

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1488

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yolanda Richardson
Operator's Signature

10/16/03
Date

2003 HOUSE POLITICAL SUBDIVISIONS

HB 1488

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yolanda Richardson
Operator's Signature

10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1488

House Political Subdivisions Committee

☐ Conference Committee

Hearing Date: February 6, 2003

Tape Number	Side A	Side B	Meter #
1		X	6.0-25.0
Committee Clerk Signature <i>Mickie Schmidt</i> 2-19-03			

Minutes:

TAPE 1: SIDE B:

(6.0) VICE CHAIRMAN NANCY JOHNSON: We will open the hearing on HB 1488.

(6.3) CHAIRMAN GLEN FROSETH: (Testimony in support) On the Bill, lines 4 through 7, section 1: On these cost sharing programs, that sometimes the formulas change in the middle of a biennium, and receiving municipalities for benefit of these farms sometimes gets caught in the middle. They have appropriated funding for projects, and all of a sudden the money is withdrawn and then they are in a dilemma.

(7.6) TERRY TRAYNOR; ASSOCIATION OF COUNTIES: (Testimony in support) (See attachment #1)

(10.8) REP. GIL HERBEL: That word "may", would "shall" be any better?

(11.0) TERRY TRAYNOR: I don't know. Generally "shall" is stronger.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

La Costa Rickford
Operator's Signature

10/16/03
Date

Page 2

House Political Subdivisions Committee

Bill/Resolution Number HB 1488

Hearing Date: February 6, 2003

(11.1) REP. GIL HERBEL: You've got it applying just to the biennium. Are there any situations which a formula is set up to where this kind of funding needs to go on to the next ten years? Should that exceed the biennium?

(11.4) TERRY TRAYNOR: It would be nice. If we would want to try to get one legislature to bind future legislatures in that. We're just hoping to at least get it back in this one. If the formulas going to change, we have an opportunity to state our case to you the legislatures.

(11.8) REP. MARY EKSTROM: There's no fiscal note attached to this bill. You're asking to state hold harmless to counties. Do you have an idea how much money wants?

(12.1) TERRY TRAYNOR: I have no idea, it could be nothing, it could be huge.

(12.2) REP. MIKE GROSZ: Why is the legislature is mandating a calendar year?

(12.4) TERRY TRAYNOR: It was prior to working with the counties. I was told that the state was also going to switch to a fiscal year. But when issues of when legislatures met and when budgets needed to be prepared, they found that was enticable. There was no move to change the counties back.

(12.6) VICE CHAIRMAN NANCY JOHNSON: How can the legislature approve a salaries change for employee, that that would impact the counties, yet you can't correct the budget until 6 months later? Is that where the big dilemma comes?

(13.1) TERRY TRAYNOR: That's one dilemma. The more recent one is with the program HOSS. This is one area they were looking to recapture some revenue. And the formula with the county participation went from ten percent to twenty percent. In that case, they were able to delay the change until January of this year.

Page 3

House Political Subdivisions Committee

Bill/Resolution Number HB 1488

Hearing Date: February 6, 2003

(13.7) VICE CHAIRMAN NANCY JOHNSON: So this wouldn't impact salary changes?

This is just a funding program?

(13.8) TERRY TRAYNOR: Yes. That is our goal.

(14.1) CLARENCE DANIEL; DIRECTOR OF SOCIAL SERVICES: I've been doing County Social Service budgets since the 1970's in three different counties in the state. And I can't tell you the number of times that the department has, when they get a shortfall, change the arc formula's on us, they have to increase county funding and basically make a mill levy change without seeing that competition? report to levy the bill. And for example the 10 and 20 percent amount that Terry talked about in our family presentation. In the next biennium, we'll have an impact on counties of \$475,000 dollars, because basically we were paying ten percent. We had a chance to talk to the legislatures and we've made our case in appropriations. From January to June, that was an arbitrary change. We were told they would notify us of the twenty percent if we don't get that service. It's an 80/20 match now. So I would urge a DO PASS on this. It would at least save us the six months.

(15.6) REP. MARY EKSTROM: The \$425,000, is that just the counties you prepare budgets for or all of the counties?

(15.7) CLARENCE DANIEL: That would be state wide. The impact of this change would be statewide. I only prepare for one county now.

(16.6) TIM HORNER; DIRECTOR OF TRANSPORTATION PROGRAMS: (Testimony in Opposition) (See attachment #2)

(19.6) REP. BRUCE ECKRE: Do you have a certain language?

(19.9) TIM HORNER: No.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Richard
Operator's Signature

10/16/03
Date

Page 4

House Political Subdivisions Committee

Bill/Resolution Number HB 1488

Hearing Date: February 6, 2003

(20.0) REP. WILLIAM KRETSHCMAR: Has there been instances in the past where you changed things?

(20.3) TIM HORNER: In recent years, we did not have to do that. We assume this Bill could be in place for twenty years. Matches have changed. They have gone from 80/20 percent to 81/19 percent. It is possible.

(21.2) REP. ALON WIELAND: I don't think this Bill was intended to affect the Dept. of Transportation and I certainly would look towards some possible amendments. One reason is at the annual convention and even more often, the DOT sits down with county engineers and county commissions. And they anticipate what they are going to be doing and they would discuss the kinds of things that you talk about here so that they probably would not run into the type of situation that you are explaining here.

(21.9) TIM HORNER: That is possible that we would cover most of that, however, legislation has it rolled out. The legislation is scheduled for September 30th. We would be meeting with the counties usually in October.

(22.7) REP. MARY EKSTROM: I know that within the Dept. of Human Services, the money is coming from the federal government. If we do not comply, there are some substantial penalties. Are there penalties?

(23.0) TIM HORNER: The requirements must be met before. (can't hear him)

(23.9) REP. MARY EKSTROM: Aren't funds impacted if we don't reduce our drinking for drunk driving?

(24.1) TIM HORNER: That is correct but it is not the cause, it is reduction in certain categories. The programs are reduced.

Page 5

House Political Subdivisions Committee

Bill/Resolution Number HB 1488

Hearing Date: February 6, 2003

(24.6) VICE CHAIRMAN NANCY JOHNSON: Any more testimony in support?

Opposition? Seeing none, we will close the hearing on HB 1488. (25.0)

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yolanda Rickford
Operator's Signature

10/6/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1488

House Political Subdivisions Committee

☐ Conference Committee

Hearing Date: February 6, 2003

Tape Number	Side A	Side B	Meter #
2	X		1.8-3.0
Committee Clerk Signature <i>Micki Schmidt</i> 2-20-03			

Minutes:

TAPE 2: SIDE A

(1.3) CHAIRMAN GLEN FROSETH: We will open the hearing on HB 1488. Who would like to work with the DOT to work out an amendment to exempt them.

(2.0) REP. BRUCE ECKRE: He's going to bring the amendments here this afternoon. He said he'll bring it to the floor.

(2.1) VICE-CHAIRMAN NANCY JOHNSON: If we change those programs, does the state have to try to find a way to control levy's. I think it's tying the hands of the state.

(2.6) REP. MARY EKSTROM: I think it does go beyond DOT. There's no fiscal note on this. We're committing the "State" to hold these counties harmless.

(2.9) CHAIRMAN GLEN FROSETH: We'll hold this until this afternoon. We will close the hearing on HB 1488. (2.9)

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Sal Costa
Operator's Signature

10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1488

House Political Subdivisions Committee

☐ Conference Committee

Hearing Date: February 13, 2003

Tape Number	Side A	Side B	Meter #
2		X	0-4.6
Committee Clerk Signature <i>Mickie Schmidt</i>			3-3-03

Minutes:

TAPE 2; SIDE B:

(0.0) CHAIRMAN GLEN FROSETH: I will call the committee back to order. We will open the hearing on HB 1488. This is the Bill that DOT offered an amendment to amend them off of the Bill. Also there were some concerns from the Department of Human Services, the figures and costs were alarming.

(1.1) VICE-CHAIRMAN NANCY JOHNSON: I MOVE A DO NOT PASS.

(1.1) REP. MARY EKSTROM: I SECOND IT.

(1.2) CHAIRMAN GLEN FROSETH: The thing is if you don't put the amendment on it amends out the DOT. It would be better if we amend it first.

(1.4) REP. GIL FERBEL: I WILL MOVE THE AMENDMENT.

(1.4) REP. MARY EKSTROM: I SECOND IT.

Page 2

House Political Subdivisions Committee

Bill/Resolution Number HB 1488

Hearing Date: February 13, 2003

(1.5) CHAIRMAN GLEN FROSETH: Any committee discussion on the amendment? The amendment simply says, on page 1, line 7, after the period, insert "this section does not apply to funds appropriated through the ND DOT." We will take a voice vote on the amendment: 14-y; 1-n; 0-absent. The amendment carries.

(2.2) VICE-CHAIRMAN NANCY JOHNSON: I WILL MOVE A DO NOT PASS AS AMENDED.

(2.3) REP. MARY EKSTROM: I SECOND IT.

(2.3) CHAIRMAN GLEN FROSETH: Any further discussion?

(2.5) REP. ALON WIELAND: I am going to resist this. This is a mandate Bill. I have a real problem with Human Services, how they decided that they were arbitrarily going to change some rules which is going to cost someone else some money. In my opinion, they don't look first at reducing costs within their own department.

(3.3) CHAIRMAN GLEN FROSETH: This is a good concept, but it needs a little in depth study in an interim. Any other comments? Hearing none, I'll have the clerk take the Roll Call

Vote: 9-y; 5-n; 0-absent; Carrier: Rep. Johnson. (4.6)

30559.0101
Title.0200

Adopted by the Political Subdivisions
Committee

February 13, 2003

VR
2/14/03

HOUSE

AMENDMENTS TO HOUSE BILL NO. 1488 Pol Sub 2-14-03

Page 1, line 7, after the period insert "This section does not apply to funds appropriated to the
department of transportation."

Renumber accordingly

Page No. 1

30559.0101

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Al Costa Rickford
Operator's Signature

10/16/03
Date

Date: 2-13-03

Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1488

House "POLITICAL SUBDIVISION" Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO NOT PASS AS AMENDED

Motion Made By Rep. Johnson Seconded By Rep. Ekstrom

Representatives	Yes	No	Representatives	Yes	No
Chairman Glen Froseth	✓				
Vice-Chairman Nancy Johnson	✓				
Mike Grosz	✓				
Gil Herbel	✓				
Ron Iverson	✓				
William E. Kretschmar		✓			
Andrew Maragos		✓			
Dale Severson	✓				
Alon Wisland		✓			
Bruce Eckre		✓			
Mary Ekstrom	✓				
Carol A. Niemeler		✓			
Sally M. Sandvig	✓				
Vonnle Pietsch	✓				

Total (Yes) 9 No 5

Absent 0

Floor Assignment Rep. Johnson

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

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

Yolanda Rickford

Date

10/16/03

REPORT OF STANDING COMMITTEE (410)
February 14, 2003 3:20 p.m.

Module No: HR-29-2838
Carrier: N. Johnson
Insert LC: 30559.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1488: Political Subdivisions Committee (Rep. Froseth, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO NOT PASS (9 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). HB 1488 was placed on the Sixth order on the calendar.

Page 1, line 7, after the period insert "This section does not apply to funds appropriated to the department of transportation."

Renumber accordingly

(2) DESK, (3) COMM

Page No. 1

HR-29-2838

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Jo Costa Rickford
Operator's Signature

10/16/03
Date

2003 SENATE POLITICAL SUBDIVISIONS

HB 1488

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Salvatore Riccardi
Operator's Signature

10/6/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1488

Senate Political Subdivisions Committee

☐ Conference Committee

Hearing Date March 20, 2003

Tape Number	Side A	Side B	Meter #
2	X		307 - End
2		X	0 - 515
2	(Action)	X	1164 - 2308

Committee Clerk Signature

Shirley Borg

Minutes:

CHAIRMAN COOK called the committee to order. All members (6) present.

CHAIRMAN COOK opened the hearing on HB 1488 which is a bill for an Act to provide that state agencies may not reduce cost-sharing programs with political subdivisions during a biennium.

REPRESENTATIVE ROBIN WEISZ, District 14, appeared in support of HB 1488 which deals with changing the formula in between biennium for political subdivisions. The reason he brought this bill forward is that the state is facing some budget constraints and issues and it is a very easy temptation when what ever state agency comes before appropriations and they get budgeted and they put in so much for county or so much state share and are budgeted accordingly. If for what ever reason their costs are exceeding or usage is high, the state has several options; it has the ability to freeze programs, to reduce levels of payment, come before emergency commission for additional funding and one of the other options is to increase the share that the counties have to

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

Ja Costa Richardson

Date

10/16/03

Page 2

Senate Political Subdivisions Committee

Bill/Resolution Number HB 1488

Hearing Date March 20, 2003

pay. Counties on the other had have very limited options. They are caught with increase costs that they haven't budgeted for and he feels that is unfair. They are stuck with this increase because they signed an agreement to do the program. The intent of this bill is that the job of us as legislatures is to see that our state agencies are properly funded and if not we need to address that issue and not pass it on to the political subdivisions.

Discussion on HB 1488; see Tape 2, Side A, Meter # 628 - 1398.

Terry Traynor, Assistant Director, ND Association of Counties, testified in support of HB 1488 on behalf of the counties. (See attached testimony)

Clarence Daniel, Director of Social Services in Stutsen County appeared in support of HB 1488.

He was asked if this happens often and he replied that he has gone through several of these situation where the match has changed.

Testimony opposed to HB 1488.

Arvy Smith, Deputy State Health Officer for the ND Department of Health appeared in opposition of HB 1488. (See attached testimony)

Neutral Testimony on HB 1488

Dale L. Frink, State Engineer and Secretary of the State Water Commission. (See attached testimony) He offered an amendment to the bill that would exempt the State Water Commission. (See attached amendment)

SENATOR COOK asked if they ever renege on any agreement that you negotiated.

Dale Frink answered that they had a general policy that if they don't have the money in the bank they don't enter in the contract.

Page 3

Senate Political Subdivisions Committee

Bill/Resolution Number HB 1488

Hearing Date March 20, 2003

SENATOR GARY LEE asked if it would be of value to amend it to provide the flexibility and then transportation, and water commission and etc. wouldn't need that exclusion.

Dale Frink agreed that they could live with something like that.

No further testimony.

CHAIRMAN COOK closed the hearing on HB 1488.

CHAIRMAN COOK asked for the committee's feeling on HB 1488.

SENATOR JUDY LEE feels if they are going to deal with the bill at all they will need to amend it so there is some latitude.

SENATOR POLOVITZ feels that in the big picture there is too much unknown.

SENATOR CHRISTENSON feels it is too cumbersome to keep amending.

SENATOR JUDY LEE moved a DO NOT PASS on HB 1488

SENATOR POLOVITZ seconded that motion.

Roll call vote: Yes 6 No 0 Absent 0

Carrier: **SENATOR CHRISTENSON**

CHAIRMAN COOK adjourned the committee meeting.

Date: 3-20-03
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1488

Senate Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Senator Judy Lee Seconded By Senator Polovitz

Senators	Yes	No	Senators	Yes	No
Senator Dwight Cook, Chairman	X				
Senator John O. Syverson, V C	X				
Senator Gary A. Lee	X				
Senator Judy Lee	X				
Senator Linda Christenson	X				
Senator Michael Polovitz	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Christenson

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

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Lo Costa Rickford 10/6/03
Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)
March 20, 2003 12:47 p.m.

Module No: SR-50-5308
Carrier: Christenson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1488, as engrossed: Political Subdivisions Committee (Sen. Cook, Chairman)
recommends **DO NOT PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1488 was placed on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-50-5308

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yolanda Richardson
Operator's Signature

10/6/03
Date

2003 TESTIMONY

HB 1488

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

John Costa Rickford
Operator's Signature

10/16/03
Date

2-6-03

#1

Testimony to the
HOUSE POLITICAL SUBDIVISIONS COMMITTEE
Prepared on February 6, 2003
Terry Traynor, Assistant Director
North Dakota Association of Counties

Regarding House Bill 1488

Mr. Chairman and members of the House Political Subdivisions Committee, I am here to testify in support of HB1488 on behalf of the 53 counties and over 500 county officials that are the members of our Association.

Many years ago the Legislature mandated that county governments change their fiscal year, from the state July-to-June cycle, to the current calendar year arrangement. This change, along with the fact that counties budget for 12 months at a time and the State budgets for 24 months, creates an environment for a disconnect when agencies change funding formulas.

State agency budgets are presented, evaluated, debated, amended, and ultimately approved by the Legislature, most often with a clear delineation of how the State and local governments will share in the cost of service delivery. Although often unsuccessful, counties frequently ask for a 6-month delay in any significant change to their funding responsibilities – in order to adequately budget for that change. Counties subsequently budget for the continuation of that “approved” cost sharing formulas, assuming they will remain until the Legislature can again address the program or service.

When funding constraints, federal rule changes, or other factors impact State agency budgets, too often a funding formula change becomes part of the solution. County officials find it difficult to respond to mid-budget adjustments, just as the Legislature does. We are asking that local government be “held-harmless” on these formula changes, at least until the Legislature can again address the issue.

Mr. Chairman and committee members, please give House Bill 1488 a Do Pass recommendation.

#2 2-6-03

HOUSE POLITICAL SUBDIVISIONS COMMITTEE
February 6, 2003

North Dakota Department of Transportation
Tim Horner, Director of Transportation Programs

HB 1488

Mr. Chairman and members of the committee: I'm Tim Horner, Director of Transportation Programs for the North Dakota Department of Transportation. I'm testifying on behalf of the department **in opposition to HB 1488**, which provides that state agencies may not reduce cost-sharing programs with political subdivisions during a biennium.

The department enters into numerous cost-sharing agreements with local political subdivisions. We have some concerns with HB 1488 in its current format.

- In the fall of 2003, the current federal transportation bill expires and new legislation will be proposed. Draft proposals being circulated for the federal transportation bill could change cost-sharing ratios for highway and transit projects. If these changes take place, they may not go into effect until we are into our next biennium.
- Once legislation is passed, the long process of developing rules and regulations begins, and the rules and regulations could affect project eligibility and cost-sharing ratios. If these changes occur in the middle of our state biennium, it is unclear whether this bill would prohibit us from complying with new federal legislation.
- Some potential federal matching ratio changes could benefit local jurisdictions, but this bill may preclude that from happening.

The department also enters into maintenance agreements with local jurisdictions. There are cases where NDDOT is responsible for maintaining a route through a community. Once a project on that portion of the roadway is completed, we may reach an agreement with the local jurisdiction whereby they assume the maintenance of the roadway. Their maintenance responsibility increases from zero to 100 percent. It is unclear whether this bill would preclude entering into these types of agreements during the course of the biennium.

In isolated instances, a local jurisdiction will decide to increase the share they are providing on a project. HB 1488 may prevent this from happening.

Because some of the impacts of this legislation need to be clarified, we oppose HB 1488 in its current form. If language is added to clarify that NDDOT funding and cost-sharing are exempt, we would not oppose the bill.

Mr. Chairman, that concludes my testimony. I would be happy to answer any questions the committee may have.

Testimony to the
SENATE POLITICAL SUBDIVISIONS COMMITTEE
Prepared on March 20, 2003
Terry Traynor, Assistant Director
North Dakota Association of Counties

Regarding Engrossed House Bill 1488

Mr. Chairman and members of the Senate Political Subdivisions Committee, I am here to testify in support of HB1488 on behalf of the 53 counties and over 500 county officials that are the members of our Association.

Many years ago the Legislature mandated that county governments change their fiscal year, from the state July-to-June cycle, to the current calendar year arrangement. This change, along with the fact that counties budget for 12 months at a time and the State budgets for 24 months, creates an environment for a disconnect when agencies change funding formulas.

State agency budgets are presented, evaluated, debated, amended, and ultimately approved by the Legislature, most often with a clear delineation of how the State and local governments will share in the cost of service delivery. Although often unsuccessful, counties frequently ask for a 6-month delay in any significant change to their funding responsibilities – in order to adequately budget for that change. Counties subsequently budget for the continuation of that “approved” cost sharing formulas, assuming they will remain until the Legislature can again address the program or service.

When funding constraints, federal rule changes, or other factors impact State agency budgets, too often a funding formula change becomes part of the solution. County officials find it difficult to respond to mid-budget adjustments, just as the Legislature does. We are asking that local government be “held-harmless” on these formula changes, at least until the Legislature can again address the issue.

Mr. Chairman and committee members, please give Engrossed House Bill 1488 a Do Pass recommendation.

Testimony

House Bill 1488

Senate Political Subdivisions

March 20, 2003

10:30 a.m.

North Dakota Department of Health

Good morning Chairman Cook and members of the Senate Political Subdivisions Committee. My name is Arvy Smith, and I am the Deputy State Health Officer for the North Dakota Department of Health. I am here to provide testimony on House Bill 1488 regarding cost-sharing programs with political subdivisions. The Department of Health has concerns regarding the application of House Bill 1488.

The mission of the Department of Health is to ensure that North Dakota is a healthy place to live and that each person has an equal opportunity to enjoy good health. We are committed to the promotion of healthy lifestyles, protection and enhancement of health and the environment, and provision of quality health care services for the people of North Dakota. We advance our mission by networking, facilitating local efforts, collaborating with partners and stakeholders, and providing expertise in developing creative public health solutions.

The North Dakota Department of Health works very closely with political subdivisions, including 28 local public health units and a variety of local government environmental or natural resource agencies. Other local entities through which we provide public health services include domestic violence entities, family planning entities, WIC sites, and other entities. Of the Department's \$120 million budget, \$57 million, or almost one-half, is awarded to these entities in the form of grants and contracts. Over \$92 million or 77 percent of our biennial budget is federal funding received from about 40 different federal sources. The Department of Health has no control over the federal matching requirements or the level of funding awarded.

The Department of Health is concerned about the applicability of House Bill 1488 to federal funding appropriated by the legislative assembly. Such an application could significantly impact the Department.

Federal funding received by the Department is passed through to local entities using a variety of formulas. In some cases, we receive federal grants that require no match, which we pass through to a local public health unit. At times, the health unit may supplement the funding with local dollars to provide services at a level higher than the federal funds would allow. The Department of Health is concerned

that such arrangements with local health units would be considered "cost sharing" and thus covered by House Bill 1488. If so, the Department of Health may be expected to cover any reductions in federal funding that affect the local health units.

In other cases, when we receive a federal grant requiring a match -- for example, at 60 percent federal and 40 percent state or local match -- we pass the federal funding through to the local entities and require them to provide the match. If the federal government either changes the match to 50/50 or reduces the total amount of funds available, House Bill 1488 may require the Department to cover the increased match amount or the reduction in total available dollars.

Currently, it appears most of our federal funds are holding even or showing only slight increases or decreases for the upcoming federal fiscal year. However, we cannot be certain as to what the subsequent federal fiscal year will bring and, with \$92 million -- or 77 percent -- of our budget coming from the federal government, even a 1 percent change in the funding level is a \$920,000 impact to our budget.

Because the remainder of our \$120 million total budget is comprised of \$14 million general funds and \$14 million special funds that are appropriated for very specific purposes or as federal match, we have little ability to generate funding to hold political subdivisions harmless from the effects of changes in federal funding levels. In addition, as our budget continues to experience general fund cuts, it becomes increasingly more difficult to make up any mid-biennium general fund reductions without affecting general funds granted to local entities such as local public health units and local emergency medical service units.

In summary, we are concerned that House Bill 1488 could have a devastating impact on the Department of Health's budget should federal funds be reduced.

This concludes my testimony on House Bill 1488. I would be happy to answer any questions you or other members of the committee may have. Thank you.

TESTIMONY ON ENGROSSED HOUSE BILL 1488

Senate Political Subdivisions Committee

Dale L. Frink, State Engineer
State Water Commission

February 27, 2003

Mr. Chairman and Members of the Senate Political Subdivisions Committee, I am Dale L. Frink, State Engineer and Secretary of the State Water Commission. I am appearing here today to offer an amendment to Engrossed House Bill 1488.

The State Water Commission budget typically includes funds for cost sharing on a wide range of different water resource projects. Projects typically cost shared include rural flood control, recreation dams, snagging and clearing, irrigation development, and various studies, to name a few. The requests are presented to the State Water Commission, and funding for each project is voted on by the Commission. Because of the many different types of projects that have typically been cost shared and because the amount of funding available for the program varies widely from biennium to biennium, the cost share policies of the Commission are continually being refined and adjusted. We feel that the flexibility to adjust our cost share policy during a biennium is important to allow the Commission to make the best use of the available funding.

Engrossed House Bill 1488 was amended to exempt the Department of Transportation from the proposed restriction. I am offering an amendment that would similarly exempt the State Water Commission. I ask for your favorable consideration of this amendment. Thank you.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

La Costa Richard
Operator's Signature

10/16/03
Date

PROPOSED AMENDMENT TO ENGROSSED HOUSE BILL NO. 1488

Page 1, line 8, after "transportation" insert "or the state water commission"

Renumber accordingly

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Sal Costa Richard
Operator's Signature

10/6/03
Date