities to take a lead role in developing, in concert with its industry and government partners, all aspects of the hydrogen economy. The EERC has more than 50 years of experience with hydrogen production and fuel cell technologies and is leading the way in integrating technologies for the production and use of hydrogen as a practical fuel. Current and pending contracts in the NCHT include more than \$40 million in funding for producing clean hydrogen from fossil fuels; developing innovative hydrogen production systems and vehicles tailored to the U.S. military; producing hydrogen from renewable sources; expanding the use of ethanol with new technologies that produce pure, clean hydrogen from ethanol plants; developing the hydrogen-dispensing system of the future; and integrating new technologies for hydrogen fuel cell vehicles.





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Center for Climate Change and CO<sub>2</sub> Sequestration

The EERC is one of the leading organizations selected by DOE to determine the best ways to reduce and/or manage CO<sub>2</sub> emissions. The EERC's Plains CO<sub>3</sub> Reduction (PCOR)

Partnership is one of seven lead organizations in North America developing methods to meet the President's Global Climate Change Initiative. The PCOR Partnership incorporates the participation of more than 50 public and private sector stakeholders to identify significant sources of CO<sub>2</sub> in the central interior of North America and to evaluate the technical and economic feasibility of capturing and storing CO<sub>2</sub> in the region. Contract awards valued at nearly \$25 million are advancing commercialization of climate change mitigation technologies to capture and permanently store greenhouse gases.

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### Center for Air Toxic Metals® (CATM®)

Designated by EPA in 1993 as the Center for Air Toxic Metals (CATM), the EERC is leading the world in developing effective strategies to understand and control mercury and other air toxic metal emissions. Working in partnership with EPA in the late 1990s, CATM established and validated methods of sampling and analysis for mercury that are now accepted worldwide. CATM has leveraged \$15.7 million of directed funding from EPA into nearly \$90 million in cofunded and related projects in partnership with other agencies and private industry.

Through CATM efforts, the EERC is also leading a series of full-scale programs with U.S. and Canadian utilities to demonstrate new mercury control technologies. CATM has also been instrumental in identifying the mercury measurement and mercury control issues critical to North Dakota's \$1.7 billion lignite-fired energy industry.

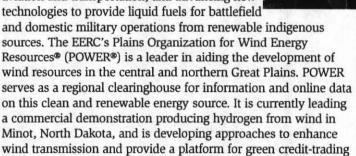
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### Center for Renewable Energy

The EERC's Center for Renewable Energy is a worldwide leader in developing technologies for, and promoting the use of, biomass, wind energy, and alternative fuels. The EERC is currently advancing technologies for producing ethanol, biodiesel, and other valuable chemicals; turning forest and agricultural residues into a valuable resource for heat and power production; integrating biomass gasification with state-of-the-art solid oxide fuel cell technologies; creating a suite of new fuel formulations for aviation and transportation; and advancing new technologies to provide liquid fuels for battlefield



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### Water Management Center

Water is key to economic development, with sufficient quantities of clean water necessary to sustain agricultural, industrial, commercial, and municipal activities. The Water Management Center addresses critical technical water management issues ranging from water resource assessments to water and wastewater treatment to flood mitigation and drought planning. The cornerstone of the Water Management Center is the Red River Water Management Consortium (RRWMC®). The RRWMC was established by the EERC in 1996 as a partnership between its members—representing industry, municipalities, counties, and other interested entities—along with state and federal government to address water quantity and quality in the Red River Basin for continued economic development of the region. To date, this activity has provided the foundation for the region's largest and most active water resource program.

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# National Alternative Fuels Laboratory® (NAFL®)

Established in 1988 with support from USDA, the National Alternative Fuels Laboratory is committed to the commercial utilization of alternative fuels. NAFL has conducted over \$7 million of work aimed at the development of ethanol- and biodiesel-blended gasoline and diesel fuels and the determination of fuel use effects on health and the environment. NAFL was instrumental in the first successful development and certification of an environmentally friendly ethanol fuel for use in the aviation industry. Other NAFL fuel-related research, development, and demonstration activities include opportunity fuels and chemicals from agricultural processes and hybrid agriculture power–ofuels industrial plants.

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### Supercritical and Subcritical Extraction Technologies Center

The EERC has been conducting groundbreaking work for more than 19 years to understand the chemistry of water and carbon dioxide under pressurized super- and subcritical conditions. The EERC is a world leader in manipulating the

properties of subcritical water to allow for selective extraction, separation, and destruction or sequestration of select organic chemicals. Extraction technologies have been applied to flavor and fragrance compounds, antioxidants, and pharmaceutical compounds from plants; contaminants from soils; polymer additives from packaging materials; destruction of explosives; mimicking the bioavailability of pollutants in soils; and dechlorinization of polyvinyl chloride.

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#### Coal Ash Research Center

Since 1986, the EERC Coal Ash Research Center has focused on developing, demonstrating, and commercializing environmentally friendly uses for coal ash-a by-product of burning coal to generate electricity. The Coal Ash Resources Research Consortium® (CARRC®) (pronounced "cars") is the cornerstone of those efforts. More than 100 million tons of coal combustion by-products is produced each year, but only 30% is used. Recently, the EERC launched a large study to determine how much mercury is released from coal ash when it is disposed of or used as raw material in products such as concrete.



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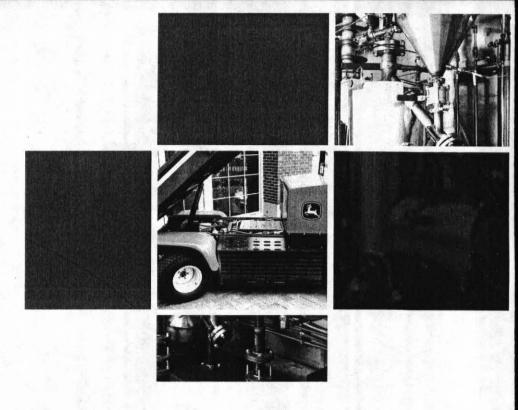
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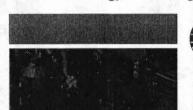




National Center for Hydrogen Technology

Focused on the World's Future Energy Needs

EERC Technology. . . Putting Research into Practice





# A Unique Challenge. . . Integrating Hydrogen into Our Everyday Lives

ydrogen is envisioned to be the primary fuel of the future, strengthening the energy security of the United States. Hydrogen as fuel in a fuel cell, turbine, or combustion engine produces no harmful emissions, only water. However, we need to develop the technologies and infrastructure to support a hydrogen economy. Significant advances are being made throughout the world to develop technologies for hydrogen production and delivery. The Energy & Environmental Research Center (EERC) is on the leading edge of this research. The challenge in the hydrogen economy is to develop individual components, test various technologies, and put them to work from production through commercial deployment.

### Meeting the Challenge

New fuels need to be reliable and deliver substantial economic and environmental benefits. A successful hydrogen economy requires that we apply optimal designs and applications for a variety of uses. The National Center for Hydrogen Technology (NCHT) at the University of North Dakota (UND) EERC in Grand Forks, North Dakota, has the experience, expertise, and facilities to take a lead role in developing, in concert with its industry and government partners, all aspects of the hydrogen economy.



The EERC, ePower Synergies, and the U.S. Army and Air Force are working to couple a fuel cell vehicle with the EERC's on-demand hydrogen-dispensing technology for potential military uses.

The EERC's biomass gasifier produces hydrogen-rich gas for use in a solid oxide fuel cell system.







### Providing Real-World Solutions Today

The EERC's NCHT is integrating technologies for the production and use of hydrogen as a practical fuel. The EERC is leading the way to produce hydrogen from fossil and renewable fuels, to develop the hydrogen gas station of the future, and to utilize hydrogen in combustion engines and turbines and in fuel cells.

### **Current Activities**

The EERC has more than 50 years of experience with hydrogen production and fuel cell technologies—integrating innovative concepts to develop, demonstrate, and commercialize technologies that impact the way we live. The EERC, with its other nine strategic centers of excellence, is leading the world in energy and environmental research and development that are integral to the NCHT; its activities include:

- Integrating technologies that will allow us to safely and efficiently refuel our vehicles with hydrogen.
- · Addressing the challenges of putting hydrogen fuel cells to work as part of everyday life.
- Developing, demonstrating, or commercializing technologies that produce hydrogen from fossil fuels, including coal, natural gas, and petroleum.
- Making hydrogen from many renewable sources such as crops, trees, wind energy, and agricultural by-products.
- Producing the cleanest hydrogen gas possible to minimize impacts on fuel cells.

### Capabilities

The EERC operates comprehensive world-class technology demonstration facilities and laboratories, including expertise in the following areas:

- · Producing hydrogen from a variety of fuels with a variety of technologies
- · Testing fuel cells in conjuction with hydrogen production systems
- Developing and fostering industry and government partnerships to test technologies in real-world situations



A new technology being developed at the EERC could expand the use of ethanol with a process that produces pure, clean hydrogen from ethanol plants.



The EERC, DOE, and Basin Electric Power Cooperative are demonstrating hydrogen production from wind power for use in vehicles and farm equipment.



The EERC is a research, development, demonstration, and commercialization facility recognized as one of the world's leading developers of cleaner, more efficient energy technologies as well as environmental technologies to protect and clean our air, water, and soil. The EERC is a high-tech, nonprofit branch of UND which operates like a business. The EERC employs more than 290 people with 120 different disciplines, including numerous specialized fields, and is aggressively expanding its staff. The EERC currently houses 216,000 square feet of offices, technology demonstration facilities, laboratories, and some of the world's most advanced equipment and instrumentation.

The Center was founded in 1951 as the Robertson Lignite Research Laboratory, a federal facility under the U.S. Bureau of Mines. It became a Federal Energy Technology Center under the U.S. Department of Energy (DOE) in 1977 and was defederalized in 1983. At that point, it became a part of UND, with the stipulation that it would not receive state-appropriated dollars. Today, the EERC leverages and enhances government research dollars by developing partnerships with industry, government, and the research community. Since 1987, the EERC has had more than 915 clients in all 50 states and 48 countries.

The EERC's ten Centers of Excellence include the Coal Utilization Technologies Center, the Emission Control Technologies Center, the National Center for Hydrogen Technology, the Center for Climate Change and CO<sub>2</sub> Sequestration, the Center for Air Toxic Metals® (CATM®), the Center for Renewable Energy, the Water Management Center, the National Alternative Fuels Laboratory® (NAFL®), the Supercritical and Subcritical Extraction Technologies Center, and the Coal Ash Research Center.



For more information contact:

Gerald Groenewold, EERC Director (701) 777-5131, ghg@undeerc.org

**Tom Erickson**, Associate Director for Research (701) 777-5153, terickson@undeerc.org

Energy & Environmental Research Center 15 North 23rd Street, Stop 9018 Grand Forks, ND 58202-9018

www.undeerc.org

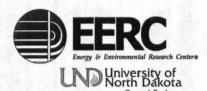


# HARBOEEN

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Prairie Public Television

he hydrogen economy has the ability to significantly decrease our dependence on foreign oil while at the same time decreasing the environmental impact of energy technologies. A true hydrogen economy requires both inexpensive, plentiful sources of hydrogen as well as advanced technologies for using the hydrogen. The state of North Dakota is leading the way in developing and demonstrating both hydrogen production and hydrogen utilization technologies. These technology advances are providing real hydrogen utilization opportunities today that will pave the way for the hydrogen economy.

## Hydrogen Production

Engineering practical technologies to extract hydrogen from North Dakota's plentiful natural resources and agricultural products

Hydrogen is the most abundant element on Earth; however, it does not exist in a pure form. Hydrogen is produced from a variety of energy resources including coal, oil, natural gas, agricultural products (biomass), water, wind, and solar energy. With North Dakota's incredible resources of coal, oil, agricultural products, and wind energy, it is poised to be a significant provider of hydrogen. North Dakota already has numerous hydrogen production activities under way.

#### Producing Hydrogen from Coal

The Energy & Environmental Research Center (EERC) National Center for Hydrogen Technology (NCHT) is working with numerous industry partners to develop coal gasification systems to produce inexpensive, hydrogen-rich gas. The Great Plains Synfuels Plant in Beulah, North Dakota, is a national example of coal gasification today.

#### Hydrogen from Military Fuels

The EERC NCHT has partnered with the U.S. Army Corps of Engineers Construction Engineering Research Laboratory, ePower Synergies, Inc., and the U.S. Air Force to develop specialized techniques to produce hydrogen from military fuel (JP8) for on-demand hydrogen on the battlefield. This will be demonstrated at the Grand Forks Army National Guard Base and the Grand Forks Air Force Base.

#### Hydrogen from Biomass

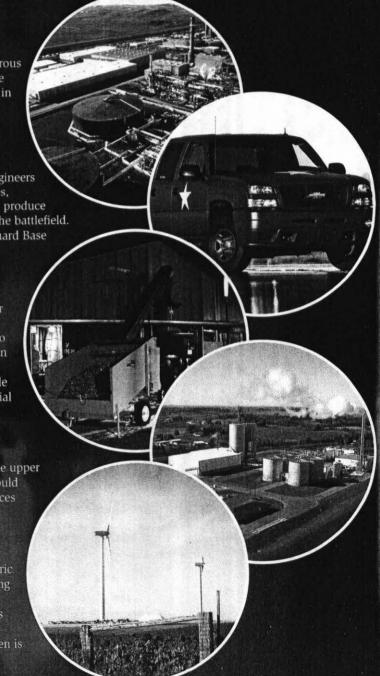
The EERC's trailer-mounted portable biomass gasification power plant is designed to convert a variety of plant materials to a hydrogen-rich gas similar to natural gas. This gas can be fed into turbines, piston engines, and boilers for low-cost power, or it can be used as a source of hydrogen. This mobile unit is designed for remote power generation where traditional fuel is unavailable or expensive. This technology is quickly advancing to commercial demonstrations.

#### Coproduction of Hydrogen and Ethanol

There is a growing number of ethanol production facilities in the upper Great Plains. A new technology being developed at the EERC could expand the use of ethanol from corn, with a process that produces clean hydrogen as part of the ethanol production process.

#### Wind-to-Hydrogen

The U.S. Department of Energy, in partnership with Basin Electric Power Cooperative, the EERC, and many others, is demonstrating the production of hydrogen from water using renewable wind energy near Minot, North Dakota. State-of-the-art wind turbines change wind into electrical energy. Electricity is used to split water into hydrogen and oxygen in an electrolyzer. The hydrogen is pressurized and stored to fuel hydrogen-powered vehicles.



# Hydrogen Utilization

Putting clean hydrogen to work for transportation, electrical generation, and heating/cooling applications . . .

When hydrogen is utilized in a fuel cell, it produces electricity, heat, and water with no harmful emissions. Hydrogen can also be used in modified internal combustion engines (ICEs) with significantly reduced emissions. Although wide utilization of hydrogen is still in the future, there are many uses of hydrogen that are practical today, such as off-road vehicles (forklifts, ice refinishers, commercial all-terrain vehicles), backup generators, and more. The state of North Dakota has numerous hydrogen utilization technologies in development and demonstration including the following.

HYDROGEN

#### Internal Combustion Engines

With some modifications and a certified hydrogen fuel tank, today's vehicles can be converted to use hydrogen. Basin Electric Power Cooperative and the EERC, as part of the Wind-to-Hydrogen project, have partnered with AFVTECH to convert the standard gasoline engine in three Chevrolet Silverado 4x4 half-ton pickups to operate on hydrogen, gasoline, or E85, making them trifuel vehicles.

#### Fuel Cell Ice Refinishers

The NCHT, along with key partners including ePower Synergies, Inc., and Olympia, has developed the first commercially available fuel cell-powered ice resurfacer called the eP-Ice Bear, which is available for use on ice rinks worldwide today. The fuel cell exhaust contains only water vapor. All harmful gases are eliminated.

#### The Hyster Fuel Cell-Powered Forklift

A 4000-pound-capacity lift truck system is currently being tested by the North Dakota Army National Guard. The NCHT has partnered with the U.S. Army Engineer Research and Development Center; ePower Synergies, Inc.; and the U.S. Air Force to develop a dependable hydrogen-powered fuel cell system that replaces the batteries on a conventional electric forklift or standard engine in typical propane- or diesel-powered forklifts.

#### Hydrogen Turbines to Produce Electricity

The NCHT is involved in enhancing engine, turbine, and fuel cell development to efficiently use hydrogen. The NCHT is teaming with Siemens Power Generation to help develop the next generation of turbines, which will use hydrogen fuel and advanced combustion systems to reduce emissions while producing electricity.

#### Advanced Fuel Cell Energy Systems

To work well, fuel cells need high-purity hydrogen fuel. The NCHT is developing new systems that will produce high-purity hydrogen for use in solid oxide fuel cells. One new system produces hydrogen-rich gas from biomass, which can go directly to a fuel cell with no need for gas cleaning.

When you look at the future of energy in this country, one of the most promising technologies on the horizon is hydrogen.

- U.S. Senator Byron Dorgan

# Hydrogen . . . Did you know?

Hydrogen is the most abundant element on Earth . . . Hydrogen (H<sub>2</sub>) is combined with oxygen (O) to make water (H<sub>2</sub>O). Hydrogen also exists with carbon (C) in plants and fossil fuels like coal, oil, and natural gas. Hydrogen is obtained by processing these plentiful hydrogen sources and separating the hydrogen.

In 1959, Allis-Chalmers created one of the first fuel cell vehicles . . . a farm tractor. With 15,000 watts of power, the tractor generated enough power to pull a weight of about 3000 pounds.

The EERC, located in Grand Forks, North Dakota, was designated the National Center for Hydrogen Technology (NCHT) in 2004... The EERC received that designation from the U.S. Department of Energy in recognition of over 50 years of expertise in hydrogen and gasification technologies.

**Hydrogen is a safe fuel . . .** When hydrogen escapes from a vessel, it rapidly floats upward, thus eliminating the safety risk of the fuel igniting and fire engulfing the vehicle.

**Hydrogen is a clean fuel . . .** When hydrogen is used in a fuel cell, only heat, water vapor, and electricity are produced, greatly reducing air pollution. When hydrogen is burned with air in a conventional internal combustion engine, only water vapor, nitrogen compounds, and heat are emitted.

How does a fuel cell work? A fuel cell operates like a "rechargeable" battery. However, it does not run down or require charging. It uses hydrogen and oxygen in an electrochemical process that generates continuous electricity and heat.

North Dakota is a leading energy producer in the United States . . . Per capita, North Dakota is the fifth largest producer of energy and has the largest wind resource available (commonly referred to as the Saudi Arabia of wind).

Hydrogen technology is now, not tomorrow. Specialty vehicle applications are just the first wave—the EERC and its corporate partners are involved in the development of a variety of specialty hydrogen fuel cell vehicles, which are providing a cornerstone for deployment of hydrogen fuel cell-powered highway vehicles.

- EERC Director Gerald Groenewold

The EERC is a model for our Centers of Excellence concept, illustrating a successful partnership between business and research that results in high-paying jobs and career opportunities for our citizens. The new hydrogen technology Center of Excellence facility will generate those jobs and career opportunities by developing the products of the future.

- The Honorable John Hoeven, North Dakota Governor

For more information contact: Energy & Environmental Research Center 15 North 23rd Street, Stop 9018 Grand Forks, ND 58202-9018 (701) 777-5000 www.undeerc.org

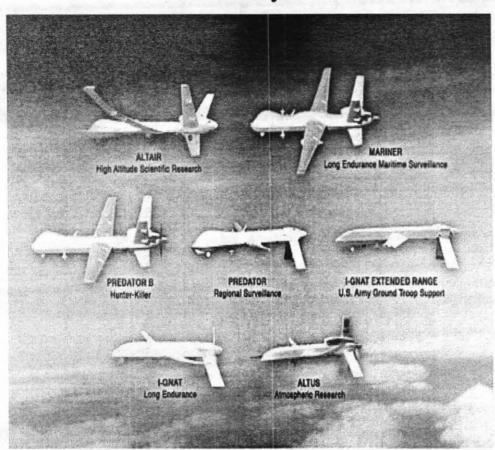
HYDROGEN

Fueling Our Fuure . . . NOW!

# UND Center of Excellence for Economic Development in Unmanned Aerial Systems (UASs) and UAS Simulation Applications



# Unmanned Aerial Systems (UAS) Center of Excellence Key Factors:



- Sensors (Cold Weather)
- Avionics (Nano-Technology)
- High Speed Computing

### Behavioral Research

- Physiology
- Psychology
- Human Factors

### Aerospace

- UAV Operations/Maintenance
- Pilet Training / Curriculums
- Simulations/Simulators

### Center for Innovation

- Productization
- Commercialization

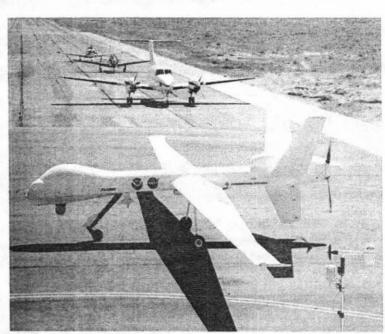
# The UAS COE Team Members Completely cover all of these Key Factors

#### North Dakota

- Northern Border Proximity
- Airfields / Runways / Hangars
- Uncontested Airspace

# Why a Center of Excellence?

- Propel UND as a UAS Industry leader
- Lead the Transition of UASs from the Military to Civilian Applications
- Capture Aerospace Research Funding Department of Defense National Institutes of Health Federal Aviation Administration
- Develop and Provide Training for "Everyone who Touches a UAS"
- Safely Integrate UAVs Into the National Airspace
- Develop Commercial Applications for UASs
- Develop National Standards for UAS Operations, Training, Maintenance, and Research
- Provide "Ever Vigilant" Northern Border Homeland Security



# Contributing Private and Public Sector Partners

- Lockheed Martin--\$1 million contribution
  - Sky Spirit UAV Test Flights
  - UAV ground control station
  - UAV technical expertise



- Alion Science and Technology
  - Current UND partner in Aerospace/Engineering related venture
  - UAV sensor expertise
  - Sense and Avoid Technology







--Created 13 full and part time private sector like jobs as well as 9 undergraduate and graduate student assistant jobs at the University of North Dakota.

# Committed Private Sector Partners

- Frasca International
   UAV Simulator Manufacturer
- Cirrus Design
   Airframe, Emergency Recovery, and Avionics Applications
- Mayo Clinic Aerospace
   Physician (2) Residents stationed in Grand Forks
- Raytheon

Threat Identification and Command, Control, and Communication Center Technologies

General Atomics

Predator B



Endowed Professorship in UAS Studies

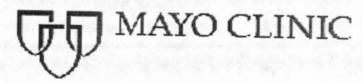
Northrop Grumman

Global Hawk

Training / Certifications / Standards











Coving 2001 Northern Improved special re-



## **UAS COE Funding Leverage**

- FY 2006 Funding = \$5.2 million
  - State of North Dakota: \$1 million UAS Economic Development Center of Excellence (EDCOE)
  - DoD FY 2006 Funding: \$1 million
  - DoD: \$200,000 flight performance research
  - FAA \$700,000: for Center of Excellence for General Aviation Research
  - Lockheed Martin: \$1 million
  - NIH: \$1.3 million for Northern Plains Behavioral Research Center
- FY 2007 Funding = \$3.0 million
  - DoD FY 2007 Appropriation: \$3.0 million
- FY 2007 2008 Potential Funding
  - 2007 Private Industry Match: \$3.0+ million
    - Northrop Grumman \$15 million DoD Proposal for UAV Mission Simulator
  - 2007 North Dakota EDCOE match: \$3.0 million

# AEROSPACE

#### **KEY INITIATIVES**

**Sense and Avoid Mitigation** 

Developing a ground-based interim mitigation strategy for detect, sense and avoid. Supported by the U.S. Air Force UAV Battle Lab

#### **Airspace Integration**

Conducting a review of existing FAA regulations and how they impact the integration of UASs into the national airspace system.

As a member institution of the Center of **Excellence in General Aviation Research** 

#### **Unrestricted Airspace for Testing**

Developing the infrastructure to allow civil and DoD manufacturers to test and evaluate unmanned aircraft systems without the need to operate in restricted airspace.

#### **UAS Training**

Dedicated to establishing training for anyone who touches a UAS.

#### **Standards Committee Participation**

Members of the COE team participate on the following special committees:

RTCA SC203 ASTM F-38 SAE G-10

# Genter of Excellence for UAS RESEARCH, EDUCATION and TRAINING

Northern Plains Center for Behavioral Research

University of North Dakota UAS COE Team Members **Odegard School of Aerospace Sciences** 

Center for Innovation • School of Engineering and Mines

Northern Plains Center for Behavioral Research





UND Center for Innovation supports the UAS mission at UND through business development efforts and assistance in the commercialization of technologies.

Two technology incubators provide facilities, flexible office space and support for new ventures and collaborative partners.

One of only eight technology incubators worldwide to be recognized for its assistance to international companies expanding to U.S. markets.



#### **School of Engineering and Mines**

At the request of the FAA





**US Air Force US Border Patrol ND Air National Guard UND Aerospace** 

#### SOURCES

The combined assets of the University of North Dakota. the John D. Odegard School of Aerospace Sciences. Grand Forks Air Force Base and the State of North Dakota provide the resources necessary to pursue the vision and mission of UAS research now and into the future.



#### Among our assets:

Aircraft Operations Aircraft Maintenance

Pilot Training

Simulations

Sensors (All Weather)

Aviation human factors

High Speed Computing

Threat Analysis

Airfield / Runway / Hangars

University Research Rigor Uplinks / Downlinks

Communication Networks

Airborne Surveillance

Satellite Imagery

Ground Control Radar

Proximity to the Northern Border

Aerial Photography / Cameras

Research Aircraft Operations



AAI/Aerosonde

Shadow, Aerosonde and UAS training



Cirrus Design

Airframe, Emergency Recovery and Avionics Applications



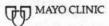
Frasca International UAS Simulator Manufacturer

Lockheed Martin--\$1 million contribution Sky Spirit UAS

UAS ground control station UAS technical expertise

Mayo Clinic Aerospace

Physician (2) Residents stationed in Grand Forks



Ravtheon

Raytheon

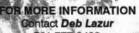
Threat Identification Command, Control and Communication Center Technologies

U.S. Air Force UAV Battlelab

Ground-based interim mitigation for Detect. Sense and Avoid







701-777-0409 azur@aero.und.edu Mailing Address:

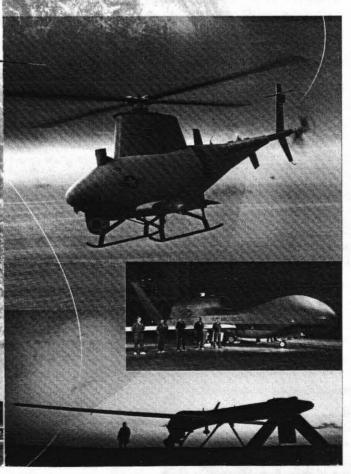
John D. Odegard School of Aerospace Sciences

3980 Campus Road, Stop 9007 Grand Forks, ND 58202-9007

www.uasresearch.com



Genter & Excellence for UAS Research, Education and Training















Second RRVRC Unmanned Aircraft Systems Action Summit March 26-27 Alerus Center, Grand Forks, ND

#### **Register Now**

#### The Coordinating Center

The Coordinating Center of the Red River Valley Research Corridor is a catalyst for the development and growth of science and technology-based enterprises throughout North Dakota.

The Unmanned Aircraft Systems (UAS) industry is taking off in North Dakota. On March 26 and 27 experts and policymakers with the federal government, international defense contracting firms, and local leaders in industry and research will gather to explore our region's potential role in this rapidly expanding industry.

The Red River Valley Research Corridor is co-organizing the UAS2 Action Summit along with U.S. Senator Byron Dorgan and the John D. Odegard School of Aerospace Sciences at UND.

This two day Action Summit will feature many prominent figures including **Dyke Weatherington**, Deputy, UAS Planning Task Force, OUSD (AT&L) and **Michael Pitts**, Director of the UAS Program Office, Customs and Border Protection, Department of Homeland Security.

Highlights of the Action Summit agenda include:

- Overview of ND Unmanned Aerial Vehicle (UAV) activities
- Overview of DoD UAS Task Force and Airforce Plan for UAVs
- Briefing on Airspace Issues
- Briefings on ND UAV Center of Excellence at UND
- Evening Reception
- Grand Forks Region UAV Business Development Roadmap
- Panel on Future Commercial UAS Opportunities
- Breakout Sessions to Develop Strategies for the Future
  - o UAS human factors
  - Pilot training and curriculum development for emerging professional and technical occupations in the UAS industry
  - o Aircraft manufacturing and certification
  - o Sense and avoid technologies and payload development for applications in agriculture, environment, energy and security
  - o Cold weather testing & icing technologies

Register now online to attend the Action Summit

The registration fee for the two-day event is \$50 to cover cost of meals and materials. For more information visit <a href="mailto:theresearchcorridor.com">theresearchcorridor.com</a> in the coming weeks for a finalized agenda.
Showcase Your Organization at the Summit
This year's Action Summit features exhibition space for companies, economic development groups and research organizations looking to increase their visibility with representatives from the Department of Defense, U.S. Border Patrol, other federal agencies and large aerospace and defense contractors. The fee for exhibition space is \$500, including two summit attendee registrations. Sign up to exhibit and attend the summit.
Directory Will Showcase the Region's UAS Capabilities and Interests
This year the Research Corridor is publishing a directory of capabilities and interests related to the UAS industry to be made available at the summit and on the Research Corridor website. Organizations or companies interested in submitting capabilities for the UAS Directory should complete an online information form.
Register now online to attend the Action Summit
Please forward this message to anyone who may be interested in attending the summit or the UAS insdustry.

This website communication prepared and maintained by the Red River Valley Research Corridor Coordinating Center to advance the Red River Valley Research Corridor initiative.

Flint Holdings, Inc (delore@theresearchcorridor.com)

101 North 10th Street Suite 300 Fargo, ND 58102 • 701-237-4850

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#### **DRAFT AGENDA**

As of 3/8/07

#### **UAS2 Action Summit**

- March 26 & 27, 2007 -

#### March 26 - Day One

7:30 – 8:30 Registration and Continental Breakfast

8:30 – 9:00 Welcome and Opening Comments

Key issue #1 for first day: What do state and local players need to do to expedite UAV deployment

- □ Delore Zimmerman, Coordinating Center, Red River Valley Research Corridor (overview of summit)
- ⇔ Charles Kupchella, President, University of North Dakota
- ⇒ Bruce Smith, Dean, John D. Odegard School of Aerospace Sciences
- ⇒ U.S. Senator Byron Dorgan

# 9:00 – 10:00 Briefing/Overview of DoD UAS Task Force and Air Force Plan for UAVs, Intro by Brian Moran, Legislative Assistant, U.S. Senator Byron Dorgan

Dyke Weatherington, Deputy, UAS Planning Task Force. OUSD (AT&L)/PSA-AW

#### 10:00 – 11:00 Briefing/Overview of North Dakota UAV Activities

- □ Colonel Gregory Lamb, USAF Air Combat Command
- General Al Palmer, ND Air National Guard

#### 11:00 - 11:15 Networking Break

#### 11:15 – 11:45 UAVs and Homeland Security

Michael Pitts, Director UAS Program Office, Customs Border Patrol

#### 12:00 - 1:30 Lunch

- ⇒ Luncheon Presentation
  - o Air Force Representative (to be confirmed)

#### 1:30 – 3:00 Briefings on Airspace Issues

- ⇒ John F. McCalmont, Air Force Research Laboratory, Sensors Directorate
- ⇒ Ben Trapnell, UND UAV COE
- Doug Davis, FAA
- ⇒ Gary Ness, North Dakota Aeronautics Commission
- ⇒ Major Luke Cropsey, JIPT

Key issue #2 for first day: How do we leverage local assets (e.g. airspace and UAVCOE) to bring in commercial interests?

#### 3:00 - 4:00 Briefings on North Dakota UAV Center of Excellence

- ⇒ Bruce Smith, UAV Center of Excellence
- ⇒ Greg Pierce, UAV Battlelab (to be confirmed)
- 4:00 5:00 Reception @ Summit Exhibition Area
- 4:00 5:00 Tour of UND Center for Aerospace Sciences

Key issue for second day: What are our best prospects and what will it take to convert them into success in economic development?

#### March 27 - Day Two

#### 7:30 – 8:30 Registration and Continental Breakfast

#### 8:30 – 9:45 Moderated Panel on Future Commercial UAS Opportunities

- ⇒ Northrop Grumman (?)
- ⇒ General Atomics (?)
- ⇒ Lockheed Martin (?)
- ⇒ Raytheon (?)
- ⇒ CropCam (?)

#### 9:45 - 10:15 Grand Forks Region UAV Business Development Roadmap

- ⇒ Laurence Newcome, Modern Technology Solutions, Inc.

#### 10:15 - 10:30 North Dakota's UAV Business Development Resources

⇒ Governor John Hoeven (to be invited)

#### 10:30 - 10:45 Networking Break and Organization of Breakouts

#### 10:45 – 12:00 Facilitated Topical Breakouts to Develop Strategies for the Future

- UAS human factors: Tom Petros and Ric Ferraro
- Pilot training and curriculum development for emerging professional and technical occupations in the UAS industry: Ben Trapnell and Doug Marshall
- Aircraft manufacturing and certification: Tom Kenville
- Sense and avoid technologies and payload development for applications in agriculture, environment, energy and security: Richard Schultz and William Semke
- Cold weather testing and icing technologies: Al Palmer and Leon Osborne

#### Northrop Grumman Visit Summary

Met with Ed Walby, Director, Business Development, HALE Systems Enterprise Unmanned Systems and Carl Johnson, Vice President, International Business Development to discuss a cooperative plan to develop a training curriculum and simulator for unmanned aerial systems. They are impressed with the depth of programs and capabilities of the Odegard School. Northrop Grumman has made this project a company priority and is currently working in conjunction with the Odegard School to secure federal funding.

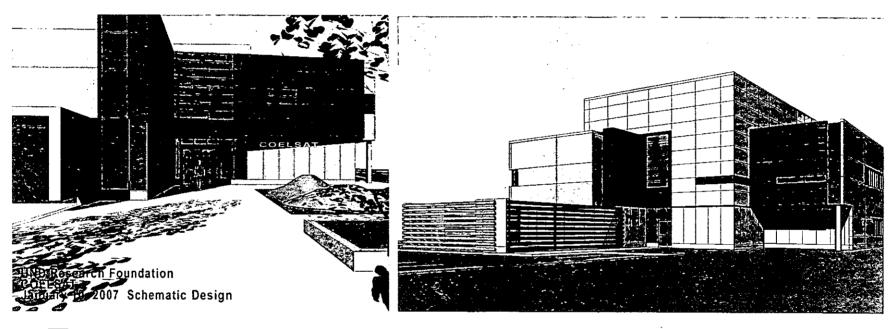
Below is a summary of the proposed project and its scope.

Since Unmanned Air Vehicle flight training is a relatively new area, Initially focusing on the Global Hawk issue simply serves as a starting point to examine the entire world of UAV training and operations. This research project would be a launch point for examining UAV systems as a new class of air vehicles capable of reshaping how we think about, how we use and how we employ their capabilities while taking advantage of attributes and capabilities non-existent in manned systems. This research project should include but not be limited to:

- Developing the physiological requirements for training UAV aircrews
- Defining and developing the "Man-Machine" interfaces for safe operations
- Explore the psychological aspects of UAV "reach-back" operations for routine and combat employment
- Develop standards for UAV aircrew qualifications
- Develop standards for UAV aircrew crew duty day restrictions
- Develop common approaches to UAV training based on different UAV levels of autonomy
- Develop standards for UAV formation or swarming operations
- Develop standards for aircrew situational awareness
- Develop standards and practices for Crew Resource Management (CRM) processes
- Develop standards for "see and avoid" and "see and detect" concepts and policies

The Odegard School would perform the research and development of a Global Hawk aircrew training simulator.

# Center of Excellence in Life Sciences and Advanced Technologies



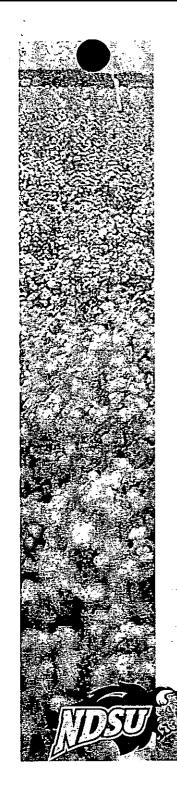
- Tenant occupation in November / December.
- Six high tech companies, one UNDRF business.
- 120+ new jobs in 2 years.
- Five new proposals for the next round of COE.

# NDSU Center of Excellence on AgBiotechnology Oilseeds

**Summary of Initiative and Work Plans** 

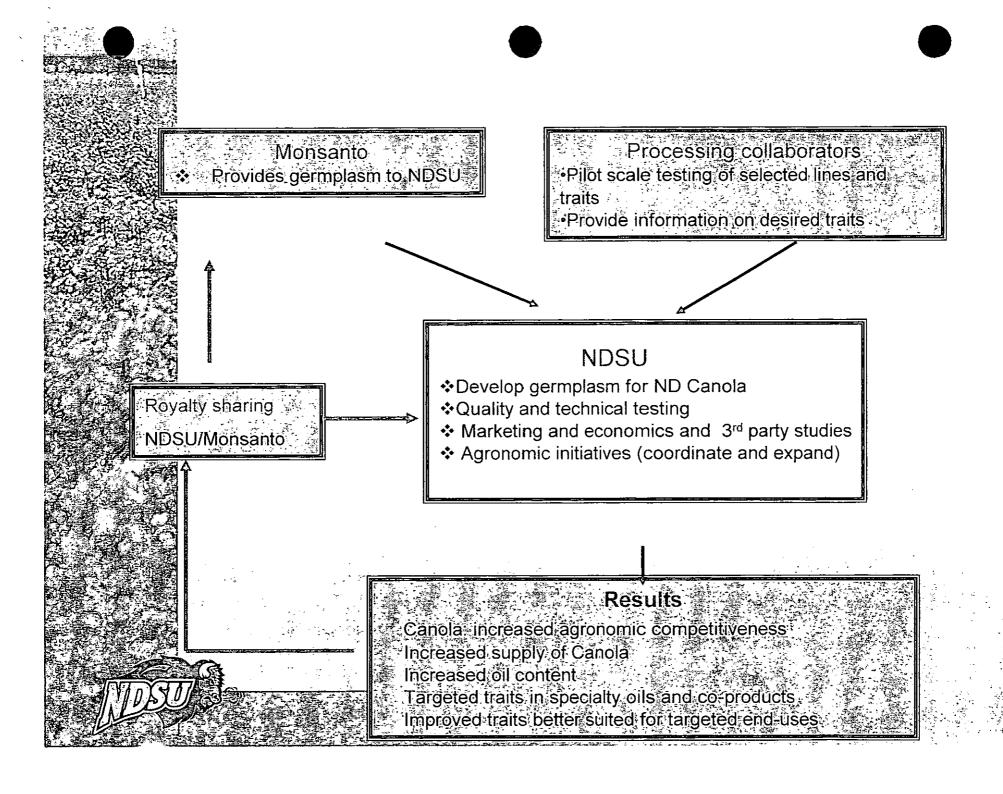
March 2007

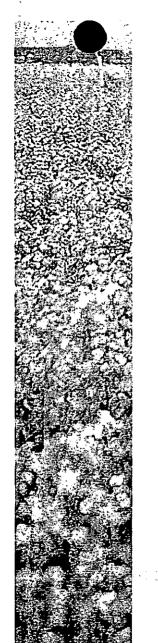
DC Coston and Bill Wilson North Dakota State University



# Partners, Collaborators and Supporters

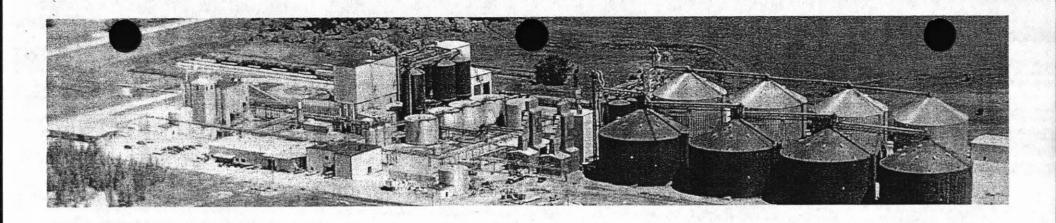
- Bill Wilson\*, NDSU project leader
- Partners
  - Monsanto Luke Bozeman\*, project lead St. Louis
  - ADM Velva Eric Mack
- Collaborators
  - Dakota Skies Biodiesel Other proposed canola biodiesel plants





## NDSU Research Team: Multidisciplinary and Multicollege

- Agbusiness
  - Bill Wilson and research assistant
- Crops science
  - Res professor to lead canola germplasm
    - Marcelo Melani
- Ag & Biosystems
  - Dennis Wiesenborn and Scott Pryor
  - Technicians and Grad students
- Agronomic researchers at the REC's
  - Minot, Prosper, Carrington, Langdon and Williston



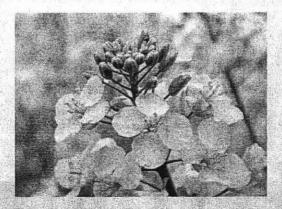
## **Partnership Investments**

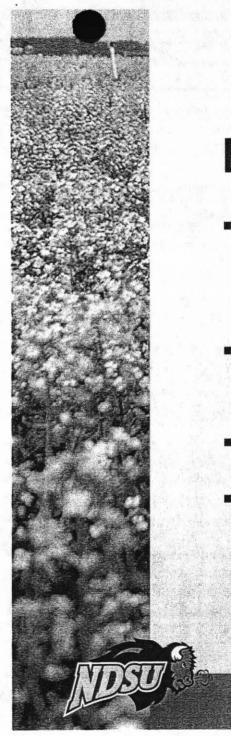
- Monsanto
  - Cash

  - Germplasm for canola
     Use of high throughput analytic equipment
     Peer scientific exchange; joint field trial testing
- ADM
  - Research projects for duration of project
    Pilot plant and laboratory testing

  - Interns
- **Dakota Skies** 
  - Pilot scale testing
  - Interns







## Background: Canola

#### **Features**

Value can be increased through agbiotechnology modifications
 Cold weather biodiesel is an advantage for canola vs. soybean biodiesel

the product can be used at lower temperatures

 Nonfood uses of oils including special lubricants, coatings, novel rubbers, bioplastics, adhesives, foams etc.

#### North Dakota

■ Leading producer of canola with 90% of the U.S. production

Emerging competition from Canada, and winter canola elsewhere

Does not have a public canola breeding program

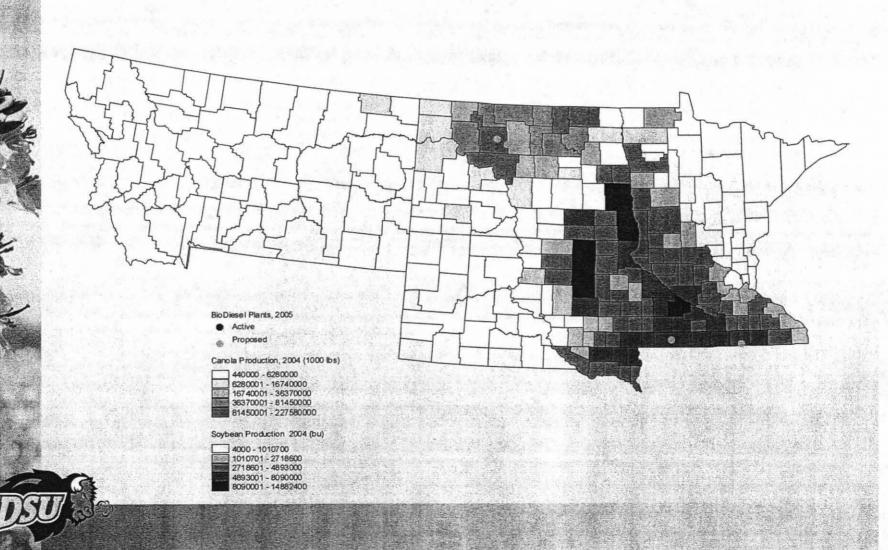
Energy bill
• Provides further advantages for biodiesel

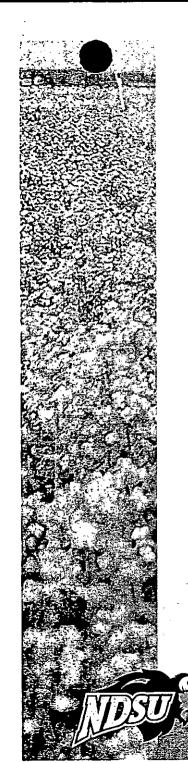
EU demands for rapeseed oil

■ Regulatory changes in EU means inability to meet biodiesel requirements
■ Importer of canola and/or biodiesel

Equivalent to at least 2 to 3 large plants (as suggested for W. Canada)

## Regional Canola and Soybean Production and Biodiesel Plants





## Agronomic Challenge and Opportunity

- 1 million acres in ND without geographically focused breeding
- Demand from these plants and other uses suggest needing about 4-5 million acres
- Can occur through
   Increase acres, seed yield and oil

  - Reduced costs
  - Better traits
  - Reduced rotation requirements
  - Profitability
  - Imports of canola from Canada!
- Monsanto and processing collaborators

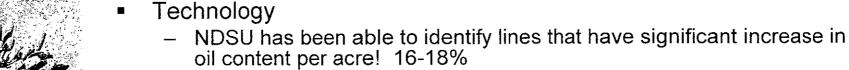
  Expand scope to be inclusive of Canola for biodiesel and other traits

#### Value of increased oil content in Canola

- NDSU COE identified germplasm lines to increase oil content (about 5-7%) and oil content per area planted (about 16-18%)
- Based on recent values, the impact of increasing oil content per acre is dramatic
- This allows for increased income for growers, increased production, expansion in area planted to canola, and an increase in feedstocks for canola processors
- See separate report titled;
  - Canola/Soybean Economics by Dr. Wilson

Area Planted (ac)	Description	Impact to growers and Industry
1 million	Current plantings	22\$ million
3 million	Likely expansion	66\$ million
5 million	Expansion necessary for new demands for canola	110\$million

## **Success stories**



- oil content per acre! 16-18% Partnership: Monsanto
- Increased lines available to NDSU in 2006 beyond its original commitment
  - Offered to expand access to up to 100 additional lines in 2007 forward for classical breeding (COEII).
  - Indicated collaboration on other areas of breeding
  - Overall: A good demonstration project on how to form a partnership between public/private firms

#### Demand for oils

- Explosive demand for canola oil will require up to 5 mill ac (vs. 1 mill ac currently) which is a huge agronomic challenge.
- Advantages of releasing Canola in US, vs. more restrictive environment in Canada (US less restrictive, and more expeditious vs. Canada)

### **COE** Benefits

- Jobs—direct and indirect
  - Real jobs in mfg, out-state
  - 3-4 processing plants, limited only by agronomic technology—40-50 each
- Farmer wealth is increased!
- Technology increase
- Partnerships with real firms that are major leaders
  - Agbiotechnology
  - Bio-fuels

### **Lessons and Outlook**

- Evaluation Process
  - Firms review/approve at a very high level
  - Budget/project promoted at 2:1
  - Evaluation process involved reducing budgets, with short notice and virtual inability to adequately represent scope of change to partners' Sr Mgmt
    - Effectively, unilaterally creating a 5:1 match
- IP, MTA and Commercial Agreements

## **Lessons and Outlook**

- Partnerships
  - Private/public partnerships are increasingly becoming common
  - In many cases, private firms
    - Have/control all/part of technology
    - · Have funds for investments in processing and distribution
  - Development
    - Takes a long time to develop relationship (NDSU-Monsanto began in 2002!)
    - Great interest in pursuing follow-up or continuing initiatives (it would be unwise to unilaterally sever future collaborative relationships)
- Future outlook in agbiotechnology
  - Agbiotechnology is essential ingredient to growth in the agricultural sector
  - Private sector dominates agbiotechnology
  - Most promising for ND are
    - Canola: Further genetic enhancement
    - Specialty oilseeds including targeted oil traits, and Omega-3 soybeans
    - Biofuels

## Center of Excellence Project Dickinson State University (DSU) & Killdeer Mountain Manufacturing (KMM)

March 13, 2007 Update

#### Project contacts:

- Dr. Lee Vickers, DSU President, Telephone: 701-483-2326 / Email: lee.vickers@dickinsonstate.edu
- Doug Woodard, DSU Center for Entrepreneurship & Rural Revitalization Director,
   Telephone: 701-483-2756 / Email: <a href="mailto:doug.woodard@dickinsonstate.edu">doug.woodard@dickinsonstate.edu</a>
- Don Hedger, KMM President, Telephone: 701-764-5651 / Email: donh@kmmnet.com

Funding: \$1.15 million over five years Project Start Date: October 1, 2006

#### **Summary of Progress**

#### Human Resource Objective

#### -Overview

 Assessment meetings in October (2006) between the DSU and KMM Center of Excellence Teams quickly led to a short term plan of work that targeted KMM's critical need to effectively recruit, hire, and retain 50 new workers for their new Dickinson plant by mid-February (2007).

#### -Outcomes

- o <u>Kathy Ibach Strategies</u>, Bismarck, hired as human resource/management leadership consultant to work closely with KMM and DSU staffs in following areas:
  - Reviewed KMM's current employee recruitment procedures
  - Streamlined the initial application process by using a more universal, managed approach that reduced the total number of forms utilized
  - Developed new applicant screening forms to standardize the initial screening decision process that set minimum qualifications for administrative/technical positions throughout the plants.
  - Created a standardized set of new employee interview questions with collaboration from entire KMM management and human resource teams
  - With DSU faculty and several student interns, observed and reviewed existing practices pertaining to new employee orientation
  - Created a new orientation program that incorporated stronger links between job performance and company values, expectations, and career opportunities at KMM
  - Prioritized KMM's leadership development issues
  - To date, four DSU interns have been a part of this project working at several KMM plants—including two students with a human resource emphasis, one with an accounting focus, and one targeting worker safety issues
  - KMM successful in hiring 60 new workers in Dickinson and met its mid-February deadline to get these new employees orientated and trained
  - The company currently is investigating starting a second shift in Dickinson and is exploring the use of DSU students on a part time basis to fill these positions

**OVER** 

#### Technology Objective

#### -Overview

Assessment of critical technology requirements at KMM is an on-going process. Early
project activities have targeted ways to improve inter- and intra-plant communication and
distance education methods.

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#### -Outcomes

- o <u>Custom Data, Inc.</u>, Dickinson, hired as information technology consultant to work closely with KMM and DSU staffs in the following areas:
  - Implement Microsoft Live Communication Server (LCS) at all KMM locations
  - Investigate ways to integrate that LCS system with the existing distance education network available through North Dakota's IVN. Once integrated, this distance education network will provide the technological foundation to refine and offer an aerospace-related curriculum per KMM and Boeing requirements.
  - Begin to explore areas of collaboration in the implementation of the Business Portal Server as part of KMM's Scout (Supply Chain Optimization Utilization Toolkit).
- o Following consultation with KMM management, DSU advertised and recently interviewed several candidates who applied for a directorship position that will be responsible for overseeing the Center of Excellence project. Industry experience in information technology, supply chain transparency application, and lean manufacturing methods are critical skill sets for that director position. DSU is in final stages of hiring an individual to fill this position and should have him in place by end-of-March (2007).



## Valley City State University's Center of Excellence

#### **ICBS**

Institute for Customized Business Solutions

Centers of Excellence Review March 3, 2007



#### **Building the Talent Pool**

Institute for Customized Business Solutions (ICBS):
North Dakota Center of Excellence

- Public-private partnership
- To develop new and updated professional information industry consultants

#### Who have:

- •Specific enterprise software skills
- Business process management skills
- Project management skills
- ·Leadership and communication skills



Amount of Request:\$1,000,000 Amount of Matching Funds:\$4,912,046



9

#### Accountability

- Number of New Private Sector Jobs to be Created:
  - 40 by June 2007,

# to date: 51; payroll \$2.2M/yr

- 80 by 2008, and
- 200 by 2010
- One or more new business partnerships in addition to Eagle Creek and Valley Creek
- Curriculum, internships, and logistical support to produce high quality graduates to be consultants in enterprise software programs that are needed for new jobs in North Dakota
- Report evaluating and documenting the Enterprise Applications Model. (Published report by independent consultant to establish whether the model works and under what conditions.)
- Businesses hosting internships
- New and substantially revised courses, tracks, or majors at VCSU as a result of the project
- Faculty/trainers on staff or on contract to deliver specialized curriculum

VALLEY CITY

4

#### ICBS's first partner - Eagle Creek

Eagle Creek Software Partnership: over 70 New ND Jobs - so far



- Company employs over 70 in Valley City, paying \$35,000+ annually.
- 81 students successfully completed ICBS's FastTrack training.
- VCSU/ICBS trainees filled 51 of the jobs.
- Goal of 300 jobs in Valley City a.s.a.p.





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#### ICBS is Growing

- Director hired Ken Brooks
- Additional Instructor hired Justin Bearinger
- Employing student assistants
- 3 year strategic plan and budget plan



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#### **Building Networks and Capacity**

- Microsoft
  - Developing MSFT Dynamics CRM Consultant Training.
  - Partnering with DFC Consultants for Dynamics training
- · In discussion:
  - Noridian (Siebel)
  - Pragmatek (SAP)
- Valley Development Group IT business recruiting



6



## 14 member executive-level private-sector advisory board

Left to right: Mike Slette, Microsoft; Ellen Chaffee, VCSU; Scott Stofferahn, Senator Conrad's office; Michelle Ward, NISC; Rick Killian, Prairie Business; Pam Gulleson, Senator Dorgan's office; Brian Walters, Fargo-Moorhead EDC; Sharon Miller, The Partner Channel; Scott Kost, Eide Bailly; Carol Rogne, DFC Consultants; Tony Grindberg, ND Senate; Leighton Jordan, Alliance Pipeline; Steve Peterson, Phoemix International; Jerry Topp, Eide Bailly; Ken Brooks, ICBS. Not pictured: Darrell Vanyo, Noridian; Jennifer Feist, Valley Development Group; Joan Carlson, Congressman Pomeroy's office; Mathew Pederson, Microsoft; Pat Hill, NISC



#### ICBS as Economic Engine



"VCSU has played a key role in every one of our major economic development initiatives. For example, one of the reasons that Eagle Creek selected Valley City for their new software development center was our partnership with VCSU, which gave them confidence they would have access to a talented and well-qualified workforce."

Jennifer Feist Director Valley City/Barnes County Development Corporation



## ICBS Partnerships help Produce Work-Ready VCSU Graduates, Too

- MSFT Dynamics CRM is now used in VCSU course curriculum.
- SAP is under consideration for VCSU and ICBS curriculum.
- New IT Certificate Programs at VCSU:
  - Enterprise Systems
  - Customer Relationship Management



#### Outreach

- Actively involved with Dept of Commerce to attract businesses to North Dakota
  - Business development
  - In-sourcing and near-shore-sourcing
- Will work with ND Economic Development Groups to share vision and partner in their business recruitment and development efforts.

ALLEY CIT

#### To Create/Fill Information Industry Jobs



"VCSU's Center of Excellence, the Institute for Customized Business Solutions, is an excellent example of their leadership in technology. By offering curriculum that has been customized to meet the needs of their partners, VCSU is helping to deliver badly needed skills and providing unparalleled value for both their partners and the state.

Scott Kost Eide Bailly



### State Leaders Appreciate VCSU



"In both the North Dakota Roundtable on Higher Education and the Valley Development Group Roundtable, VCSU was identified as an essential catalyst for economic development. Since then, VCSU has more than lived up to this role – they have established themselves as leaders, and are showing other universities what it means to drive economic growth by forming partnerships with business and local communities."

Roger Reierson President/CEO, Flint Communications, Inc.

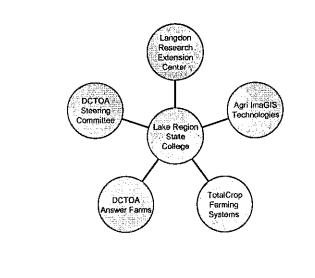


## Dakota Center for Technology Optimized Agriculture

**DCTOA Update** 



#### **DCTOA CONFIGURATION**



### What Happened?

#### **Economic Impact**

- Private sector partners increase market penetration and presence
  - Development of satellite offices/franchises
  - Improvement in cash flow performance
  - Out-of-state penetration of product lines

#### Job Creation

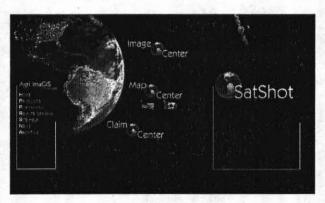
- Systems analyst/programmer
- Regional product manager
- Sales Associate/Technology Trainer

#### New Research Initiatives

- Offensive/Defensive soybean trial
  - Coordinated effort with Harvey, ND based ProSeed
- Pending Variable Rate manure injection tool initiative

### **New Product Development**

 Agri ImaGIS Technologies web-based SATSHOT system

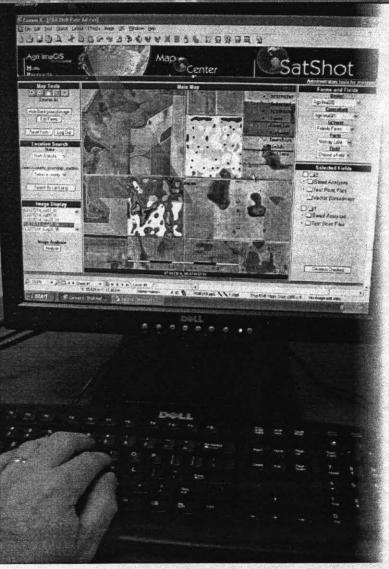


#### **New Product Development**

- Educational Modules for Workforce Training
- Expansion of TotalCrop Farming Systems product line
- New partner invitations (private sector)

Make Your Own Variable Rate Map at SATSHOT.com

## SatShot



SATSHOT Mapcenter delivers new detailed GIS Tools with Satellite Imagery to manage and analyze your field directly from the Internet

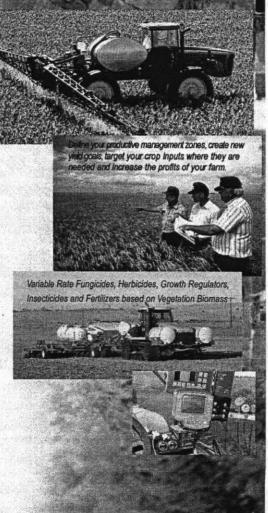
Now you can access your field at any time from any web based computer. The New Satshot Mapcenter will analyze your field vegetation managent zones any way you want, and export or email the finished VRA map directly to a designated applicator or your own tractor.

All your maps and data are stored securely in the Satshot server system allowing you to have access to any file you created whenever and wherever you want.

Use current & previous years satellite images as you plan this coming years crop input application.

The process is easy. Vegetative biomass density patterns derived from the infrared satellite images are used as a guide to develop vegetation management zones for targeting crop inputs across the field.

Imagery vegetation zones are processed to shape files and geo-referenced for easy downloading to soil testing systems as well as crop input application systems to guide you in economical variable rate fertilizer and chemical applications.



#### N.D. House of Representatives Government Operations Division

Haugland Room - 9 a.m. Tuesday, March 13, 2007

Remarks of Dr. Larry Skogen, President of Bismarck State College and Gordon Binek, BSC Vice President for College Advancement and Federal Relations

#### Report from Bismarck State College Center of Excellence Grant

Chairman Carlson and members of the Legislature, I am pleased to share the anticipated impact of Bismarck State College's Center of Excellence grant. Bismarck State College applied the \$3 million grant to the National Energy Center of Excellence. We expect the grant will result in:

- 728 new jobs
- 998 replacement jobs
- 3,350 construction jobs
- Industry investment of more than \$3 billion dollars

These numbers are based on a 2005 survey of North Dakota power plant and process plant managers regarding their workforce needs over the next 10 years. At this point, these numbers are conservative because they don't include additional ethanol plants being built in the state, nor the operators and mechanics needed for wind turbines. Besides the fact that these numbers are two years old, I have no doubt that your investment will be compounded many times through the multiplier effect.

Bismarck State College's National Energy Center of Excellence is currently under construction, with completion expected in the summer of 2008. The building will provide the physical infrastructure to build the capacity for addressing the energy industry's workforce needs.

I urge you to continue providing funding that is available to all North Dakota University System colleges and universities using the same criteria as you did in 2005. Now I am pleased to introduce representatives from Basin Electric and Great River Energy to provide the private sector perspective for the BSC grant.

## Basin Electric Power Cooperative Support for the Bismarck State College Center of Excellence Joint House Appropriations Committee March 13, 2007

Mr. Chairman and members of the committee, my name is Dale Niezwaag and I am here representing Basin Electric Power Cooperative. Basin Electric supports Bismarck State College and its Center of Excellence designation.

Basin Electric will see nearly 520 or 46% of our entire workforce retire in the next 12 years. That is almost 34% of the employees at Basin Electric and its power plants and 20% of the employees at Dakota Gasification Company's Great Plains Synfuels Plant.

Basin Electric has been pro-active in meeting this future employment challenge, and see Bismarck State College as a major player in assisting us in this effort. Basin Electric has pledged \$2 million to the National Energy Center of Excellence. We chose to support this effort because of the critical challenges facing our state's energy industry

With the intense interest in new technologies, such as coal-to-liquids and integrated gasification combined cycle, we not only need a new generation of workers to replace those retiring, but this new highly skilled workforce must be prepared to work with these new technologies and other energy industry developments.

A significant element in locating new facilities is the availability of a trained qualified workforce. Our industry is changing and the demands for a new workforce are clear. The National Energy Center of Excellence will build capacity and provide the infrastructure to help open up new doors for young North Dakotans entering the workforce by creating opportunities in our state's energy industry. It will also serve as a magnet to bring new workers and their families to the state.

Combining the resources of the Centers of Excellence program with state-of-the-art technology research and Bismarck State College's energy education programs is the most logical way to meet these workforce challenges.

#### Petroleum Safety and Technology Center Legislative Update

Williston State College (WSC) recognizes that the region's most important asset is its workforce. Having employees who can effectively understand and utilize safety measures, use equipment and current technology, and develop and use future technologies will ensure that businesses, communities, area states and the region remain competitive. To meet this goal for the oilfield industry; WSC created the Petroleum Safety and Technology Center (PSTC). The purpose of this project is to develop a center that can assist with the creation of jobs. This is a multi-faceted effort to meet the critical workforce needs of the oil and gas industry in the Williston Basin. With advances in technology using horizontal drilling and promising development in the Bakken formation: now more than ever, we need a trained workforce to realize the full potential of oil in the Williston Basin.

PS&TC Advisory Committee Chair, Gary Johnson, of Amerada Hess stated "The PS&TC started as a service to the oilfield companies, now if it the PS&TC were not available there would be a real hardship for the companies". The main areas of the Center's technical education are: Industrial Safety, Service Rig, Drilling, Roustabout, Commercial Drivers License, and Specialty Technicians. The PS&TC expansion has enabled the Center to provide training for over 2200 oilfield employees between July 1, 2005 and December 31, 2006. WSC's Workforce Training Division will be able to educate individuals for a career in the oilfield once the training site offering hands-on rig experience become available. A work over rig donated by Key Energy to facilitate rig experience should be arriving by the end of April 2207

Technological advances have caused many individuals to not have necessary skills for oilfield employment. This hands-on center is intended to prepare individuals with skills in: troubleshooting, problem-solving, computer skills, safety procedures, and general industry experience. The Petroleum Safety and Technology Center will give future employees the opportunity to experience service rig work, thus decreasing turnover in the industry. Two area service companies are adding innovative service rigs to the Williston Basin that are equipped with the latest technology. These rigs will allow companies to

revised 03/11/07

monitor activities (documentation, air quality, sensor data, trip speed, equipment handling, etc) at the rig remotely. These developments only increase the importance of the PS&TC.

WSC Foundation purchased nine acres of land to develop this hands-on program. Companies have donated necessary equipment to develop the site. As with any program, the start-up costs is the major expense. The COE grant of \$400,000 will be used to insure donated equipment meets industry standards and to meet other infrastructure needs.

Nabors Well Services has donated the drilling services of the two wells, along with a crew quarters trailer. Key Energy donated a service rig to be placed on one of the well sites. The other well site will be available to companies for testing and training. Well Pro, Inc. donated their services as consultant on the drilling project. Nance Petroleum and the Hess Corporation donated casing, tubing, and the liner. Hess Corporation also donated sucker rods, pumping unit, tank, and treater. Halliburton Energy Services and Schlumberger donated cement. Vetco donated well head equipment. Nabors Drilling donated the trucking services to transport the rig. As of June 2006 over one million dollars in equipment and services has been donated to this project. WSC could not have accomplished all of this without the help, support, and knowledge of area oilfield companies.

Even with the funding that WSC has received, there still is a need for additional dollars to move this project forward. The following are some of the top priorities for funding:

- Classroom space at the training site is needed for the Service Rig program and for the Commercial Drivers License program, as well as a parking area.
- Oilfield companies have donated a majority of the equipment, but there are still additional equipment needs.
- Operational and curriculum development funding are needed to allow the PS&TC to expand at a rate desired by industry.

WSC continues to look for donations and at other funding sources to develop the Petroleum Safety and Technology Center.



## Northwest North Dakota Workforce Training



#### Petroleum Safety and Technology Center 2007 Fast Facts (July 1, 2007 – February 1, 2007):

- From July 1- February 1, 2007; 47 participants have attended the 40-Hour New Hire Training Program (Halliburton Energy Services).
- From July 1- February 1, 2007; 360 participants have attended the 8-Hour and 16-Hour New Hire Training Programs (Nabors Drilling, Nabors Well Services, Earthworks, Hess Corporation, Bear Paw Energy, Penkota Wireline, Enbridge Pipelines, Stallion Oilfield Services, etc.
- From July 1- February 1, 2007; 1,450 individuals have participated in safety training courses; with over 145 training courses provided.
- From July 1- February 1, 2007; The Center for Transportation Safety in partnership with Halliburton Energy Services has provided 7 Commercial Drivers License courses with 31 participants.
- From October 1 February 1, 2007; 219 contractors have participated in Safety Orientation for Marathon Oil.
- The number of oilfield businesses requesting training has risen to 62.
- The Service Rig Training Program will start this spring. The rig donated by Key Energy is in the process of refurbishment to meet industry and safety standards. Once this is completed the service rig will be moved to Williston. Other donated equipment will be delivered and set up to complete the nine-acre training site.
- Penkota Wireline has trained their employees on new equipment using one of the two instructional wells.

#### Petroleum Safety and Technology Center 2006 Results:

- Developed a 40-Hour New Hire Training Program for Halliburton. Additional companies have participated in the training. The companies are: SK and S, Enbridge, S & S Sales INC, and Sanjel. From July 1, 2005 through June 30, 2006; 97 new hires have attended.
- Developed an 8-Hour New Hire Training Program for Nabors Well Services. From July 1, 2005 through June 30, 2006; 248 new hires have attended.
- Since July of 2005; 2,113 individuals have participated in safety training courses.
- In January of 2006, in partnership with the Center for Transportation Safety and Halliburton, a Commercial Drivers License training program started at WSC. There has been 37participants in the training program. This partnership will allow other oilfield companies and individuals to participate in the truck driver training program.
- WSC Foundation purchased 9 acres for the Workforce Training Division to develop a hands-on training site. Two instructional wells have been drilled by Nabors Well Services. One well will have a permanent service rig (donated by Key Energy) for training and the other well site will be available for testing and leasing. The State of ND awarded WSC with \$400,000 from Centers of Excellence for oilfield training. Over one million dollars in equipment and materials have been donated by area oilfield companies to this project.

#### NW ND Workforce Training Division 2006 Year End Report

- Total training revenue generated in Fiscal Year 2006 was \$1,200,006, with \$365,264 generated in direct training revenue.
- A total of 152 businesses were served, with 62 businesses requesting additional training.
- A total of 354 training sessions were held with 3,157 participants; 2,224 unduplicated participants.

# Testimony on SB 2015 John Harris, President & CEO Prairie Public Broadcasting February 2, 2007

Mr. Chairman and members of the committee, thank you for the opportunity to speak with you today about the budget request for Prairie Public Broadcasting, North Dakota's public television and radio network.

For the record, I am John Harris, President and CEO of Prairie Public Broadcasting.

In my remarks today I will comment on Prairie Public's record of services, the status of our conversion to digital technology, and on the appropriation recommended in the Governor's budget.

First, let me give you a brief summary of Prairie Public's services to the state.

Over 300,000 people use the services provided by Prairie Public each week.

The citizens of North Dakota depend on Prairie Public for award-winning, non-commercial, primetime television programming, and for more than seven hours each day of non-violent, educational children's shows. We also provide comprehensive and indepth coverage on both radio and television of important issues and statewide news.

In fact, entire families can tune to Prairie Public and be assured they'll find the quality programming for which public broadcasting is known and trusted.

In addition to broadcasting PBS and NPR national offerings such as *NOVA*, *Masterpiece Theatre*, *Morning Edition* and *Car Talk*, in the last fiscal year, Prairie Public produced an extraordinary amount of quality television and radio programming that focused on the Prairie Region. And, in the current fiscal year, we will produce even more hours of regional programming.

Our mission is to educate, involve and inspire the people of our region, to serve our regional audiences, to strengthen our community and to help it prosper.

Education is at the top of our agenda and our productions cover topics ranging from local community events to rural health care issues to legislative news. We partner with many local agencies to help inform our citizens of critical issues that affect each and every one of us.

Some of the programs produced or in production are; *Education: North Dakota's Challenge, North Dakota's Future*, a show that explores the issues confronting the K-12 education system in North Dakota; *Indian Pride*, a 13 part series which premiered at the National Museum of the American Indian in Washington, DC just last month. We have also expanded our legislative coverage on TV and radio.

Other productions include: Adding Value, a show that explores the ingenuity and creativity of farm families across North Dakota; and a series of television and radio programs about the fight against the Methamphetamine crisis in our communities.

Our Radio network continues to be a vital source of information and music programming for citizens statewide. This year, as in years past, Dave Thompson and his reporters for Prairie Public's news team were honored with numerous North Dakota AP awards.

Prairie Public's news programs and web site are a reliable source for international, regional and local news from the worlds of politics, business, science and the arts.

In fact, our network of television, radio and online services were the most comprehensive sources for statewide election coverage and debates during the 2006 election.

Prairie Public also has a very strong commitment to outreach and community service. By combining public television's greatest assets with local outreach training, Prairie Public has made a positive impact on the lives of our children. No matter how many choices you have on your television, I think you will agree that no one provides a more valued, educational experience for our children than Prairie Public.

Two programs that we currently provide are:

Ready To Learn, which is a national initiative that trains early childhood educators, daycare providers and parents in interactive learning techniques that help prepare children for their formal learning experience.

And,

Teacherline, which is a program offering highly regarded, locally facilitated online professional development courses for teachers to update their credentials and/or skills necessary to prepare students for a successful future.

The State of North Dakota has, for years, played a vital supporting role in the operation of our television, radio and outreach services. While the appropriation from the state does not cover all these expenses, these services would not be possible without state support. The State of North Dakota provides a foundation for support from many other sources.

Below you will see a breakdown of our revenue sources and expenditures and we want to make certain that you know that Prairie Public is continually seeking revenue from other sources, in order to maximize the investment from the state of North Dakota.

#### **Prairie Public Broadcasting Funding Sources**

Members/Business	33%
Earned Income	26%
CPB	17%
Production/Federal Grants	13%
North Dakota	8%
Minnesota	3%

#### **Prairie Public Broadcasting Expenses**

Programs	44%
G & A	20%
Engineering	19%
Fund Raising	11%
Information Services	6%

Also, included in your handout is our most recent Annual Report and a copy of our February program guide.

At the present time I can report that Prairie Public has almost 16,000 members that contribute annually to help support the programming expenses for the organization. These citizens know the importance of a strong and viable Public Broadcasting entity for their communities.

Before I close, I will summarize the progress Prairie Public has made toward the ambitious federal mandate for TV broadcasters to convert operations to digital.

The "Digital Television Transition and Public Safety Act of 2005" creates a hard date of **February 17, 2009**, for the end of analog television broadcasts, ushering in the era when all television stations will broadcast entirely in digital. This will have a major impact on public television stations, which operate under a mission to provide a free, noncommercial educational television service to all Americans.

Thanks in part to your past support, Prairie Public has been a leader in the state for conversion to digital broadcasting. We have signed on eight digital transmitters and Prairie Public has used part of your funding to "match" grants from the federal sources. We have received matching grants totaling almost \$13 million in the past 5 years, with almost \$10 million of that coming from the federal sources. The dollars from the state of North Dakota in the coming biennium can once again help us access these matching funds and bring more dollars back to our state.

Prairie Public has continued to build the infrastructure to connect all these transmitters with a digital microwave path. While tremendous progress has been made by Prairie Public, it will still require over \$12 million additional dollars to complete the digital build out.

I cannot express enough the thanks Prairie Public and its members extend to you for your past support. In the 42 years Prairie Public has been broadcasting, technology has changed, but our mission to provide services that educate, involve and inspire has not.

In Senate Bill 2015 of this biennium's budget, the Governor has recommended \$2,023,138. We ask that you support this recommendation, as it allows us to continue the digital conversion and operate the infrastructure required to provide public television, public radio and educational services to homes, schools and workplaces throughout the state.

Prairie Public belongs to the citizens of our region, and with your support Prairie Public will continue to be a community leader to assist the state in achieving its goals of economic strength, educational quality and a pride in our rich heritage.

Mr. Chairman and Members of the Committee thank you for your time and consideration.

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#### Prairie Public Broadcasting, Inc.

Prairie Public Television North Dakota Public Radio Educational Services Enterprises

#### Corporate Offices

207 North 5th Street PO Box 3240 Fargo ND 58108-3240 701-241-6900 800-359-6900 701-239-7650 Fax

#### Bismarck Office

1814 North 15th Street Bismarck ND 58501 701-224-1700 701-224-0555 Fax

Prairie Public Television (Manitoba), Inc.

### 2005 Annual Report Prairie Public Broadcasting, Inc.

Quality radio,

television, and public

media services that

educate, involve and

inspire the people of

the prairie region.

Prairie Public North Dakota Television Public Radio

## Prairie Public

#### Television

KBME 3 Bismarck
Cable 2 Brandon
KDSE 9 Dickinson
KJRE 19 Ellendale
KFME 13 Fargo
KGFE 2 Grand Forks
KSRE 6 Minot
KWSE 4 Williston
Cable 3 Winnipeg

Digital Frequencies
KBME-DT3 Bismarck
KCGE-DT16 Crookston/Grand Forks
KMDE-DT25 Devils Lake
KDSE-DT9 Dickinson
KJRE-DT19 Ellendale
KFME-DT13 Fargo
KSRE-DT6 Minot
KWSE-DT4 Williston

#### Radio

90.5fm Bismarck 91.9fm Beach 91.9fm Bowman 89.5fm Crary 91.9fm Crosby 91.5fm Devils Lake 89.9fm Dickinson

91.9fm Fargo 89.3fm Grand Forks

90.7fm Grand Forks

91.9fm Harvey

91.9fm Hettinger 91.5fm Jamestown

91.7fm Lakota

88.9fm Minot

88.3fm Thief River Falls

91.9fm Tioga

89.5fm Williston

91.9fm Plentywood, MT

# regional identity



npr

Prairie Public Television is a member of the Public Broadcasting Service, a private, nonprofit corporation. North Dakota Public Radio is a member of National Public Radio," a network owned by its member stations.

#### s to you, Prairie P : Broadcasting's financial position has never been stronger

Thank you for being a part of the Prairie Public Broadcasting family. This 2005 annual report is written for you—not only to inform you about our programming, but also to let you know how much we appreciate your interest in Prairie Public Television and North Dakota Public Radio. It's our way of saying "thank you" for another great year—we couldn't have done it without you.

I'm sure you agree: In a media environment where everyone seems to be selling something and everything is for sale, our non-commercial model is more important than ever.

You know and appreciate the value of our services—you and your family have probably been watching and listening for years. It is vital now that we work together toward a suble future, so we can continue to then this service that is solely dedicated to serving the public interest.

You are part of a membership family that is over 16,000 strong. North Dakota Public Radio membership recently reached an all-time high—a strong testimony to the important and innovative service that public radio provides.

Prairie Public Broadcasting has been able to maintain a high level of service because it has developed a number of diversified revenue sources. Membership contributions are leveraged with federal, state and local grants; contributions from corporate and foundation underwriters; and rents, royalties and charitable gaming.

Our financial position has never been stronger, and we're continuing to pay down our long-term debt.

The required conversion to digital tec gy has been quite expensive bu b worked hard to hold expenses in line in an environment



of rising broadcasting costs. It was in the '90s that Congress first indicated that all television broadcasters would be required to convert from

analog to digital. Since then, I'm proud to say that PPB has met every deadline and mandated obligation. Someday soon, we will be finished with the digital television transition, and you'll hear us talking about the conversion to digital radio!

As we look to the future, we will continue to depend upon a number of diversified revenue sources, with the most important source continuing to be membership contributions and community support. In addition, last year we launched our \$1,000 giving club—the Investors Circle—to remind our viewers and listeners that Prairie Public Broadcasting is a valued community institution worthy of their philanthropic support. We also recently announced the T L Donat Legacy Circle, our recognition program for people who choose to include PPB in their estate plans. Information on any of this is available by contacting our development department; we are also in the process of adding online content at our Web site, www.prairiepublic.org.

I hope you enjoy browsing through this year's annual report. The theme follows the fundamentals upon which our organization was built—education, inspiration and involvement. The report graphically highlights the terminology we've used in our mission, vision, and values statements—transparency, honesty, respect, diversity and integrity.

Those values and visions were chosen with you in mind. Thank you again for helping us to achieve them.

John E. Harris III
President and CEO
Prairie Public Broadcasting, Inc.

# espect for the individual and the audience

#### **Prairie Public Television** 2005 Highlights

Prairie Pulse premiered a new season of conversations with regional newsmakers and documentary segments about events and news that shape the prairie region.

Winnipeg in **Bloom** premiered and presented Winnipeg gardens at their best-in new high definition format.



A local production that documents how North Dakota has prepared for the historic bicentennial of Lewis and Clark's journey premiered-North to the Mandan Nation.



Artist Buck Paulson visited the Prairie Public Television studio to tape a series of programs and host a public workshop.

**Antiques Roadshow** taped three episodes of the award-winning television series at the Bismarck Civic Center.

RiverWatch began its fifth year of providing crucial news about Red River of the North flood issues.

Dakota Ace and Frieda, the peregrine falcons who've made downtown Fargo their home, returned to fledge their young once again under the watchful eye of the RiverWatch Web Cam.



The fourth documentary in the Germans from Russia series. A Soulful Sound. Music of the **Germans from** Russia, premiered and melodiously

demonstrated how the ethnic group has preserved its traditional music.

Red River Divide, a history of the river's geology and landscape, premiered on television and on big screens at public events in North Dakota and Canada.

Nature in the Balance: CO2 Sequestration examined the con' that today's energy technologies release excess carbon dioxide into ...e atmosphere.



**Energy: Powering** North Dakota's **Economy** investigated the state's budding renewable fuels potential and the state's current fuel resources.

Prairie Public Television examined the fascinating history of The Bank of North Dakota in an enlightening documentary.



PBS, a provider of many Prairie Public Television programs, won 29 Emmys, 2 NAACP Image Awards. and a George Foster Peabody Awfor programs broadcast in 2005

#### e Public Television ation Services 2005 Highlights

In 2005, Prairie Public Television Education Services was awarded a grant from the Talaris Research Institute to participate in a Parenting Counts: A Focus on Early Learning education initiative. In addition to Prairie Public Television, radio stations in underserved areas, four major hospitals, and outreach workers are using Parenting Counts materials to spread the word about good parenting skills.

The education services Ready To Learn staff presented 80 free workshops for nearly 800 parents and caregivers-to help children in their charge get ready for their first school experiences. The workshops and the Ready To Learn E-newsletter focus on literacy and the social-emotional health of children, all factors that influence a child's readiness for school.

The department offered localized

The online courses are locally facilitated to meet specific teaching criteria for this region, and teachers who complete the courses can obtain graduate credit through North Dakota State University or through continuing education units.

Prairie School Television services offer distinctive education for the classroom with supplemental online technology tutorials and other innovative resources for teachers.

In addition, Prairie School Television customizes free in-service training for K-12 educators to encourage the integration of technologies in their classroom lesson planning.

Throughout the year, the education services department conducts outreach through a variety of regional conferences, such as the North Dakota Reading Association, Region V Head Start Association, North Dakota **Education Association's Instructional** and Administrators conferences and the Upper Midwest Technology Conference.

## opper Midwest Technology Confe **Prairie Public Broadcasting**

Kids and parents learned about the importance of literacy at the second annual Share A Story event.

The Eleventh Annual Reading Rainbow Young Writers and Illustrators Contest encouraged our region's children to write and illustrate their own stories.

Clifford the Big Red Dog met his fans at Fargo's Street Fair and Maya and Miguel visited with kids on Stand for Children Day at the Bismarck Zoo.

Prairie Public Television participated in Winnipeg's International Fun Days and had family fun in the park with PBS Kids characters Arthur, Buster, and Brother and Sister Bear.



# matched journalistic integrity

#### North Dakota Public Radio 2005 Highlights

In 2005, North Dakota Public Radio news team was honored with eleven **North Dakota Associated Press Broadcasters Association** awards.

#### First Place Awards

Feature: Ballet by Tracy Fugere Use of Sound: Ballet by Tracy Fugere Agriculture: Purple Loosestrife by Tracy Fugere and Hope Deutscher Political: Cheney Visits Moorhead by Todd McDonald General Reporting: Missouri River by Dave Thompson Series/Documentary: Iraq Stories by Tracy Fugere and Todd McDonald

Sports: Skates by Todd McDonald Enterprise: Carrington Smoking by Dave Thompson

#### Second Place Awards

Feature: Musical by Dave Thompson Political: Russians by Todd McDonald General Reporting: 957 Back by Tracy Fugere

The radio news team provided legislative reports and political updates throughout the legislative session.

North Dakota **Public Radio** created the **Health Access** project to report on the state's healthcare issues.



#### The Capitol Steps

entertained us with their unique brand of musical political satire at the Belle Mehus Auditorium in Bismarck.



StorvCorps made two stops in North Dakota to 👟 capture stories for public radio and the Library of Congress.

Thomas Jefferson visited North Dakota-that is, humorist. essavist and social commentator Clay Jenkinson visited North Dakota-to



tape Jefferson on Lewis and Clark live from the University of Mary, Bismarck.



Prairie Public **Broadcasting CEO** John Harris and radio director Bill Thomas traveled to eight locations across North Dakota for a series of live radio Café Chats.

NDPR is proud to broadcast National Public Radio® programs, winners in 2005 of numerous awards including a



George Foster Peabody Award, an Edward R. Murrow

award and an Alfred I. duPont-Columbia University Award. NDPR also airs programs produced by Public Radio International, winners in 2005 of coveted Gracie Awards.



#### The Prairie Public **Broadcasting Family** 2004-2005

The Prairie Public Broadcasting family is fortunate to have dedicated. hardworking and enthusiastic people to guide the organization and serve on its boards and advisory councils.

#### **Board of Directors**

The Board of Directors is the governing body of the organization, and members are either elected or appointed to serve two three-vear terms.

John Andrist (Chair), Crosby, ND Clyde Allen (Vice Chair), Moorhead, MN Arlette Preston (Treasurer), Fargo, ND Deanna Vickers (Secretary), Dickinson, ND Orlin Backes, Minot, ND

Sally Berrell, Fargo, ND John Harris (President and CEO), Fargo, ND Ray Holmberg, Grand Forks, ND Scott Kelsh, Fargo, ND Naomi Levine, Winnipeg, MB John O. Paulsen, Fargo, ND Michael Pole, Bismarck, ND Tom Riley, Fargo, ND Douglas Steinburg (Ex Officio), Winnipeg, MB Kenneth Zealand, Winnipeg, MB

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#### **Television Community Advisory Board (CAB)**

Claudia Berg, Bismarck, ND

The Television Community Advisory Board reviews the programming goals established by Prairie Public Television and the service provided, and advises the Board of Directors whether the programming and other policies of Prairie Public Television are meeting the specialized educational and cultural needs of the communities served.

James Elletson, Detroit Lakes, MN Ron Hutchison, Fargo, ND Joseph C. Jastrzembski, Minot, ND Larry Niederhoffer, Winnipeg, MB Jennifer Ogden, Bismarck, ND Kriste Ross (Staff), Fargo, ND Al Samuelson, Bismarck, ND Rich Veit, Lake Park, MN Steve Wennblom

(Program Manager), Fargo, ND

#### **North Dakota Public Radio Council**

The North Dakota Public Radio Council was established to allow the three partners in NDPR-Prairie Public Broadcasting, North Dakota State University, and the University of North Dakota-to be informed about the network's progress and plans and to provide input to management.

Richard Becker, Grand Forks, ND Daniel Buchanan, Jamestown, ND Karen K. Ehrens, Bismarck, ND Verna Gowin, Hazen, ND John Harris (President and CEO). Fargo, ND Ron Hilden, Dickinson, ND Paul Nyren, Streeter, ND Ryn Pitts, Fargo, ND Thomas Riley, Fargo, ND Craig Schnell, Fargo, ND James Shaeffer, Grand Forks, ND

### rairie Public Broadcasting, Inc. Annual Financial Report for the year ending 9/30/

	Television		Radio	PPB		
	Amount		Amount	% Total		
Sources						
Corporation for Public Broadcasting <sup>1</sup>	\$ 1,753,787	24%	\$ 219,587	15%	\$ 1,973,374	
Membership	1,309,505	18%	271,790	19%	1,581,295	
Federal Support <sup>1</sup>	1,268,021	18%	0	0%	1,268,021	
State of North Dakota	416,515	6%	124,194	8%	540,709	
Grants	591,233	8%	242,827	17%	834,060	
Underwriting	428,546	6%	134,909	9%	563,455	
State of Minnesota	211,487	3%	0	0%	211,487	
Fees, Rents	499,020	7%	184,902	13%	683,922	
Charitable Gaming	523,194	7%	203,465	14%	726,659 ू	
Other <sup>2</sup>	199,315	3%	85,262	5%	284,577 ີ	
TOTAL SOURCES	\$ 7,200,623	100%	\$ 1,466,936	100%	\$ 8,667,559	
Uses						
DTV System Construction	\$ 2,969,531	41%	\$ 0	0%	\$ 2,969,531	
Programming & Production	1,526,474	21%	690,267	45%	2,216,741	
Administration	804,170	11%	312,732	21%	1,116,902	
Engineering	867,408	12%	168,073	11%	1,035,481	
Fundraising	5 <b>16</b> ,076	7%	187,843	12%	703,919	
Long Term Debt Retirement	111,964	2%	43,541	3%	155,505	
Information Services	286,840	4%	81,546	5%	3 3	
System Upgrade & Replacement	, 172,544	2%	38,184	3%	المر :	
TOTAL USES	\$ 7,255,007	100%	\$ 1,522,186	100%	\$ 8,777,193	
(DEFICIT) SOURCES OVER USES	(\$ 54,384)		(\$ 55,250)		(\$ 109,634)	

#### Notes to the Annual Financial Report

Financial data provided from Eide Bailly LLP audited financial statements of Prairie Public Broadcasting, Inc.

Note 1. Corporation for Public Broadcasting and Federal Support include both unrestricted support for operations and restricted support for DTV system construction. Restricted support from the Corporation for Public Broadcasting and federal sources were \$909,799 and \$1,268,021 respectively for the year ending 9/30/05. Local support, including membership and underwriting, remains the largest source of unrestricted support for Prairie Public Broadcasting, Inc.

Note 2. Other Sources includes \$249,250 in unamortized advance payments for long-term contract use of DTV facilities (\$179,460 television and \$69,760 radio).

### Business and Foundation Support

In fiscal year 2005, the following businesses and foundations provided underwriting support to Prairie Public Broadcasting program services in radio and television.

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#### **Platinum Partners**

Annual Investment of \$10,000 or More
Alex Stern Family Foundation, Fargo, ND
Bank of North Dakota, Bismarck, ND
Blue Cross and Blue Shield, Fargo, ND
Inn at the Forks, Winnipeg, MB
North Dakota Humanities Council,
Bismarck, ND

#### **Gold Partners**

Annual Investment of \$5,000 to \$9,999
Bank of the West, Fargo, ND
Basin Electric, Bismarck, ND
Farmers Union Insurance, Jamestown, ND
Great River Energy Cooperative,
Bismarck, ND
Innovis, Fargo, ND
MDU Resources, Bismarck, ND
Nilles Law Firm, Fargo, ND
Mutual Insurance, Fargo, ND
Akota Farm Bureau, Bismarck, ND
Occupation of Mary, Bismarck, ND
Xcel Energy, Fargo, ND
Xcel Energy, Fargo, ND

#### Silver Partners

Annual Investment of \$2,500 to \$4,999 Alerus Financial, Grand Forks, ND Altru Health Systems, Grand Forks, ND Amazing Grains, Grand Forks, ND Blue Moose Bar and Grill, Grand Forks, ND Boulger Funeral Home, Fargo, ND Breadsmith, Fargo, ND Cal's Car Clinic, Bismarck, ND Carellan Sewing Centre, Winnipeg, MB Dr. Byrum Cartwright, Fargo, ND Dan's Supermarket, Bismarck, ND Doublewood Inn. Bismarck, ND Edward Jones, Statewide, ND Eventide, Moorhead, MN Family Vision Center, Bismarck, ND Fargo Psychiatric Clinic, Fargo, ND Fargo Theatre, Fargo, ND Gate City Bank, Fargo, ND Germans from Russia Cultural Preservation Foundation, Fargo, ND Great Northern, Fargo, ND Yuki Hana, Fargo, ND Heart Institute of North Dakota, Grand Forks, ND ns Magazine, Bismarck, ND hers Foods, Fargo, ND f Color, Bismarck, ND

Howard Johnson Inn, Fargo, ND J & R Vacuum, Bismarck, ND Lignite Energy, Bismarck, ND Nash Finch Company, Fargo, ND ND Association of Counties, Bismarck, ND ND Association of RECs, Bismarck, ND NDEA, Bismarck, ND Nodak Electric Cooperative, Grand Forks, ND Plains Art Museum, Fargo, ND Prairie Business Magazine, Grand Forks, ND Ramkota Hotel of Bismarck, Bismarck, ND Retina Consultants, Fargo, ND Sanders 1907 Restaurant, Grand Forks, ND Scan Design, Fargo, ND Scandinavian Hjemkomst Festival, Moorhead, MN Schultz Torgerson Architects, Fargo, ND Spirit Lake Casino, Devils Lake, ND Spotless Janitorial, Bismarck, ND St. Alexius Medical Center, Bismarck, ND Stained Glass Workshop, Fargo, ND Starion Financial, Bismarck, ND Tesoro Mandan Refinery, Mandan, ND David C. Thompson, Grand Forks, ND UND Chester Fritz, Grand Forks, ND United Tribes Technical College. Bismarck, ND Vaaler Insurance, Grand Forks, ND Victor Lundeen Company, Fergus Falls, MN Vogel Law Firm, Fargo, ND Walrus Restaurant, Bismarck, ND West Acres, Fargo, ND Wolff Law Firm, Bismarck, ND Xcel Energy, Fargo, ND Zuger Kirmis and Smith, Bismarck, ND

#### Bronze Partners

Annual Investment of \$1,000 to \$2,499
Bernina Plus, Minot, ND
Bismarck Mandan Civic Chorus,
Bismarck, ND
Bismarck, ND
Bismarck, ND
Creative Kitchen, Fargo, ND
Faye's Henhouse, Mayville, ND
Hartz Foundation, Crookston, MN
Lewis and Clark Fort Mandan Foundation,
Washburn, ND
Lifetime Eye Center, Jamestown, ND
Sewing Machines Plus, Mandan, ND
State Bank and Trust, Fargo, ND
Taylor McCaffrey, Winnipeg, MB



Prairie Public Broadcasting gratefully acknowledges the

group of donors who made gifts total.
\$1000 or more between October 1, 2004
and September 30, 2005. Investors
Circle members play a crucial role in
helping us to acquire and develop new
programs and projects, turn ideas into
reality and fulfill our mission in
the communities we serve.

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#### Silver Investors (\$2500-0999)

G. W. Battershill, Winnipeg, MB Joyce and Margaret Beggs, Winnipeg, MB

Dr. Allan Cameron, Winnipeg, MB
Noel and Judy Fedje, Fargo, ND
John Klai, Klai Juba Architects,
Las Vegas, NV
Richard and Barbara Owens, Bismarck, ND
Kenneth and Patricia Zealand, Winnipeg,
MR

#### Bronze Investors (\$1000-2499)

7th Avenue Auto Salvage, Fargo, ND Gloria Y. Anderson, Fargo, ND John and Elaine Andrist, Crosby, ND Mr. and Mrs. John C. Arneson, Moorhead, MN Mr. and Mrs. Carl L. Bailey, Moorhead, MN Ray and Barbara Bailey, Winnipeg, MB Claudia Berg and Robert Matz, Bismarck, ND Sally and Robert P. Berrell, Fargo, ND Helen Bischoff, West St. Paul, MB Kim and Barb Booth, Fargo, ND Carol D. Brenna, Grand Forks, ND Brad and Julie Burgum, Casselton, ND James W. Burns, Winnipeg, MB Senator Kent Conrad and Lucy Calautti, Washington, DC Bob and Virginia Dambach, Fargo, ND Jane Dynes, Fargo, ND M. Joy and D. Bruce Erickson, Fargo, ND

Dr. Walter Frank and Mrs. Carolyn Frank, Bismarck, ND Dr. Rosanne Gasse, Brandon, MB Dorothy Gustafson, Detroit Lakes, MN John and Suzanne Harris, Fargo, ND Flora A. Hine, East St. Paul, MB

David and Sherri Field, Bismarck, ND

Paul Charles Hunter, Winnipeg, MB
Ron and Melissa Hutchison, Fargo, ND
Kolin and Glenna Johnson, Towner, ND
James and Elizabeth Kertz, Fargo, ND
Richard and Audrey Kloubec, Fargo, ND
Carol Jean Larsen, Bismarck, ND
Evelyn M. Larson, Fargo, ND
Michael M. Miller, Fargo, ND
Mr. and Mrs. Lawrence Niederhoffer,
Winnipeg, MB

Winnipeg, MB
Paul and Anne Nyren, Streeter, ND
Philip and Jennifer Ogden, Bismarck, ND
Mr. and Mrs. C. Osler, Winnipeg, MB
John Q. Paulsen, Fargo, ND
Bruce and Ryn Pitts, Fargo, ND
Arlette and Richard Preston, Fargo, ND
Marjorie Reed, Winnipeg, MB
M. Eleanor Rensvold, Fargo, ND
Albert F. and Carol Samuelson, Bismarck, ND
Richard J. and Mary Scott, Winnipeg,
MB

Bob and Angela Seitz, Jamestown, ND Brian Selland and Sharon Baker, Rugby, Gus and Mary Staahl, Fargo, ND Dr. and Mrs. Norman E. Stanger, Winnipeg, MB

Tom Steen and Libby Rankin, Grand Forks, ND Dr. Judy A. Strong, Moorhead, MN Richard Sutton, Winnipeg, MB Jack and Miriam Trueman, Winnipeg,

David and Nan Vaaler, Grand Forks, ND Greg Wentz and Christie Iverson, Bismarck, ND Kitch Wilson Cubey Ltd. Winnings MB

Kitch Wilson, Cubex Ltd., Winnipeg, MB Father David Wolf, Richardton, ND

#### **Legacy Gifts**

Prairie Public Broadcasting extends special recognition to members of the T L Donat Legacy Circle. Named for PPB's founder, the Legacy Circle has been established to provide an opportunity for donors to leave a significant legacy to the community by making a provision for PPB in their wills or other estate gifts. The individuals listed here have authorized PPB to recognize them for their generous contributions.

Carol Jean Larsen, Bismarck, ND Vick Reynolds, Winnipeg, MB

If you have provided for Prairie Public Broadcasting in your will or trust, please let us know. By doing so, you will help us plan for the furre and allow us to thank you for your outstanding commitment to the mission of public broadcasting.

#### owed Funds

h endowed gifts from many sources, Prairie Public Broadcasting has established endowment funds at the foundations listed below. These professionally managed endowments provide annual interest income that helps ensure the ongoing operation of Prairie Public Broadcasting and maintain programming excellence in the prairie region. Prairie Public Broadcasting recognizes the following foundations for the management of endowment funds in force during fiscal year 2005, from October 1, 2004 through September 30, 2005.

#### **The Fargo-Moorhead Area Foundation** Fargo, North Dakota

Lucien and Eddie Barnes Endowed Fund
Dennis L. Falk Local Production Fund
Prairie Public Broadcasting Fund:
American Hospital Association
for Small or Rural Hospitals
Evelo, Inc.
Anita Marquart Estate
Shirley Orn Weaver for Tom Orn Memorial
Raymond and Bernice Schramm Estate
Hattie Starcher Estate

#### th Dakota Community Foundation ck. North Dakota

Bremer Banks Prairie Public Television Fund Bismarck Prairie Public Television Fund: Otto Bremer Foundation Ruth Landfield

#### The Winnipeg Foundation Winnipeg, Manitoba

Prairie Public Television (Manitoba)
Endowed Funds:
William O. Chubb
Lois Erickson
Margaret Houston
G. Warren and Lyn Keates
Lawrie Pollard
Anonymous

#### **Additional Support**

The broad base of individual, corporate, and foundation support generates substantial municipal, state and federal support for Prairie Public Broadcasting's services. Funds support operations, capital improvements and specific programs and productions. Prairie Public Broadcasting received support from the following in fiscal year 2005.

Corporation for Public Broadcasting

Jamestown College

North Dakota Council on the Arts

North Dakota Humanities Council

North Dakota State University

Otto Bremer Foundation of St. Paul, Minnesota

**Public Broadcasting Service** 

State of Minnesota

State of North Dakota

Talaris Research Institute

U.S. Department of Agriculture Rural Development Program

U.S. Department of Commerce Public Telecommunications Facilities Program

University of North Dakota Energy and Environmental Research Center— U.S. Department of Energy NETL Program



## Testimony on SB 2015 House Appropriations - Government Operations Division John Harris, President & CEO Prairie Public Broadcasting February 28, 2007

Mr. Chairman and members of the committee, thank you for the opportunity to speak with you today about the budget request for Prairie Public Broadcasting, North Dakota's public television and radio network.

For the record, I am John Harris, President & CEO of Prairie Public Broadcasting.

In my remarks today I will comment on Prairie Public's record of services, the status of our conversion to digital technology, and on the appropriation recommended in the Governor's budget.

First, let me give you a brief summary of Prairie Public's services to the state.

Over 300,000 people use the services provided by Prairie Public each week.

The citizens of North Dakota depend on Prairie Public for award-winning, non-commercial, primetime television programming, and for more than seven hours of non-violent, educational children's shows each day. We also provide comprehensive and indepth coverage of important issues and statewide news on both radio and television.

In fact, entire families can tune to Prairie Public and be assured they'll find the quality programming for which public broadcasting is known and trusted.

In addition to broadcasting PBS and NPR national offerings such as NOVA, Masterpiece Theatre, Morning Edition and Car Talk, Prairie Public produced an extraordinary amount of quality television and radio programming that focused on our communities in the last fiscal year. And, in the current fiscal year, we will produce even more hours of such programming.

Our mission is to educate, involve and inspire the people of our region, to serve our regional audiences, to strengthen our community and to help it prosper.

Education is at the top of our agenda, and our productions cover topics ranging from local community events to rural health care issues to legislative news. We partner with many local agencies to help inform our citizens of critical issues that affect each and every one of us.

Some of the programs we have produced include: *Education: North Dakota's Challenge, North Dakota's Future*, a show that explores the issues confronting the K-12 education system in North Dakota; *Indian Pride*, a 13 part series which premiered at the National Museum of the American Indian in Washington, DC just last month.

Other productions include: Adding Value, a show that explores the ingenuity and creativity of farm families across North Dakota; and working with Minot State University we are producing a series of television and radio programs that are educating citizens about the Methamphetamine crisis in our communities.

We have also expanded our legislative coverage on TV and radio. Our Radio network continues to be a vital source of information and music programming for citizens statewide. This year, as in years past, Dave Thompson and his team of reporters were honored with numerous North Dakota AP awards.

Prairie Public's news programs and web site are a reliable source for international, regional and local news from the worlds of politics, business, science and the arts.

In fact, our network of television, radio and online services were the most comprehensive sources for statewide election coverage and debates during the 2006 election.

Prairie Public also has a very strong commitment to outreach and community service. By combining public television's greatest assets with local outreach training, Prairie Public has made a positive impact on the lives of our children. No matter how many choices you have on your television, I think you will agree that no one provides a more valued, educational experience for our children than Prairie Public.

Two resources that we currently provide are:

Ready To Learn, which is a national initiative that trains early childhood educators, daycare providers and parents in interactive learning techniques that help prepare children for their formal learning experience.

And,

Teacherline, which is a program offering highly regarded, locally facilitated online professional development courses for teachers to update their credentials and/or skills necessary to prepare students for a successful future.

The State of North Dakota has, for years, played a vital supporting role in the operation of our television, radio and outreach services. While the appropriation from the state does not cover all these expenses, these services would not be possible without state support. The State of North Dakota provides a foundation for support from many other sources.

Below you will see a breakdown of our revenue sources and expenditures and we want to make certain that you know that Prairie Public is continually seeking revenue from other sources, in order to maximize the investment from the state of North Dakota.

#### **Prairie Public Broadcasting Funding Sources**

Members/Business	33%
Earned Income	26%
CPB	17%
Production/Federal Grants	13%
North Dakota	8%
Minnesota	3%

#### **Prairie Public Broadcasting Expenses**

Programs	44%
G & A	20%
Engineering	19%
Fund Raising	11%
Information Services	6%

Our most recent Annual Report and a sample of our program guide are also included in your handout.

Next, I want to summarize the progress Prairie Public has made toward the ambitious federal mandate for TV broadcasters to convert operations from analog to digital.

Thanks in part to your past support, Prairie Public has been a leader in the state for conversion to digital broadcasting. We have signed on eight digital transmitters and Prairie Public has used a portion of your funding to "match" grants from the federal sources. We have received matching grants totaling almost \$13 million in the past 5 years, with almost \$10 million of that coming from the federal sources. The dollars requested from the state of North Dakota in the coming biennium can once again help us access these matching funds and bring more dollars back to our state.

The "Digital Television Transition and Public Safety Act of 2005" has created a hard date of February 17, 2009, for the end of analog television broadcasts, ushering in the era when all television stations will broadcast entirely in digital. This will have a major impact on public television stations, which operate under a mission to provide a free, noncommercial educational television service to all citizens.

Prairie Public has continued to build the infrastructure to connect all these transmitters with a digital microwave path. While tremendous progress has been made by Prairie Public, it will still require over \$12 million additional dollars to complete the digital build-out.

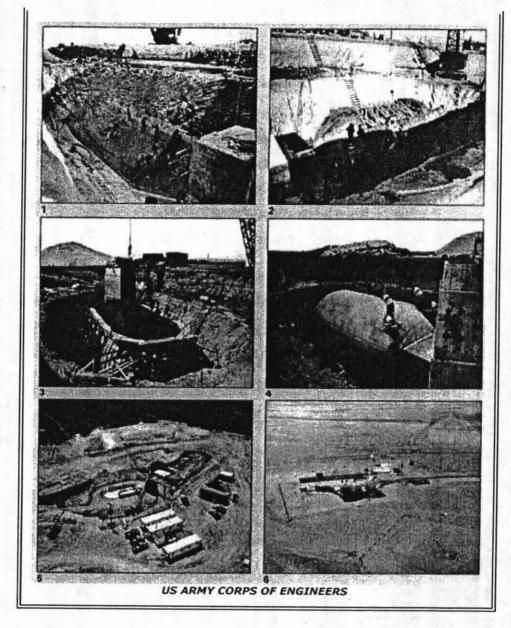
At the present time I can report that Prairie Public has almost 16,000 members that contribute annually to help support the programming expenses for the organization. These citizens know the importance of a strong and viable Public Broadcasting entity for their communities.

I cannot express enough the thanks Prairie Public and its members extend to you for your past support. In the 42 years Prairie Public has been broadcasting, technology has changed, but our mission to provide services that educate, involve and inspire has not.

In Senate Bill 2015 of this biennium's budget, the Governor had recommended \$2,023,138. We ask that you support his recommendation and reinstate the request, as it allows us to continue the digital conversion and operate the infrastructure required to provide public television, public radio and educational services to homes, schools and workplaces throughout the state.

In closing, let me remind you that Prairie Public belongs to the citizens of our region, and with your support Prairie Public will continue to be a community leader and assist the state in achieving its goals of economic strength, educational quality and a pride in our rich heritage.

Mr. Chairman and Members of the Committee thank you for your time and consideration.



#### **Backbone of the US Nuclear Arsenal**

While the Ellsworth AFB sites were under construction, the Air Force was building several other Minuteman installations. By the end of 1967, the Nation had 1,000 Minuteman missiles on alert in six separate deployment areas located throughout the north-central United States. In addition to the original installations at Malmstrom AFB and Ellsworth AFB, Minuteman complexes were deployed at Minot AFB and Grand Forks AFB in North Dakota, Whiteman AFB in Missouri, and F .E. Warren AFB in Wyoming. In addition, another squadron was established at Malmstrom AFB. At each installation the Air Force continued to improve and refine the Minuteman operational system.

Newly-elected President John F. Kennedy instigated one of the first significant improvements to the Minuteman weapon system. Soon after taking office in 1961, Kennedy learned that even if he ordered a massive nuclear retaliation to a Soviet attack, a portion of the Soviet's long-range nuclear force would survive to strike again. As a consequence, the Kennedy administration quickly abandoned the strategic policy of releasing America's entire nuclear arsenal in

"one horrific spasm." Instead of massive retaliation, Secretary of Defense Robert McNamara recommended a "flexible response." Should deterrence fail, McNamara proposed that America's nuclear weapons be deployed selectively. The first ICBMs would target enemy bombers and missile sites. The remaining ICBMs would be held in reserve, for potential use against Soviet cities. McNamara hoped that the threat to the civilian population would persuade the Soviet Union to end the conflict. McNamara began retooling America's nuclear forces, including Minuteman, to reflect the new military strategy.

However, Colonel Edward Hall and his engineers designed Minuteman to be a fastreacting, mass-attack weapon. Upon receiving the launch command, the officers at each Minuteman facility had to fire all ten missiles under their control. A selective launch of fewer than ten missiles was impossible. In order to conform with the new defense strategy, Air Force engineers had to redesign Minuteman's launch control complex. Historian Clyde Littlefield described the changes:

In order to conform to the new concept, engineering changes had to be made to allow a combat crew in a control center to switch targets and to fire one or more missiles selectively, conserving the remainder for later use.... Greater flexibility in targeting and firing required a significant extension to the limited survival time [of each operational site]. The [original] Minuteman facility design did not provide for the protection of the power supply.... At a control center, power generators were above the ground.... When and if these generators stopped functioning, the operational potential of the system would be reduced to only six hours. Revised strategic concepts required that the weapon survive at least nine weeks after an initial enemy attack.

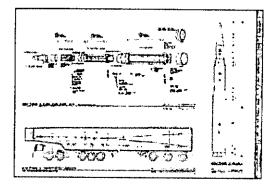
To meet this requirement, the Air Force put the generators in underground capsules next to each launch control center. Although the Air Force considered incorporating these generators into the Minuteman facilities at Ellsworth AFB, construction was already underway there, making the changes impractical. Consequently, the generator capsules began with the third Minuteman deployment area at Minot AFB in North Dakota.

#### The Next Generations: Minuteman II and III

By the time planning began for the final Minuteman deployment area, the Air Force had developed a vastly improved version of the missile. Called Minuteman II, the new missile offered improved range, greater payload, more flexible targeting, and greater accuracy, leading one Air Force spokesperson to estimate that its "kill capacity" was eight times that of Minuteman I. Minuteman II was deployed first at Grand Forks AFB, North Dakota. In September 1965, South Dakota Congressman E.Y. Berry announced that the Ellsworth AFB facilities would also receive the new missile system. According to Berry, Minuteman II would help Ellsworth AFB remain "one of the nation's most important military installations." In October 1971, Boeing began refitting the Ellsworth silos to accommodate Minuteman II, and completed the project in March 1973.

In May 1964, the Soviet Union displayed a battery of antiballistic missiles in Moscow's Red Square, prompting concern

about the vulnerability of Minuteman I and II missiles. The following year, the Air Force began to develop an even more advanced version of the missile. By late summer of 1968. Minuteman III was ready for testing. Longer and more powerful than its predecessors, Minuteman III offered an improved guidance system that could be retargeted in minutes. But, according to the New York Times, the missile's "most telling advantage" lay in its "revolutionary new warhead: the MIRV, or multiple independently targeted reentry vehicle." The



Ellsworth Air Force Base: Delta Flight, Minuteman II ICBM. HISTORIC ENGINEERING RECORD, NATIONAL PARK SERVICE (click on image for an enlargement in a new window)

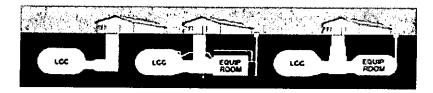
MIRV could deliver three hydrogen bombs to widely scattered targets, a capability that would "render current and contemplated antimissile defense systems largely inadequate," and "thrust the world into a new era of weapons for mass destruction."

The Air Force deployed Minuteman III at Warren, Minot, Grand Forks, and Malmstrom Air Force Bases, and extensively modified the Minuteman launchers at these locations to accommodate the new missiles. Each launch tube was equipped with a new suspension system that could hold the missile absolutely motionless during the aftershocks of a nuclear attack. The Air Force also installed a system of seals, filters, and surge arrestors designed to prevent electronic equipment from being damaged by the powerful electromagnetic waves generated during nuclear explosions.

In July 1975, when the last of the Nation's 550 Minuteman III missiles was lowered into its silo at Malmstrom AFB, Montana, only 450 Minutemen II remained in the American arsenal — at Malmstrom, Ellsworth, and Whiteman Air Force Bases. This force structure remained intact for nearly two more decades.

#### **Evolution of Minuteman Facilities**

The first Minuteman LCCs, such as Delta One, were dependent on lifesupport equipment in the above-ground LCF support building. In later versions, the Air Force buried the life-support equipment underground to help it better withstand a nuclear attack.



The Air Force also redesigned the launch facilities to improve survivability. The power supply unit (shown to the right of each silo) was buried deeper underground, and encapsulated in hardened concrete. The Delta Nine site represents the earliest configuration.

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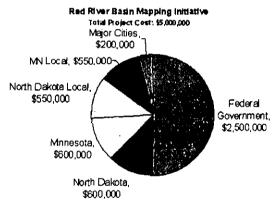


#### Red River Basin Mapping Initiative Executive Summary

**Project Description:** The Red River Basin Mapping Initiative includes four major objectives: 1) collect and publicly disseminate high resolution digital elevation data (15 cm vertical and 1 m horizontal) for the entire US portion of the Red River Basin (39,400 square-miles), 2) collect high resolution digital imagery over selected areas, 3) develop a public data archival and dissemination system, and 4) public outreach and education to ensure/promote use and application of data across the Red River Basin.

The International Water Institute will serve as project administrator and work with project partners (colleges and universities, state and local governments, private vendors, and consultants) to ensure the project deliverables meet the needs of the local and state users.

**Project Cost Estimate:** The International Water Institute (Institute) and partners are seeking \$5 million for the Red River Basin Mapping Initiative. Project costs are split equally between local partners (ND and MN) and the Federal government. We expect to complete the project objectives within a three-year time frame.



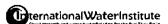
Cost Allocation	Amount	Authorized
Federal Government	\$2,500,000	Pending
North Dakota	\$600,000	(Senator Tom Fisher)
Minnesota	\$600,000	(Senator Keith Langseth/Representative Paul Marquart)
North Dakota Local	\$550,000	Pending
Buffalo Red Watershed District	\$50,000	Х
MN Local (RRWMB)	\$500,000	X
Sub-Total	\$4,800,000	
Fargo	_\$88,118	X
Moorhead	\$31,296	X
Grand Forks	\$46,910	Pending
East Grand Forks	\$7,332	Pending
Wahpeton	\$8,351	Pending
Breckenridge	\$3,462	X
West Fargo	\$14,531	Pending
Sub-Total	\$200,000	
Total	\$5,000,000	

Funding Partners: The Institute has received local funding commitments totaling \$681,227 (Fargo ND, Moorhead MN, Breckenridge, MN, Red River Watershed Management Board, and the Buffalo-Red Watershed District). The Institute is working with the ND and MN Congressional Delegation and ND and MN state legislators (Senator Keith Langseth, Representative Paul Marquart, and Senator Tom Fisher) to secure the remaining state and federal commitments.

#### Others in Support:

- MN Wheat Growers
- ND Grain Growers Association
- ND Corn Growers Association
- Precision Partners Inc
- Greenway on the Red

- RRV Sugar Beet Growers Association
- ND Soybean Growers Association
- Cass County, ND
- ND Farmers Union
- International Red River Board



1805 Research Park Drive North Dakota State University Telephone: (701) 231-9747, Fax (701) 231-5613 <u>http://www.interntionalwaterinstittue.org</u>



#### RED RIVER BASIN MAPPING INITIATIVE

Availability of good information lies at the heart of effective and equitable decision making (Allen and Kilvington 1999)

#### INTRODUCTION

The purpose of this document is to propose a plan and implementation strategy for a Red River Basin Mapping Initiative to develop a high resolution digital elevation model (DEM) for the Red River of the North Basin (RRB) south of the U.S./Canada border using Light Detection and Ranging (LIDAR).

#### **BACKGROUND**

Highly accurate DEMs and associated imagery are essential to improving disaster preparedness, protecting existing infrastructure, evaluating and planning flood and drought damage mitigation projects, enhancing agricultural production, and strengthening decision-making capacity at all levels of government. Current technology allows for efficient collection and processing of DEM data across large land areas through the use of airborne LIDAR and digital photography platforms. Local, state, and federal agencies have successfully used LIDAR technology to develop DEMs on an incremental (project specific) basis in the RRB; however, there is currently no basin-wide seamless high resolution elevation dataset. These and other successful projects in the US and elsewhere have demonstrated the efficacy, need, and benefits for basin-wide DEM development in this region.

Standard national elevation and topographic data available for the RRB consist of 10 meter or 30 meter elevation models which are based on existing US Geological Survey (USGS) 7.5 minute topographic maps. However, the region's unique geography with large areas of very low relief compromises the usefulness of standard national coverage topographic data sets and their application to the decision-making process (IJC 2000). Accurate topography has numerous applications, some of which are fundamental to developing disaster resiliency – our ability to predict, understand, respond, and change behavior before, during, and after disaster events – in the Red River Basin. Accurate topographical information also greatly enhances capacity of today's decision makers and resource managers and provides a crucial foundation for developing innovative, effective, and defendable natural resources and flood and drought mitigation strategies.

The need for accurate topographic data in the RRB has been established by a number of organizations following the devastating flood of 1997.

- The International Joint Commission (IJC) formed the Red River Basin Task Force to assess causes and effects from the 1997 flood. The Task Force made a series of risk reduction recommendations including the need to collect high resolution topographic data and develop a consolidated digital database aimed at improving regional forecasting and modeling capabilities (IJC 2000).
- The US Federal Emergency Management Agency funded the International Flood Mitigation Initiative (IFMI) in 1998. IFMI was charged with developing a series of recommendations aimed at reducing damages from future floods in the RRB. IFMI identified the need for more accurate topographic information and formed the International Water Institute to coordinate research, mapping, and education within the RRB (IFMI 2000).
- The Province of Manitoba concluded there was a compelling need for accurate topographic information
  after the 1997 flood and funded a large scale LIDAR project for areas south of Winnipeg. The DEM was
  developed and used in a web-based decision support system that increases access to vital information on
  flood management and preparedness for the general public, decision-makers, and emergency management
  personnel (Manitoba 2004).
- The US Army Corps of Engineers conducted a study to evaluate the need for high resolution digital elevation data collection in the RRB. The report concluded that a data collection plan for securing LIDAR should be developed to compliment the Canadian approach (USACOE 2004).

Eventually, we must expect that all areas of the RRB will someday have high-resolution information. The use of proven technologies and known economies of scale associated with collecting this information provide sound logic for a basin-wide collection project. The cities of Fargo, ND and Moorhead, MN and other state and local partners have funded a number of LIDAR collects in and around the municipal areas. The level of effort necessary to merge LIDAR data from the various collection efforts is considerable and costly; even when the

information was collected by the same vendor at different times (Bittner 2006). In addition to the mapping efforts in Fargo, ND and Moorhead, MN, there are a number of relatively small scale DEM projects that have been completed or are currently underway. In recent months over \$650,000 has been committed to disparate small-scale DEM projects in the Red River Basin. Although the accuracy and deliverables specified for these projects appear to be comparable, the costs range from \$165/square-mile (Busing 2006) to over \$350/square-mile Basin (Yohe 2006 and Oosterveen 2006).

There are also a number of statewide digital elevation projects such as North Carolina and Iowa (Ensminger 2006) which demonstrate the economies of scale and the need for a coordinated DEM effort in the Red River Basin. The lessons learned from these larger-scale projects and the other smaller-scale mapping initiatives in the region will ensure data accuracy requirements are met (through third party benchmark surveys and validation) and provide a working model for data archival and dissemination of the information via the Internet. Most importantly, these efforts magnify the importance of a coordinated and large-scale collection effort that maximizes the return on investment of public funds.

#### BENEFITS

The Red River Basin Mapping Initiative has a documented need and benefit to basin residents and decision-makers. The benefits will be extensive and profound; enhancing resiliency, capacity, performance, and economic efficiency at every level of decision-making in North Dakota, Minnesota, and Manitoba. Known uses and benefits of high-resolution elevation data include:

- Increased agricultural productivity
  - o Precision agriculture, fertility mapping, micro-drainage, updated soil mapping units, erosion, culvert sizing, identify lime/saline areas, carbon sequestration prioritization
- Enhanced flood and drought damage mitigation
  - o Enhanced flood and drought forecasting, more accurate flood plain maps, flood prevention and flood plain management, powerful decision-making tools for residents and decision makers
- Enhanced planning and project development
  - O Transportation infrastructure, land use management, flood storage volume calculations, project alternatives analysis, flood storage pool impacts, preliminary design and quantity cost estimate, wetland and stream restoration, riparian zones, site prioritization for runoff storage and natural resources enhancement, archeology, dam rehabilitation and breach analysis studies, confined animal feeding operation placement
- Detailed surface hydrologic and hydraulic modeling
  - O Base layer for accurate modeling (i.e. HEC-RAS, Win-TR-20, FLO-2D, MIKE 11, and NRSC Hydro), permit reviews, drained area delineations, supplement river cross section data, water quality modeling, sediment and erosion analysis, debris flow hazard, landform and surface feature identification and extraction, calculate sheet and rill erosion, water risk assessment
- Ecological monitoring
  - Reference site assessment and selection, grass buffer strips, field data collection, basin studies, resources and watershed evaluations, gully and stream channel erosion and deposition, forestry management
- Conflict resolution
  - o Problem identification, terrain visualization, landform positioning and identification

The high resolution elevation data will result in substantial cost reductions for all civil works projects. LIDAR data is known to reduce FTE time and costs on transportation projects (NCRST-E 2006). The MN Wild Rice Watershed District (WRWD) recently completed a LIDAR project with other local governmental partners. The WRWD expects to save over \$20,000 in preliminary survey costs this year alone (Bentz 2006). According to engineers from the Red River Watershed Management Board's Technical Advisory Committee, high-resolution LIDAR information would save a minimum of \$10,000 on a "typical" flood damage reduction project (a larger-scale project would realize even higher cost savings). Most importantly, high resolution LIDAR information would strengthen the decision-making process and enable project planning and conceptual design to occur at a much more accurate scale which would further reduce costs (Dalager 2006 and Anderson 2006).

High resolution topography is also a fundamental piece of information needed for precision farming. A publicly funded LIDAR collect would reduce the cost of implementing precision farming systems on private operations in the Red River Basin collection area by half. Precision farming is a fast growing industry that has consistently been shown to decrease water pollution, increase yields resulting in an economic increase of approximately \$40/acre/year, and reduce inputs by approximately \$12/acre/year. Return on investment for the sugar industry alone could be expected to exceed \$500,000/year (Nesbitt 2006).

Future applications using high resolution topographic data are limited only by our ability to comprehend how these data will eventually be integrated with new technologies and used to make decisions that enhance the regional economy and lives of RRB residents.

#### STRATEGY

The International Water Institute (Institute) will act as project manager and convene a Red River Basin Mapping Initiative Steering Committee to provide project oversight and management direction. The Steering Committee will be responsible for developing and submitting a request for proposals and the final selection of the vendor and third party verifier. The Steering Committee will work with the project manager and the entity contracted to perform the third party validation and quality assurance quality control to make final approval for all products submitted for payment by the chosen mapping vendor. The Steering Committee will also be responsible for developing appropriate data storage, maintenance protocols, and distribution mechanism through the Red River Basin Decision Information Network. The Committee will include selected members of the Red River Watershed Management Board's Technical Advisory Committee, selected members from ND and MN agencies, and representatives from other local, regional, and federal agencies that are funding partners.

#### PROJECT SCOPE AND DELIVERABLES

The Red River Basin Mapping Initiative planned collection area (Figure 1) consists of 39,400 square miles and includes the entire US portion of the Red River Basin (including Devils Lake). The project has 4 proposed main deliverables:

- 1) Bare earth digital elevation model/Imagery
- 2) Data QA/QC
- 3) Data archival and public dissemination
- 4) Public outreach

The bare earth DEM will consist of 15cm vertical and 1m horizontal accuracy. All spatial products will meet or exceed US Federal Emergency Management Agency standards for flood plain mapping (FEMA 2006) and the Federal Geographic Data Committee standards for geospatial metadata (FGDC 2006). All groundwork work needed to collect the information and ensure desired specifications will be the responsibility of the vendor. Deliverable quality assurance - quality control will be ensured through contracts with a third party and extensive ground surveys. We anticipate that the ground truth surveys will include 100 points/county (20 point per land cover class and 5 land cover classes per county).

Figure 1. Project Geographic Scope (USCOE 2004).



The scope and resolution of digital orthophotography/imagery collection will be determined by the Steering Committee. We anticipate the imagery deliverable will not exceed our expected total project cost; however, the extent of imagery coverage would depend on available funds and the wishes of the local funding partner. If bids

exceed the expected project cost, the Institute will work with local, state, and federal partners to prioritize areas for imagery collection and proceed accordingly.

The US Department of Agriculture collects imagery through their National Agricultural Imagery Program (NAIP). NAIP makes available national imagery that includes the Red River Basin. The information is updated annually (USDA 2006). Depending on the final project budget and the responses to the request for proposals, the NAIP may provide an alternative avenue for project partners to obtain digital imagery.

Technologies for storing and disseminating digital elevation and photography are proven and well established. The Red River Basin Decision Information Network (RRBDIN) will be used for data archival and dissemination. RRBDIN is hosted by the Institute and partners at North Dakota State University (NDSU). The Internet site was developed to serve as a one-stop-shopping for information in the Red River Basin. Spatial products from the Red River Basin Mapping Initiative will be stored on a dedicated server and delivered through the Internet free of charge. NDSU will provide operation and maintenance services and the necessary bandwidth for disseminating the information. The Steering Committee will decide which mapping products will be made available based on user needs and budget constraints. We expect to prepackage the spatial products (which will include at a minimum the raw point data, bare earth DEM and some extent of imagery) to facilitate access and deliverability via the Internet.

The Institute and partners at NDSU would be responsible for data storage and dissemination. The Institute will work with the Steering Committee to develop acceptable protocols for future updates to the seamless RRB DEM. Although most of the rural areas collected would not need updating in the foreseeable future, LIDAR information collected in and near municipal areas will need to be re-collected periodically. In many cases, small changes on the landscape (i.e. new levy construction/expansion) could be manually inputted by manipulating the DEM on a desktop computer. Future updating of larger areas that would require re-flying and LIDAR data collection would be the responsibility of the entity seeking the new information.

Public outreach will include brochures and media products to inform residents and decision-makers of the Basin Mapping Initiative products and explain how the information will be used in the Red River Basin. A series of focus group meetings will be held with engineers, and researchers, and floodplain managers to obtain feedback and comments on the outreach products as well as the web-based dissemination system.

#### PROPOSED/EXPECTED BUDGET

The project budget was developed after numerous consultations with representatives from private LIDAR vendors, civil engineers, project managers of large and small scale LIDAR projects that have been completed and are being planned in the US and Canada, and agency representatives from the USGS and other federal agencies (Table 1).

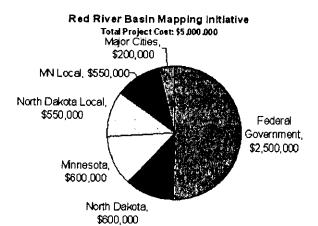
The budget was developed with the assumption that each component of the project would be sub-contracted through the International Water Institute as a separate and independent deliverable. The budget includes resources for the Institute and partners to develop the web accessible data archival and dissemination system through the Red River Basin Decision Information Network or other appropriate publicly accessible vehicle that would be determined by the Steering Committee. Initiative partners may also choose to host the relevant spatial information on other established platforms.

The proposed funding formula identifies 6 main partners (Minnesota Local, Minnesota State, North Dakota Local, North Dakota State, Red River Basin major cities, and the Federal Government). The Institute has recently secured formal commitments in the amount specified from Watershed Districts in Minnesota and the cities of Fargo, ND, Breckenridge, MN and Moorhead, MN (Table 2). Funding language has been introduced at the legislative sessions in Bismarck ND ((Senator Tom Fisher) and St. Paul (Senator Keith Langseth and Representative Paul Marquart). These committed partners have expressed their desire for a basin-wide DEM effort and believe the proposed project scope will provide the greatest future return on investment of public funds. The Institute hopes to have the funding partnerships committed by the spring of 2007.

Table 1. Draft Budget.

	Objecti	ves		!	<del>,</del>	
	1	Collect bare-earth DEM/digital imagery				
	2	Data archival and dissemination		1	procesa de pro- s	
	3	Quality assurance/quality control		<del></del>	<del></del> -	
	4	Outreach and education		1		
	JH 177 1		10 W 11 Start 148	the Control of the Co	<del>.</del>	
Δ.		IWI Personnel	% FTE	Salary	Fringe (30%)	Total
	1,2,3,4	Project Management	2.5	\$179,155	\$53,747	\$232,902
	2,3,4	Web/T infrastructure	Hourly	\$42,129		\$42,129
	2,3,4	Secretarial/Admin Support	1,2	\$58,067	\$17,420	\$75,487
		The state of the s		\$279,351	\$71,167	\$350,518
]	1,2,3,4	Travel				\$5,000
		Equipment		# unit	Cost/unit	
_	2	Hardware/Software (Terrabyte server, software, archival, enclosure, etc.)		6	\$10,000	\$60,000
	2,3,4	Supplies/Other (Brochure, CDROM, Promo, workshop)				\$7,500
_	1,2,3,4	Consultant (Steering Committee)				\$22,174
-	,		Direct Cost Subtotal		\$445,192	
5		Subcontract	6.00	1	1.0	<u></u>
				Salary	Fringe	Total
За	2	Web/IT Databse Archival and Dissemination	22	\$80,000	\$24,000	\$114,000
	2	Travel				\$2,500
١	2	Materials and Supplies				\$5,000
					Subtotal	\$121,500
		F&A (45%)				\$54,675
		The state of the s	granter over 1 general paperson agence	- Addition of the contract of	Subtotal	\$176,175
3b	1	Data collection (LIDAR/Digital Imagery)	Sq. Miles	Cost/sq. mile		<u></u>
_]		—————————————————————————————————————	39,400	\$100		3,940,000
3c	3	Survey/Engineering - 3rd party QA/QC (NSSDA Spec)	Points	Cost/point	-	
		————————————————————————————————————	800	\$325	Subtotal	\$260,000
Ī				Total	Subcontracts	\$4,376,175
		Total Direct Costs			<u> </u>	\$445,192
]		MF & A (includes 34.34% of first 25,000 subcontracts)				\$178,634
ᆚ		Total Project Costs				\$5,000,000

Table 2. Funding Formula.



Cost Allocation	Amount	Authorized
Federal Government	\$2,500,000	Pending
North Dakota	\$600,000	(Senator Tom Fisher)
Minnesota	\$600,000	(Senator Kerth Langseth/Representative Paul Marquart)
North Dakota Local	\$550,000	Pending
Buffalo Red Watershed District	\$50,000	X
MN Local (RRWMB)	\$500,000	X
Sub-Total	\$4,800,000	
Fargo	\$89,118	X
Moorhead	\$31,296	× ·
Grand Forks	\$46,910	Pending
East Grand Forks	\$7,332	Pending
Wahpeton		Pendina
Breckenridge	\$3,462	X
West Fergo	\$14,531	Pending
Sub-Total	\$200,000	· •
Total	\$5,000,000	THE SECOND SECON

For More Information Contact: Charles Fritz <u>charles.fritz@ndsu.edu</u>

1805 Research Park Drive, NDSU Fargo, ND 58102 Telephone: (701) 231 - 9747/Fax: (701) 231- 5613

#### FREQUENTLY ASKED QUESTIONS

#### What is LIDAR?

LIDAR - Light Detection and Ranging integrates airborne laser and global position system (GPS) technologies. Laser pulses are directed at the earth's surface from equipment aboard aircraft flying a predetermined grid over an area of interest. The reflections are recorded and the range is calculated from the instrument's orientation in space and the time required for the reflected laser light to travel back to the aircraft.

#### Is the LIDAR data collection the only task for generating a DEM?

No. LIDAR data is processed in three stages:

- 1- Preprocessing
- 2- Computer surfacing
- Manual editing

Final products are generated based on the objectives of the collect. Each of these stages has its own specific set of tasks and level of effort (cost) to complete.

#### How accurate is the information collected using LIDAR technologies?

Accuracy is directly related to the altitude of the aircraft and the power of the laser. Standard accuracies of most recent collects meet or exceed:

- Vertical
  - O Bare earth: 15 cm (0.492 feet) Root Mean Square Error (RMSE)
  - o Vegetation: 27 cm (0.886 feet) RMSE
- Horizontal
  - o 1.0 m (3.28 feet) RMSE

All Red River Basin Mapping Initiative data will meet or exceed the US Federal Emergency Management Agency standards for flood plain mapping <a href="http://www.fema.gov/plan/prevent/fhm/LIDAR\_4b.shtm">http://www.fema.gov/plan/prevent/fhm/LIDAR\_4b.shtm</a>>.

#### How much data is colleted?

The size of the data set is considerable and depends on the extent of the region being flown. As a general rule, one day of flying/data collection (using a 50 - 150 KHz laser) results in 150 - 200 million elevation points or roughly 1 gigabyte of LIDAR, GPS, and Inertial Measurement Units (IMU) data. We expect the Red River Basin Mapping Initiative data will consist of approximately 6 terabytes of data.

Are there proven hardware and software technologies to manage and disseminate these large-scale data sets?

Yes. There are numerous public and private examples of models to store and disseminate large amount of spatial data. Minnesota has developed the Minnesota Geographic Data Clearing House

<a href="http://www.lmic.sate.mn.us/chouse/index.html">http://deli.dnr.state.mn.us/</a>. North

Dakota has developed its own GIS Data Hub <a href="http://www.state.nd.us/gis/">http://www.state.nd.us/gis/</a>. Perhaps most notable is the USGS's Earth Observation and Science <a href="http://cdc.usgs.gov/">http://cdc.usgs.gov/</a> and North Carolina's web-based flood plain mapping center <a href="http://www.ncfloodmaps.com/default\_swf.asp">http://www.ncfloodmaps.com/default\_swf.asp</a> that was developed following a recently completed statewide LIDAR and DEM development project as a result of Hurricane Floyd. The Red River Basin Decision Information Network (RRBDIN) was developed to serve as a one-stop mapping and information system <a href="http://www.rrbdin.org">http://www.rrbdin.org</a>. RRBDIN is currently housed at North Dakota State University and is a recognized basin-wide website established to disseminate GIS data in a decision support context.

#### Has high resolution elevation data been collected in other areas of the Red River Basin?

Yes, there have been a number of LIDAR collects in the U.S. portion of the Red River Basin < <a href="http://www.rrbdin.org/data/LIDAR.jsp">http://www.rrbdin.org/data/LIDAR.jsp</a>. To date, the largest single data collection effort in the RRB has occurred in Manitoba <a href="http://geoapp.gov.mb.ca/website/rrvfp/">http://geoapp.gov.mb.ca/website/rrvfp/</a>. The Energy and Environmental Research Center and the Natural Resources Conservation Service recently completed the Forest River Watershed in North Dakota (roughly 6,000 miles²). Efforts currently underway include portions of the Red River Valley in MN (Busing 2006) and an area in the Pembina River watershed along the US and Canada border (Yohe 2006).

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