

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2031

2001 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2031

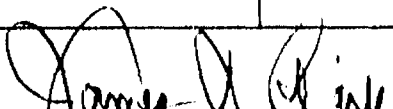
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2031

Senate Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date January 18, 2001

Tape Number	Side A	Side B	Meter #
1	X		26-End
		X	0.0-6.1
January 26, Tape 1		X	5.5-9.7
Committee Clerk Signature 			

Minutes: Vice-Chairman Dever called the committee back to order and opened the hearing on SB 2031 which relates to the review of state agency applications for grants from the federal government or private entities. Don Wolf with the Legislative Council Fiscal Staff appeared before the committee to explain the proposed legislation to the committee. Currently during the budgeting process each agency estimates what federal funds they anticipate should be available during the upcoming biennium. This is a difficult procedure because they are trying to predict what will happen a year or two years into the future. Often a new federal program becomes available that was not anticipated. For an agency to receive additional federal funds spending authority, they must first seek emergency commission and budget section approval. However, an agency that has enough spending authority may receive new federal funds without emergency commission or budget section approval. The intent of the bill is to keep the legislative assembly aware of additional federal funds an agency may receive during the biennium. It requires all state agencies except institutions of higher education to receive approval from the emergency

commission or the budget section prior to submitting an application to the federal government or a private entity for a grant that has not been approved by the legislative assembly. To receive approval an agency would be required to first submit a copy of the grant application along with a report summarizing the grant to the emergency commission which will have 30 days to consider the application. If the emergency commission denies the grant application the agency will be allowed to submit the request to the budget section for consideration at its next meeting. Senator Kilzer, how is this similar from a bill that we heard last session about grant applications that were to be considered by a central agency? Do you remember that one? Mr. Wolf indicated that he didn't work for the legislative council last session. He indicated as such he was not familiar with that bill. Senator C. Nelson indicated just for clarification, research grants at universities are not included. Mr. Wolf indicated that was correct. Appearing before the committee in a neutral position was Connie Sprynczynatyk representing the North Dakota League of Cities. She indicated to the committee that she would be delighted to be neutral on this providing that the political subdivisions don't have a dog in this fight. On page one of the bill, line 14, it says state agency means any entity of the state. If the political subdivisions have assurance that that does not mean political subdivisions that we are excluded as would be the board of higher education we would be perfectly happy. Speaking in opposition of the bill before the committee was Beverly Fischer Grants Manager, representing the Department of Public Instruction. A copy of her written testimony is attached. Senator C. Nelson indicated then DPI is seeing themselves as an entity of the state, what about school districts? If there is question about political subdivisions in county and cities are included in this definition, what does that do to the individual school districts? Beverly Fischer indicated school districts are a political subdivision. If that is the law carried forward to political subdivisions then this would also be the same for school districts.

Senator C. Nelson and therefore also park districts, and any other districts within the city.

Senator Wardner I think all this is really doing is saying that you have to have everything pre-approved in front of the emergency commission before you can get the grant. Ms. Fischer indicated that the way she understood the bill DPI would have to submit a pre proposal to the emergency commission before we can even apply to the federal agency. Senator C. Nelson indicated that the order of some grants requires applying to get the application so if you had to have pre-approval you wouldn't even have the application that would allow you to answer some of those questions. Ms. Fischer indicated in some instances that is true and in some cases it isn't. It depends on the department of the federal agencies and it also depends on your individual programs. Senator Wardner requested that Don Wolf come back to the podium. He asked Mr. Wolf what the motivation was to bring this legislation forward. Don Wolf indicated that his understanding was that it's just to keep the legislative assembly informed of the federal funds that were being applied for where agencies have spending authority. There was kind of a loop hole where an agency can receive new federal funds if they have the additional funds spending authority and the legislature would not be aware of that. Senator Wardner wondered about the definition of state agencies. Is it restricted to state agencies and not political subs such as counties, cities, water districts, school districts, as far as your knowledge? Don Wolf indicated that as far as his knowledge, he didn't believe the intent was to include political subdivisions. He could be mistaken but, as you reread the bill, it doesn't specifically exclude political subdivisions. Senator T. Mathern Would this include the governor's office? Don Wolf, it is considered a state agency so I believe yes, it would include him. He also indicated it would include the supreme court. Senator Kilzer indicated that he was a little dismayed that there is no one speaking in favor of the bill. He remembered from last session that there was a similar bill

and it got hit pretty hard because of the time delays that are needed for this additional approval so if I have a question it would be about if the emergency commission wants to know about these things maybe this bill should say that these state agencies should report it to the emergency commission but not have to wait for the emergency commission to review it and grant it approval before they can proceed with trying to apply for the grant. Those are my concerns about this situation. Also appearing in opposition was Jim Deutsch of the Public Service Commission who presented the written testimony of Ilona Jeffcoat Sacco (See attachment). A proposed amendment is attached to that testimony. Lynn Helms, Director of the Oil and Gas Division of the Industrial Commission appeared in opposition to the bill. A copy of his written testimony is attached. Senator Wardner inquired if they report to the budget committee when you get these grants? Mr. Helms indicated they do make reports to the committee when they receive these grants and each year in the budget they have a line item for anticipated federal moneys that we are going to receive from the EPA grant. So the answer is yes. Senator Wardner They know about it so when it comes time to look at the budget they look back and see what grants you had in the past so they are aware of them. Mr. Helms Yes they are aware. There were no further questions. Mr. John Dwyer Chairman of the Lignite Research Council an advisory committee to the industrial commission appeared in opposition to the bill. He explained the grant program, for the technology program. A lot of the grants are time sensitive and time frames become particularly important. From their perspective, they go to the appropriations committee every session and they explain all of their grants. There are state agencies involved in that program. He indicated that unless the bill is amended his group would go on record as being opposed to this bill. If you would like to pass the bill we would like to suggest under lines 14 and 15 that you would add to the board of higher education, the industrial commission which would cover

both the gas and coal. There were no questions from the committee at this time. Bonnie Pulecek representing the North Dakota Council on Abused Women's Services appeared before the committee. A copy of her written testimony in opposition is attached. Brenda Dissett Executive Director of the North Dakota Nonprofit Association appeared that she had polled all of the members of her organization and indicated that this would affect some of the services provided to people by them in their various communities. As such they would oppose SB 2031. There was nothing further on SB 2031. The hearing was closed at this time. On January 26, 2001 Chairman Krebsbach reopened the discussion on SB 2031. Chairman Krebsbach indicated to committee members that this was perhaps a reaction or perhaps an overreaction on something that I'm not sure was fully understood as to the process. Right now any agency can not receive federal funds until the emergency commission and the budget section have approved. What this is doing is putting in place a process prior to or at the time of application. The Chairman indicated she personally find that this would be restrictive the agencies that need to utilize this form of revenue for their agency. She indicated that the process in place where two sets of approval have to be made before they can accept grants in excess of \$50,000.00 is safety in itself for protection reasons. Senator T. Mathern moved a Do Not Pass on SB 2031, seconded by Senator Wardner. Senator C. Nelson commented on this bill. Senator Kilzer pointed out to the committee that there was a proposed amendment to this bill. As such the Do Not Pass motion and second were withdrawn at this time. Senator T. Mathern moved the adoption of the amendment seconded by Senator Kilzer. Roll Call Vote indicated 6 Yeas, 0 Nays, and 0 Absent or Not Voting. A motion for Do Not Pass as Amended was moved by Senator T. Mathern, seconded by Senator Kilzer. Roll Call Vote indicated 6 Yeas, 0 Nays, and 0 Absent or Not Voting. Senator C. Nelson will be the carrier.

Date: 1/24/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2031

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number 10042010

Action Taken Hdopt Amendment

Motion Made By Sen. T. Mathern Seconded By Sen. Wardner

[illegible]

Total (Yes) 6 No 0

Absent 0

Floor Assignment

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

Date: 1/26/01
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. *SB 2031*

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number 16042 0101

Action Taken Do Not Pass as Amended

Motion Made By Sen. Mather Seconded By Sen. Kilzer

[illegible]

Total (Yes) 6 No 0

Absent 0

Floor Assignment Sen. C. Nelson

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

REPORT OF STANDING COMMITTEE (410)
January 29, 2001 9:26 a.m.

Module No: SR-15-1813
Carrier: C. Nelson
Insert LC: 10042.0101 Title: .0200

REPORT OF STANDING COMMITTEE

SB 2031: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO NOT PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2031 was
placed on the Sixth order on the calendar.

Page 1, line 11, replace "grant" with "money"

Renumber accordingly

2001 TESTIMONY

SB 2031

TESTIMONY ON SB 2031
GOVERNMENT AND VETERAN'S AFFAIRS COMMITTEE
January 18, 2001
by Beverly Fischer, Grants Manager
(701) 328-1028
Department of Public Instruction

Chairman Krebsbach and Members of the Committee:

My name is Beverly Fischer, and I am Grants Manager for the Department of Public Instruction (Department). I am here to speak in opposition to SB 2031 regarding the review of state agency applications for grants from the federal government or private entities.

Introduction

North Dakota school districts need a number of essential resources for effective student learning and achievement. To secure federal funding for local school districts, the Department enters into agreements with federal agencies. The Department's federal appropriation for the 1999 biennium was \$143,318,666. On an average, about 89 percent of the federal funds secured by the Department goes to local school districts.

Concerns regarding the proposed grant preapproval process:

▪ **Time Frame**

- Federal requests for proposals (RFPs) typically require proposal submission within 45-60 days after the RFP is issued, which is a relatively short period of time. Grant proposals generally are long and complex. They often require a great deal of detailed information that involves much research and planning. In addition, many require collaboration with other agencies and local school districts. Therefore, this lead time of 45-60 days is needed to prepare quality proposals. The proposed preapproval process would take at least 30 days and more likely longer before a federal grant proposal could even be started. This cuts the time to prepare a quality proposal to less than a month, which is an unrealistic expectation. The requirement of obtaining preapproval from the Emergency Commission before federal grants are pursued could preclude the Department (and the State) from receiving federal funds for programs that the state and local governments cannot afford to fund.

- The time frame for federal requests for proposals may not necessarily coincide with Emergency Commission meetings, thus causing further delays in submitting RFPs to the federal government.
- **Cost/Benefit**
 - There will be administrative costs to the Emergency Commission to implement the preapproval process that cannot be passed on to the federal programs.
 - The Department does not have personnel solely responsible for preparing grant proposals. RFPs must be developed in conjunction with a host of other responsibilities. This proposed preapproval process creates additional burden for Department personnel, which may preclude the Department from applying for federal funds.
- **Checks and balances already in place**
 - Currently, the Department must obtain a "clearance letter and number" from the Division of Community Services for any grant application submitted to the federal government. To do so, the Department provides a summary of the proposed program and the amount of funds involved to the Division of Community Services.
 - Authorization to increase, decrease, or transfer appropriations within or among budget categories is covered by specific Emergency Commission and Budget Section requirements.
 - Before developing an application for federal assistance, Department staff establish that there is sufficient legal authority and functional responsibility to carry out the contemplated grant activity. The staff also considers potential negative aspects of federal funding; such as the commitment to provide new services, the need for additional personnel, and matching fund requirements. The Department has internal policies to ensure effective management and compliance with public policy requirements.
 - The Department Management Council and unit directors review, coordinate, and monitor all applications and proposals. The Department's grant proposal process is continually re-evaluated.
 - The Department has established broad guidance for addressing certain problems and needs. This includes coordination of program resources with other agencies, such as the Department of Human Services and the Office of the Attorney General (i.e., Interagency Substance Abuse Prevention Team—alcohol and drug prevention efforts).

Summary

Our intent in everything we do—including applying for federal grant programs—is to assist school districts in North Dakota. It is essential that schools receive full benefit of federal programs. Grant activity is best integrated into the planning, programming, and resource allocation procedures used by subgrantees (school districts). If the Department is to ensure that essential education instruction to North Dakota's young people is accomplished in the most efficient and efficient manner possible, materials critical to grant proposals must continue to be developed and submitted in a timely manner.

Senate Bill 2031

Public Service Commission Testimony

Presented by: Illona Jeffcoat-Sacco
Public Service Commission

Before: Senate Government and Veteran Affairs Committee
Senator Karen Krebsbach, Chairman

Date: January 18, 2001

Madame Chairman and committee members, I am Illona Jeffcoat-Sacco, Director of the Public Utility Division at the Public Service Commission (Commission) and I'm here today to testify on SB 2031 which creates new law relating to the review of state agency applications for grants from the federal government or private entities. The Commission asked me to appear today to testify about some concerns the Commission has with the bill.

The Commission regularly applies for and receives federal grants for its abandoned mined lands reclamation program, the regulatory program for active coal mines, and gas pipeline safety program. The federal funds that are needed for these programs are included in the Commission's biennial budgets that are approved and appropriated by the legislature. The Commission must then submit grant applications, most on an annual basis, to the appropriate federal agency in order to receive the federal funds.

However, we are not certain whether or not the Commission would be required to go through the review process proposed by SB 2031 based on the definition of "grant" in this bill. The definition includes the following sentence: "The term does not include any grant that has been approved or appropriated by the legislative assembly." We do not have a concern with SB 2031 if the intent

of this sentence is that the proposed review process does not apply when the federal funds to be requested have been already appropriated and approved by the legislature. However, since the actual grant applications that we submit to the federal agencies are not reviewed by the legislative assembly, this interpretation of the sentence may be incorrect. The Commission would appreciate some clarification of the intent of this sentence. We believe this could be clarified by replacing the word "grant" in line 11 on page 1 of the bill with the phrase "money or property". A proposed amendment to this effect is attached.

If the intent is that the actual grant applications must be approved by the legislative assembly in order to be exempt from the review requirements proposed by SB 2031, the Commission would oppose the bill. Going through a grant review process for spending federal funds that have been already appropriated by the legislature will add another rather lengthy administrative step to the entire grant process. Each grant application would have to be prepared a couple of months sooner than it presently is in order to go through the additional step proposed by SB 2031. Also, the added step for review by the Emergency Commission would prevent the Commission's gas pipeline safety grant application from being submitted in the timeframe required by the federal Department of Transportation. The Commission cannot submit the annual gas safety grant application until it receives the current year's application forms from the Department of Transportation. Once these forms are received, the Commission usually has a short time period to submit the grant application, often only two to three weeks.

This completes my testimony. I will be happy to answer any questions you may have.

Prepared by Public Service Commission
January 18, 2001

PROPOSED AMENDMENT TO SENATE BILL NO. 2031

Page 1, line 11, replace "grant" with "money or property"

Renumber accordingly

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

Bruce E. Hicks
ASSISTANT DIRECTOR

Senate Bill 2031
Senate Government and Veterans Affairs Committee
Testimony By
Lynn D. Helms
Director
Oil and Gas Division
North Dakota Industrial Commission

Madam Chairman and members of the committee, my name is Lynn Helms and I am the Director of the Oil and Gas Division of the North Dakota Industrial Commission (NDIC).

The NDIC is the oil and gas regulatory commission for the state of North Dakota. The Oil & Gas Division is the agency that provides the technical expertise needed for creating and enforcing statutes, rules, regulations, and orders of the Commission pertaining to geophysical exploration, drilling, development, production of oil and gas, disposal of oil field brine, and plugging and reclamation of abandoned wells.

North Dakota oil and gas wells produce an average of 85 million barrels of brine per year that must be re-injected in a manner that will protect North Dakota's fresh water resources.

The Oil & Gas Division provides special technical oversight for underground injection of oil field brines and other fluid wastes under a program delegated to us from the EPA. This program has been funded for 17 years approximately 75% by a grant from the EPA. This grant must be applied for each year.

I respectfully request that you consider exempting existing long term grant relationships such as this one in SB2031.

In 1999 the Oil & Gas Division took advantage of a grant offer to acquire \$6,200 in GIS software with no obligation to make additional purchases. Optional maintenance fees on the software are \$1,500 per biennium. The application window for this grant was less than 14 days, so it would not have been possible under SB2031.

I respectfully request that you also consider exempting grant applications that will not require an increased appropriation or FTE count in SB2031.

BISMARCK
 Abused Adult Resource Center
 222-8370
BOTTINEAU
 Family Crisis Center
 2028
DESMOINES
 Sexual Assault Services for
 Abused Families
 1-888-662-7378
DICKINSON
 Domestic Violence and
 Rape Crisis Center
 225-4506
ELLENDALE
 Kodish House
 349-4729
FARGO
 Rape and Abuse Crisis Center
 800-344-7273
FORT BERTHOLD RESERVATION
 Coalition Against
 Domestic Violence
 627-4171
FORT YATES
 Tender Heart Against
 Domestic Violence
 854-3402
GRAFTON
 Tri-County Crisis
 Intervention Center
 352-4242
HAND FOLKS
 Family Violence
 Intervention Center
 744-4444
JANESVILLE
 S.A.F.E. Shelter
 888-353-7233
MCLEAN COUNTY
 McLean Family
 Resource Center
 800-651-8443
MERCER COUNTY
 Women's Action and
 Resource Center
 873-2274
MINOT
 Domestic Violence Crisis
 Center
 852-2258
RANSOM COUNTY
 Abuse Resource Network
 683-5061
STANLEY
 Domestic Violence Program,
 NW, ND
 628-3233
VALLEY CITY
 Abused Persons Outreach
 Program
 8078
WILLISTON
 Family Crisis Shelter
 572-0757

Senator Karen Krebsbach
 Chair, Senate Government and Veterans Affairs
 SB2031
 January 18, 2001

Senator Krebsbach and Members of the Committee:

My name is Bonnie Palecek and I am speaking on behalf of the ND Council on Abused Women's Services in opposition to SB2031.

As a private, non-profit agency we have entered into many collaborative grant applications with state agencies. Most of these applications are highly competitive and require a great amount of work to prepare. Often Memoranda of Understanding or other collaborative agreements need to be worked out. All of this must be done within an average time frame of six weeks. To take 4 of these 6 weeks to wait for permission from the Emergency Commission to apply would effectively stop these grants from being submitted.

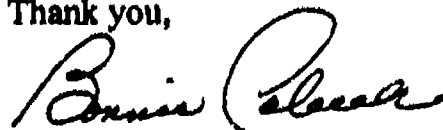
In fact, meeting the requirements of Section 3 of SB2031 would probably take another two weeks in itself.

In addition, for example with the STOP Violence Against Women grant submitted annually by the State Health Department, there is a two-stage process. The first stage includes an historical perspective on how previous dollars were spent, all of the certifications, assurances, status of compliance etc., and then 90 days later a work plan is submitted, all of which must be done on-line. At what stage does the document become an "application"?

It is unclear what problem SB2031 intends to fix. Frankly it feels like a solution in search of a problem. And in the process it would create a nightmare of bureaucratic micro-management.

Please reject this most unworkable concept. We need to affirm, not punish, creative and aggressive pursuits of additional funding, especially for programs like ours which continually face a decrease in state support

Thank you,



Bonnie Palecek
 Executive Director
 NDCAWS/CASAND

