

BUDGET COMMITTEE ON GOVERNMENT SERVICES

The Budget Committee on Government Services was assigned the following responsibilities:

1. Section 12 of Senate Bill No. 2012 (2005) directed the development of a legislative strategic plan, including site and facilities' plans, for the Department of Corrections and Rehabilitation's incarceration and correctional facility needs.
2. Section 1 of House Bill No. 1035 (2005) directed the establishment of a government performance and accountability system pilot project involving up to three executive branch agencies.
3. House Concurrent Resolution No. 3005 (2005) directed a study of state-owned real estate and the utilization of real estate owned by state agencies and institutions, the best use of state-owned real estate, and whether the state should establish and maintain an inventory of state-owned real estate.
4. North Dakota Century Code (NDCC) Section 54-40-01 provides that between legislative sessions a committee of the Legislative Council may approve any agreement entered into by a state agency with the state of South Dakota to form a bistate authority to jointly exercise any function the agency is authorized to perform by law. The Legislative Council assigned this responsibility to the committee.
5. The committee was also given the responsibility of monitoring the status of state agency and institution appropriations.

Committee members were Representatives Al Carlson (Chairman), Randy Boehning, Ron Carlisle, Kari Conrad, Duane DeKrey, Jeff Delzer, Glen Froseth, Eliot Glassheim, Bette B. Grande, James Kerzman, Joe Kroeber, Ralph Metcalf, Darrell D. Nottestad, Ken Svedjan, Blair Thoreson, Dave Weiler, and Alon C. Wieland and Senators Duaine C. Espgaard, Aaron Krauter, Ed Kringstad, Elroy N. Lindaas, Stanley W. Lyson, and Dave Nething.

The committee submitted this report to the Legislative Council at the biennial meeting of the Council in November 2006. The Council accepted the report for submission to the 60th Legislative Assembly.

DEPARTMENT OF CORRECTIONS AND REHABILITATION STRATEGIC PLAN

The committee received information relating to the committee's responsibility, as directed by Section 12 of Senate Bill No. 2015 (2005), to develop a legislative strategic plan, including site and facilities' plans, for the Department of Corrections and Rehabilitation incarceration and correctional facility needs. In its development of a strategic plan, the committee received testimony from representatives of the Department of Corrections and Rehabilitation, regional correctional centers, county jails, and a corporation operating private correctional facilities; reviewed inmate populations; reviewed the condition of the east cellhouse at the State

Penitentiary and other existing facilities; reviewed land owned by the Department of Corrections and Rehabilitation; received testimony regarding the state's incarceration guidelines; and reviewed alternatives to incarceration.

Department of Corrections and Rehabilitation

Background

The Department of Corrections and Rehabilitation includes two major programs--juvenile services and adult services. Within each program is an institutional division and a community division. Therefore, the four major areas of the department are the Field Services Division (adult parole and probation), Prisons Division (State Penitentiary, Missouri River Correctional Center, and James River Correctional Center), Juvenile Services, and the Youth Correctional Center.

Correctional Facilities

The State Penitentiary in east Bismarck is the main prison complex, consisting of 550 prison beds, and houses maximum security male inmates as well as some medium security male inmates. The James River Correctional Center in Jamestown has 405 prison beds and is designated to hold medium security male inmates. The Missouri River Correctional Center in southwest Bismarck has 150 prison beds and houses minimum security male inmates. Other male inmates may be held in local correctional centers, in the community placement program, and in other states' facilities through the interstate compact program. The 2005 Legislative Assembly provided funding to continue contract housing for the state's female inmates at the Dakota Women's Correctional and Rehabilitation Center in New England for the 2005-07 biennium.

The Tompkins Rehabilitation and Correction Center, a combined program located on the campus of the State Hospital in Jamestown, is managed through the department's Field Services Division and houses both inmates and noninmates. The Tompkins Rehabilitation and Correction Center is the combination of the former Tompkins Rehabilitation and Corrections Unit at the Stutsman County Corrections Center and the Corrections Rehabilitation and Recovery Center (DUI Center). The Tompkins Rehabilitation and Correction Center consists of three 30-bed wards--one ward (30 beds) for females and two wards (60 beds) for males.

The Juvenile Services Division is responsible for the Youth Correctional Center. The center, located west of Mandan, is the state's secure juvenile correctional institution. The center serves as a detention and rehabilitation facility for adjudicated juveniles who require the most restrictive placement and maximum staff supervision and provides appropriate programming to address delinquent behavior. Juvenile programming at the center includes drug and alcohol programming; child psychiatric and psychological services; a

pretreatment program for juveniles who are difficult to manage; and a security intervention group program to inform, educate, and provide juveniles with alternatives to gang activity and gang affiliation. The center provides adjudicated adolescents an opportunity to complete or progress toward completing their education coursework while in residence.

Community Services

The Field Services Division has offices across the state staffed by parole and probation officers. The division manages offenders sentenced to supervision by a court, released on parole by the Parole Board, sent to community placement by the director of the Department of Corrections and Rehabilitation, and placed at the Tompkins Rehabilitation and Correction Center. The division staff supervise offender compliance with the supervision conditions and provide cognitive behavioral and other forms of counseling services. The division also manages the victim's services program to help mitigate the suffering of crime victims by providing fiscal support and services to crime victims. As of August 1, 2006, the Field Services Division supervised 4,648 individuals.

The Community Services Division of the Juvenile Services Division has eight satellite offices serving the eight human service regions across the state and is staffed to provide supervision to juveniles committed by the courts. The division's case managers supervise about 400 juveniles per day.

2005-07 Biennium Appropriation

The 2005-07 biennium appropriation for the Department of Corrections and Rehabilitation is \$128.9 million, of which \$101.1 million is from the general fund. The department has requested a general fund deficiency appropriation of \$4.7 million for the 2005-07 biennium. Of the \$128.9 million, the appropriation for adult services is \$107.9 million, of which \$85.8 million is from the general fund, and the appropriation for juvenile services is \$21 million, of which \$15.3 million is from the general fund. There are 677.28 full-time equivalent (FTE) positions authorized for the 2005-07 biennium, an increase of 33.1 FTE positions from the 2003-05 appropriation.

Other Background Information

Missouri River Bank Stabilization

During the 2003-04 interim, the Budget Committee on Government Services learned about a proposed riverbank stabilization project along the riverfront property of the Missouri River Correctional Center. An appraisal of the 785 net usable acres indicated that as of February 2, 2005, the market value of the land without the riverbank stabilization easement is \$7.85 million and the market value of the land with the permanent riverbank stabilization easement is \$1.96 million. A total of 985 acres is located at the Missouri River Correctional Center site.

Performance Audit

The committee learned the State Auditor's office contracted with a consultant, Criminal Justice Institute, Inc., to conduct a performance audit of the Department of Corrections and Rehabilitation which was completed in November 2004 and included 51 recommendations. The two goals of the performance audit were to determine:

- Is the management and administrative structure of the Department of Corrections and Rehabilitation effective?
- Is the placement of adult offenders providing for the most efficient and effective use of resources?

The Department of Corrections and Rehabilitation identified six major areas addressed in the performance audit:

1. Overcrowding.
2. Female inmate facility.
3. Medical service delivery.
4. Daily rates and departmental improvements.
5. Management and administrative structure.
6. Treatment programs.

The department reported a lack of resources and funding has prohibited implementation of some of the primary recommendations. The top priority identified by the department is to seek \$2.7 million of salary equity funding for the 2007-09 biennium to address salary equity issues. The department's estimate of the cost of implementing additional performance audit recommendations include increasing the size of the infirmary at the Penitentiary (\$4.2 million), an additional 80.5 FTE positions (\$7.2 million), a comprehensive master plan for the facilities (\$100,000), integrating the management information systems of the Prisons and the Field Services Divisions (\$2.9 million), and expanding the vocational programs available to inmates (\$1 million to \$3 million).

Dakota Women's Correctional and Rehabilitation Center

Background

The Dakota Women's Correctional and Rehabilitation Center was established in 2003 and is one of three divisions of the Southwest Multi-County Correction Center. The Southwest Multi-County Correction Center was established in 1982 and is owned and operated by six counties--Stark, Dunn, Slope, Bowman, Hettinger, and Billings. The Dakota Women's Correctional and Rehabilitation Center is located in the former St. Mary's School in New England.

Female Inmate Housing Contract

In November 2005 the Department of Corrections and Rehabilitation and the Dakota Women's Correctional and Rehabilitation Center signed a contract for housing female inmates for the 2005-07 biennium. The term of the contract is through June 30, 2015, subject to legislative review and the availability of sufficient legislative appropriations. Thereafter, the agreement may be renewed by mutual consent of the parties on an annual basis, always terminating on June 30. The daily rate for housing female inmates at the center for the

2005-07 biennium is \$89.41 per inmate and the per diem rate is reviewed and renegotiated every two years during the term of the agreement. As of October 4, 2006, there were 117 female inmates at the center.

All onsite medical and dental costs are the responsibility of the Dakota Women's Correctional and Rehabilitation Center. All offsite medical expenses are billed directly to the Department of Corrections and Rehabilitation. This allows the center to pay at the state's Medicaid rate. The Department of Corrections and Rehabilitation provides pharmacy services to the center and bills the center for the services.

Facility Renovations

Renovation and capital improvements at the Dakota Women's Correctional and Rehabilitation Center since its establishment include removal of asbestos from the convent building, renovation of a dormitory into a 16-bed unit for new arrivals and construction of a bathroom for the new orientation unit, a new control center for Horizon Hall, a new five-bed administrative segregation unit, a day room, and a segregated recreation yard. The center reported it is working with Energy Services Group to complete a survey of the energy systems at the facility with improvements planned for 2007. Future plans include renovation of a 1,200-square-foot house on the center's property for use as a transitional living unit.

The Dakota Women's Correctional and Rehabilitation Center, in cooperation with the Department of Corrections and Rehabilitation, is working to develop a transitional facility at the Law Enforcement Center in Dickinson. The transitional facility would house up to

eight inmates and assist female inmates in their successful release from prison.

Prison Industries

Prairie Industries, the prison industries program at the Dakota Women's Correctional and Rehabilitation Center, has been moved to a larger area and employs 15 inmates. Prairie Industries is a member of the National Correctional Industries Association (NCIA), which provides annual training for the industries' staff. Prairie Industries includes a sewing program that provides the inmates with an opportunity to produce tee shirts, two-piece uniforms, coveralls, robes, medical gowns, chiropractic gowns, dignity napkins, uniform pants, and rainsuits and also includes an assembly program in which inmates assemble locks, electrical boxes and panels, reflector poles, warning signs, and depth chains.

Treatment Programs and Services

The treatment program at the Dakota Women's Correctional and Rehabilitation Center includes two separate chemical dependency groups. A licensed social worker has been hired to work with these groups. The education department offers college credit courses through collaboration with Dickinson State University and has three inmates enrolled. The education department was awarded an Otto Bremer grant of \$25,000 to improve the lives of the female inmates residing at the center.

Therapeutic, education, and religious programming for the inmates at the Dakota Women's Correctional and Rehabilitation Center include:

Therapeutic Programming	Education Programming	Religious Programming
Cares and concerns	General educational development (GED)	Meditation
Primary addiction group	Parenting	Baptism and confirmation classes
Lecture	Welding	Grief counseling
Cognitive restructuring	Computers	Native American ceremonies
Sex offender counseling	Prerelease	Muslim and Wicca practices
Self-help meetings	Creative writing	Houses of healing
Anger management group	Refresher courses	Bible study
Treatment plan review	College correspondence and college credit courses	Catholic and Protestant worship services
Recovery and healing "women's mental health" group		"Moms in Touch" prayer group
Women's empowerment "survivors of violence" group		
Medicine wheel program		
Houses of healing "trauma and loss" group		
Aftercare		
Family therapy sessions "knee-to-knee communication"		
Healthy relationships "codependency" group		

The Dakota Women's Correctional and Rehabilitation Center has interactive television capabilities as the result of a grant from the Rural Economic Area Partnership. The interactive television system allows the center to access training through the State Penitentiary, allows

inmates to communicate with the Department of Corrections and Rehabilitation Field Services Division staff during orientation classes, allows the classification committee to meet to determine the custody level of new

arrivals, and allows inmates to participate in Parole Board hearings onsite.

Medical Expenses

The committee learned the Dakota Women's Correctional and Rehabilitation Center had medical expenses for the months of November and December 2003 totaling \$10,204. For calendar year 2004 medical expenses for the state female inmates at the center totaled \$597,643 and from January through October 2005 total medical expenses were \$424,871. In March 2005 the center changed the way it handles offsite medical expenses so that all offsite medical expenses are billed directly to the Department of Corrections and Rehabilitation. This allows the center to pay at the state's Medicaid rate. The medical department had several high-risk cases in 2006 and has had to staff the infirmary 24 hours per day. The center has also seen higher costs with the dental program and the pharmacy.

Female Inmate Population

The center has a capacity of 126 beds--70 minimum security beds in Haven Hall, and 40 higher security beds and 16 orientation beds in Horizon Hall. The average sentence length for the female inmates is 50 months and the average length of stay is 18 months. The female inmate population in October 2006 was 117.

Dakota Women's Correctional and Rehabilitation Center Tour

The committee held a meeting and toured the Dakota Women's Correctional and Rehabilitation Center. The tour included Horizon Hall, which is the administration building and houses higher security inmates, and Haven Hall, which houses minimum security inmates.

Inmate Populations

The Department of Corrections and Rehabilitation male inmate population management plan includes housing inmates in nontraditional beds, including treatment programs, assessment programs, and the Bismarck Transition Center, in addition to housing inmates in county jail facilities and in a private prison at Appleton, Minnesota, as necessary. The department originally estimated male inmate population growth rates of 5.62 percent for fiscal year 2006 and 5.67 percent for fiscal year 2007. The department's male inmate population estimate for the 2005-07 biennium was 1,237 inmates in July 2005, increasing to 1,388 inmates by June 2007. After taking into consideration the department's population adjustments, including short-term diversion and relapse programming, the net population estimates for male inmates were 1,198 in July 2005 and 1,262 in June 2007. The department had a total of 991 prison beds available at its facilities to house inmates for fiscal year 2006 and in July 2006 the department's total number of prison beds increased to 1,011 due to the completion of a remodeling project at the James River Correctional Center which converted kitchen pantries into dormitory rooms for inmates.

The Department of Corrections and Rehabilitation originally estimated female inmate population growth rates of 5.60 percent for fiscal year 2006 and 5.61 percent for fiscal year 2007. The department's female inmate population management plan anticipates housing all the state's female inmates at the Dakota Women's Correctional and Rehabilitation Center in New England, the Tompkins Rehabilitation and Correction Center in Jamestown, or in female transition programs in Fargo and Bismarck.

The committee received inmate population information at each meeting summarized as follows:

Month	Male Inmate Population			Female Inmate Population			Total Inmate Population		
	Original Estimate	Actual	Difference	Original Estimate	Actual	Difference	Original Estimate	Actual	Difference
July 2005	1,237	1,212	(25)	134	149	15	1,371	1,360	(11)
August 2005	1,243	1,221	(22)	135	154	19	1,378	1,375	(3)
September 2005	1,249	1,231	(18)	136	155	19	1,385	1,386	1
October 2005	1,256	1,237	(19)	136	148	12	1,392	1,385	(7)
November 2005	1,262	1,257	(5)	137	145	8	1,399	1,402	3
December 2005	1,268	1,259	(9)	138	151	13	1,406	1,410	4
January 2006	1,275	1,249	(26)	139	162	23	1,414	1,411	(3)
February 2006	1,281	1,254	(27)	139	163	24	1,420	1,417	(3)
March 2006	1,287	1,264	(23)	140	167	27	1,427	1,431	4
April 2006	1,294	1,267	(27)	141	161	20	1,435	1,428	(7)
May 2006	1,300	1,247	(53)	141	161	20	1,441	1,408	(33)
June 2006	1,307	1,246	(61)	142	163	21	1,449	1,409	(40)
July 2006	1,313	1,240	(73)	143	165	22	1,456	1,405	(41)
August 2006	1,320	1,236	(84)	143	168	25	1,463	1,404	(59)
September 2006	1,327	1,245	(82)	144	166	22	1,471	1,411	(60)

Of the 1,245 male inmates in September 2006, 513 were at the prison, 403 at the James River Correctional Center, 143 at the Missouri River Correctional Center, 55 at the Tompkins Rehabilitation and Correction Center, 78 at the Bismarck Transition Center, 21 in county jails, 17 at the Rugby center, and 15 in other states. To assist in determining future correctional facility needs, the committee received

inmate population projections through fiscal year 2017 from the Department of Corrections and Rehabilitation. In October 2005 the department prepared three different projections for both male and female inmates based on the following assumptions:

1. Current annual growth rates - 17.1 percent for female inmates and 5.9 percent for male inmates.

- Inmate growth based on a set number of inmates per year - Increase of 20 female inmates per year and increase of 63 male inmates per year.
- Annual growth rates projected by the 2002 Security Response Technologies, Inc., (SRT)

study - 5.3 percent for female inmates and 2.7 percent for male inmates.

The results of the three population projections prepared by the Department of Corrections and Rehabilitation, including the number of estimated additional beds needed are summarized as follows:

Current Annual Growth Rate											
Fiscal Year	Female Inmates Current Annual Growth Rate = 17.1%					Male Inmates Current Annual Growth Rate = 5.9%					
	Estimated Additional Beds Needed by Custody Level					Estimated Additional Beds Needed by Custody Level					
	Gross Inmate Estimated Population	Medium and Maximum	Minimum	Treatment and Transition Beds	Total Additional Beds Needed	Gross Inmate Estimated Population	Maximum	Medium	Minimum	Treatment and Transition Beds	Total Additional Beds Needed
2006	151				0	1,260	39	27	11	13	90
2007	171	1	1	1	3	1,334	12	9	3	4	28
2008	201	9	14	8	31	1,413	40	28	11	14	93
2009	235	19	30	17	66	1,496	73	52	21	25	171
2010	275	30	47	27	104	1,584	108	76	31	37	252
2011	322	43	68	39	150	1,677	145	103	41	50	339
2012	377	59	93	53	205	1,776	184	131	53	63	431
2013	442	77	122	70	269	1,880	226	160	65	78	529
2014	518	98	155	89	342	1,990	270	191	77	93	631
2015	606	123	195	112	430	2,107	316	224	90	109	739
2016	710	152	241	138	531	2,231	366	259	105	125	855
2017	831	186	295	169	650	2,362	418	296	119	143	976

Inmate Growth Rate Based on a Set Number of Inmates											
Fiscal Year	Female Inmate Growth Rate Estimated at 20 Inmates per Year					Male Inmate Growth Rate Estimated at 63 Inmates per Year					
	Estimated Additional Beds Needed by Custody Level					Estimated Additional Beds Needed by Custody Level					
	Gross Inmate Estimated Population	Medium and Maximum	Minimum	Treatment and Transition Beds	Total Additional Beds Needed	Gross Inmate Estimated Population	Maximum	Medium	Minimum	Treatment and Transition Beds	Total Additional Beds Needed
2006	157				0	1,255	37	26	10	13	86
2007	177	2	4	2	8	1,321	7	5	2	2	16
2008	197	8	13	7	28	1,384	28	20	8	10	66
2009	217	14	22	12	48	1,447	53	38	15	18	124
2010	237	19	31	18	68	1,509	78	55	22	27	182
2011	258	25	40	23	88	1,572	103	73	29	35	240
2012	278	31	49	28	108	1,634	128	90	37	44	299
2013	298	36	58	33	127	1,697	153	108	44	52	357
2014	319	42	67	38	147	1,759	178	126	51	61	416
2015	339	48	76	43	167	1,822	202	143	58	69	472
2016	359	54	85	49	188	1,885	227	161	65	78	531
2017	379	59	94	54	207	1,947	252	179	72	87	590

Security Response Technologies, Inc., Annual Growth Rate											
Fiscal Year	Female Inmate SRT Annual Growth Rate = 5.3%					Male Inmate SRT Annual Growth Rate = 2.7%					
	Estimated Additional Beds Needed by Custody Level					Estimated Additional Beds Needed by Custody Level					
	Gross Inmate Estimated Population	Medium and Maximum	Minimum	Treatment and Transition Beds	Total Additional Beds Needed	Gross Inmate Estimated Population	Maximum	Medium	Minimum	Treatment and Transition Beds	Total Additional Beds Needed
2006	145				0	1,248	34	24	10	12	80
2007	147				0	1,284					0
2008	155				0	1,319	2	1		1	4
2009	163				0	1,354	16	11	4	5	36
2010	172	1	1	1	3	1,391	30	21	9	10	70
2011	181	3	6	3	12	1,428	45	32	13	15	105
2012	190	6	10	6	22	1,467	60	43	17	21	141
2013	200	9	14	8	31	1,507	76	54	22	26	178
2014	211	12	19	11	42	1,547	92	65	26	32	215
2015	222	15	24	14	53	1,589	109	77	31	37	254
2016	234	18	29	17	64	1,632	126	89	36	43	294
2017	246	22	35	20	77	1,676	143	102	41	49	335

Based on these projections the number of additional beds needed could range from 77 to 650 for female inmates and from 335 to 976 for male inmates. The

additional beds could be addressed by prison beds or other nontraditional beds.

Recidivism and Revocation Rates

The committee received information on recidivism and revocation rates for the Department of Corrections and Rehabilitation. A recidivist is defined as an inmate who is released from incarceration on probation, parole, or expiration of sentence and is returned to the Department of Corrections and Rehabilitation Prisons Division custody within three years of release because of a new offense. Three years is the generally accepted time period for recidivism and the majority of repeat offenders tend to reoffend within the first three years after their release.

The Department of Corrections and Rehabilitation reported the recidivism rates for female and male inmates and the combined recidivism rates are:

Recidivism Rates			
Year	Female Inmates Only	Male Inmates Only	Combined Female and Male Inmates
1996	6.7%	20.0%	19.2%
1997	11.1%	22.4%	21.4%
1998	6.3%	18.8%	17.5%
1999	13.0%	23.8%	22.6%
2000	10.6%	26.9%	25.1%
2001	17.0%	24.7%	24.1%

NOTE: Current recidivism rates are not available because the rates are based on a three-year period. The Department of Corrections and Rehabilitation is also in the process of revising its process for calculating recidivism based on new measurement standards adopted by the Association of State Correctional Administrators.

The Department of Corrections and Rehabilitation reported there were 68 paroles granted and 31 paroles denied in August 2006. The parole revocation rate is approximately 18.5 percent and the probation revocation rate is approximately 42.3 percent. Thirty-eight drug court participants have entered treatment at ShareHouse, a chemical dependency treatment center in Fargo, since October 1, 2005. Eight drug court participants have successfully completed treatment at ShareHouse as of August 1, 2006, and four participants were terminated from treatment. Supervision fees are collected from parolees and are used for activities and programs in the Field Services Division. The department reported the collection rate for supervision fees is approximately 60 to 70 percent.

Male Treatment Programs and Services

The committee received information on treatment programs and services available to the Department of Corrections and Rehabilitation for inmate needs.

Tompkins Rehabilitation and Correction Center

The State Hospital presented information to the committee regarding the Tompkins Rehabilitation and Correction Center. The Tompkins center has been in operation since 1999 and is operated as a structured therapeutic community with cognitive behavioral addiction treatment approaches. The center is a residential facility that provides services 24 hours a day 7 days a week. Cognitive restructuring is offered to

support the management of the environment and to tie all components of treatment together in a unified approach. The Joint Commission on Accreditation of Hospital Organizations accredits the center and the Department of Human Services Division of Mental Health and Substance Abuse Services licenses the center.

The State Hospital reported over 40 percent of men and 80 percent of women in the Tompkins center have a diagnosis of methamphetamine dependence, usually in combination with other alcohol and drug dependence. The treatment models that are used extensively are the MATRIX model and the WHAT WORKS model. These models are research-based models for the treatment of addicted individuals and offenders and rely on cognitive behavioral treatment methods known to be most effective with this population.

The Tompkins center provides a minimum of 180 days with 100 days in intensive residential treatment and 80 days to one year to transition residents back into the community. Community transition begins during the intensive residential treatment and residents can earn privileges that eventually give them the ability to attend community functions in Jamestown to prepare them for the transition back home. Family involvement in treatment, including family skills training, is an integral part of the community integration.

The Tompkins center has 90 beds and is at capacity at all times. The center has treated a total of 488 men and women. The State Hospital reported over 90 percent of residents show improvement of 10 to 20 percent on criminogenic factors, which are the factors that are predictors of inmate recidivism. The center's population has indicated a 90 percent satisfaction rate with the treatment, with approval scores of three or above on a five-point scale. The center successfully discharged 87 percent of all referrals for treatment in 2004. The center began two-year postdischarge research in July 2005 using the addiction severity index as the research instrument and results will be able to give important outcomes for several variables, including employment, alcohol and drug use, criminal justice involvement, support, psychological, family, and medical.

North Central Correctional and Rehabilitation Center

The North Central Correctional and Rehabilitation Center, located in Rugby, is a multicounty facility that provides jail and treatment services. The facility opened on September 5, 2006, and has 129 beds--89 of which are in the jail and 40 are for treatment. As of October 2006 the facility was housing 31 state inmates in its substance abuse treatment program.

Centre, Inc.

The committee received information regarding the programs and services available through Centre, Inc. The committee learned Centre, Inc., is a North Dakota nonprofit correctional agency formed in the mid-1970s to assist the courts and public agencies in providing community-based offender and client treatment services to establish halfway houses as a cost-effective intermediate sanction as well as an adjunct to parole and

probation supervision. The role of Centre, Inc., has been to provide for public safety by offering specialized programs in the state that can effectively monitor and house offenders outside the institutions and jails. Centre, Inc., programming focuses on treating criminogenic behavior and thinking, with services

tailored to offender needs. Addiction programming is mandatory for substance-dependent individuals and vocational counseling, job training, and job placement are priority program objectives for all clients.

Centre, Inc., operates programs at the following locations:

Program	Location
Residential living	Bismarck, Fargo, and Grand Forks
Electronic monitoring services	Bismarck, Fargo, and Grand Forks
Day reporting	Bismarck, Fargo, and Grand Forks
Anger management group	Bismarck, Fargo, and Grand Forks
Intensive outpatient chemical dependency treatment	Bismarck and Fargo
Chemical dependency aftercare	Bismarck and Fargo
Drug education	Bismarck and Fargo
Living skills groups (parenting, money management, and wellness)	Bismarck and Fargo
Social detoxification	Fargo
Drug intervention program	Fargo
Cognitive restructuring group	Bismarck and Fargo
Misdemeanor probation	Bismarck area and surrounding communities
Community service program	Bismarck area

The committee learned that Centre, Inc., provides services daily for approximately 600 individuals placed from the Department of Corrections and Rehabilitation. There are approximately 70 to 75 individuals from the Department of Corrections and Rehabilitation in a Centre, Inc., residential living facility. The daily cost for an individual to stay in a residential living facility is approximately \$50 and the Department of Corrections and Rehabilitation is responsible for all medical costs for inmates while they are in the Centre, Inc., residential facility. The average length of substance abuse treatment for Department of Corrections and Rehabilitation placements is 60 to 120 days.

The committee received the results of an outcome study of Centre, Inc., facilities which indicated 82 to 89 percent of residents released are employed and 80 to 89 percent of all residents successfully complete the program. Centre, Inc., plans to add 96 beds in Fargo and 25 to 30 beds in Bismarck.

Teen Challenge

The committee received information regarding the Teen Challenge program and toured the Mandan facility. House Bill No. 1408 (2005) provided \$150,000 from the general fund for an extended residential care program pilot project (Teen Challenge). The committee learned Teen Challenge, which is a faith-based solution for drug addiction, first began in 1958 and now has 186 centers in the United States and 450 centers in 60 other nations. When Teen Challenge first opened a center in North Dakota, it was located in Williston. The North Dakota Teen Challenge center relocated its adult male facility to Mandan. As of October 2006 there were over 60 students in the program. In addition to the 175-bed facility for men in Mandan, Teen Challenge has a new facility in Bismarck which has 100 beds for women and 18 beds for children of women residents. Teen Challenge is in the process of building a licensed day care in the women's facility. A licensed addiction counselor has been hired and Teen Challenge will soon be offering a 90-day licensed residential treatment program.

Approximately 85 to 90 percent of the students in Teen Challenge are addicted to methamphetamine and the program has an 86 percent success rate for individuals who complete the Teen Challenge program.

Bismarck Transition Center

The committee toured and received information from the Bismarck Transition Center regarding its programs and services. The Bismarck Transition Center is operated by Community, Counseling, and Correctional Services, Inc., in partnership with the Department of Corrections and Rehabilitation. The committee learned the center is a community-based residential correctional facility providing an alternative to direct release from correctional institutions for selected offenders. The center also serves as an alternative to eligible nonviolent offenders. Offenders eligible to be housed at the center include:

- Offenders committed to the custody of the Department of Corrections and Rehabilitation.
- Offenders approaching release from Department of Corrections and Rehabilitation facilities.
- Offenders who have been placed on probation but have been court-ordered to a more structured supervision.
- Offenders who are parole violators who require less restriction.
- Offenders referred by cities and counties for placement in the work release component of the facility.

The Bismarck Transition Center has a capacity of 63 beds and is expanding its facility to provide an additional 88 beds--48 of which will be designated for state-referred offenders and the remaining 40 beds will be designated for city and county offenders. The current daily rate for state inmates is \$50 paid by the Department of Corrections and Rehabilitation. In addition, each resident is charged \$13 per day for room and board. The center reported it has been operating in Bismarck for three and one-half years and has served 565 individuals. The recidivism rate for individuals completing the program is 17 percent.

Robinson Recovery Center

The Department of Human Services presented information to the committee regarding the status of the Robinson Recovery Center, the substance abuse treatment pilot project established by 2005 Senate Bill No. 2373. Senate Bill No. 2373 appropriated \$500,000 from the general fund and \$800,000 from other sources for the pilot project. The Department of Human Services issued a request for proposal (RFP) in August 2005 with a contract awarded to ShareHouse in Fargo in October 2005. The contract, in the amount of \$785,858, is for a 20-bed residential treatment program and purchases 9,307 treatment days. The balance of \$285,858 will be paid by insurance, self-pay, and ShareHouse reserves. The program, which is referred to as the Robinson Recovery Center, began on January 3, 2006, and provides a residential treatment program for individuals who are chemically dependent on methamphetamine or other controlled substances.

As of May 5, 2006, the program had 16 individuals in treatment and 62 referrals. The program uses the MATRIX model of treatment which is an evidence-based treatment model that has shown effectiveness with individuals dependent on methamphetamine. Referrals to the program are processed through the Department of Human Services' eight regional human service centers and can also be made by private interested parties, such as family members. Although the program is intended to provide treatment for individuals who are not affiliated with the corrections system, individuals on probation who are first-time offenders can access the program.

The Robinson Recovery Center is staffed 24 hours a day with residential house supervisors. The clinical staff consists of two full-time licensed addiction counselors, one full-time licensed social worker, and a case manager.

State Hospital - Sex Offender Unit

The committee received information from the State Hospital and toured the sex offender unit at the State Hospital. The sex offender program has been in operation at the State Hospital since 1997. The State Hospital operates 42 beds for sex offenders in two units in the Gronewald/Middleton Building with a population of 37 committed sex offenders as of July 2006. The State Hospital continues to track possible referrals to the sex offender program through contacts with the Department of Corrections and Rehabilitation and state's attorneys. The State Hospital reported it is likely that the 42 beds at the sex offender unit would be full in the near future and the hospital plans to add a third sex offender unit in the Gronewald/Middleton Building due to the growing occupancy and security issues on the two current units. The sex offender program requires professional staff to provide medical, psychiatric, and treatment and evaluation services.

The committee learned the State Hospital completed an analysis because of the escape of a sex offender from the secure services unit in August 2005. The hospital implemented numerous risk-reduction strategies as a result of this analysis. Major changes include the replacement of windows in the building, the addition of a

ventilation system, increased usage of sensors and cameras, securing the common areas, and the use of a fence around the building.

The committee received information regarding the nature of the state's responsibility for providing treatment to individuals who have been civilly committed as sexually dangerous individuals. The committee learned legislation was enacted by the 1997 Legislative Assembly and codified as NDCC Chapter 25-03.3, which created a judicial procedure for the civil commitment of sexually dangerous individuals. Section 25-03.3-17 provides that the executive director of the Department of Human Services has the duty to place a sexually dangerous individual in an appropriate facility or program where treatment is available. If the individual is not already in the custody of the Department of Corrections and Rehabilitation, the Department of Human Services may not place the individual at the State Penitentiary or related penal facilities.

North Dakota Century Code Section 25-03.3-17 provides that the individual's mental condition must be examined once a year and the individual has the right to have an expert conduct the examination at the expense of the Department of Human Services. The department may only release an individual from commitment pursuant to a court order and the court must release the individual once the individual is no longer sexually dangerous. Federal courts have held that a state's responsibility to provide treatment to sexually dangerous individuals cannot be based on whether adequate funds, staff, or facilities are available.

Other Testimony

The committee received testimony from the Attorney General's office and the judicial branch regarding incarceration guidelines and joint exercise of government powers. The committee received testimony from the North Dakota Association of Counties, the Board of Nursing, and the North Dakota Nurses Association relating to exempting correctional facilities from Board of Nursing requirements for distribution of medication to inmates.

Incarceration Guidelines

The committee received information from the Attorney General's office regarding the state's incarceration guidelines and the effects of sentencing and alternatives to incarceration on inmate populations. The Attorney General's office reported a three-pronged approach must be used to successfully deal with the drug problem in North Dakota--law enforcement, treatment, and prevention. In 2002 the North Dakota Commission on Drug and Alcohol Abuse was formed to work on issues in the areas of prevention, tribal government, treatment, tobacco, and law enforcement and the commission includes representatives of the Department of Human Services, the Department of Public Instruction, the State Department of Health, the Attorney General's office, law enforcement agencies, and the Highway Patrol. The commission has learned, with regard to dealing with the state's drug problem, that coordination between law enforcement and treatment

providers is necessary; the "revolving door" in which the same individuals are incarcerated and released repeatedly must be stopped and the state needs to identify individuals who would benefit from alternatives to incarceration and those individuals who need to be incarcerated. The Attorney General's office reported there is also a Governor's Task Force on Violent and Sexual Offenders that is examining the laws and practices with regard to violent and sex offenders.

The Attorney General's office provided information on the five major crime categories that have minimum mandatory sentences:

- Armed offenders.
- Violent offenders.
- Offenders against children and sex offenders.
- Controlled substance (drug) offenders.
- Motor vehicle violations.

The Attorney General's office reported from a law enforcement perspective, the current statutes providing for minimum mandatory sentences are appropriate. The Department of Corrections and Rehabilitation reported mandatory prison sentences are not currently having a major impact on the prison population. Personnel from the judicial branch reported North Dakota's minimum mandatory sentences have an impact on sentence lengths and inmate populations and they are not in favor of minimum mandatory sentences as they restrict judicial authority.

Joint Exercise of Governmental Powers

The committee received information on the statutory authority to allow the state to form an agreement with a county to share prison facilities or to share services between state and county jail facilities. North Dakota Century Code Chapter 54-40 provides for the joint exercise of governmental powers and Section 54-40-08 provides for the use by political subdivisions of state buildings and facilities. Section 54-40-08(1) allows any North Dakota county to enter into an agreement with any North Dakota state agency for the use of buildings and facilities under the control of the state agency for a period of time as the parties may determine to be necessary and that before an agreement is effective, the respective governing body or officer of the state agency must approve the agreement and the Attorney General must determine that the agreement is legally sufficient. Section 54-40-08(2) provides that a political subdivision, pursuant to an agreement for the use of buildings or facilities, may make improvements to the buildings or facilities instead of any rental or other payments, but all improvements must first be approved by the governing body or officer of the state agency and the statute also provides that the buildings and facilities may be moved or replaced at any time during the term of an agreement and the political subdivision may use the buildings and facilities constructed in place of the original buildings and facilities for the remainder of the term of the agreement. The committee learned Chapter 54-40.3 allows the state and a county to jointly construct a building.

Exemption From Nursing Requirements for Medication

The committee received information on requirements of the Nurse Practices Act and rules relating to medication management within jails. The committee learned the Nurse Practices Act and related rules require any correctional officer who dispenses prescription drugs to inmates must receive Board of Nursing-approved training. The dispensing of the drugs must be supervised by a nurse and, in some instances, these rules also apply to over-the-counter medications. The North Dakota Association of Counties reported most Class I facilities already employ medical staff; however, a few Class I facilities as well as Class II and Class III facilities are concerned with the additional costs required to comply with these rules. The Association of Counties proposed exempting Grade 1, Grade 2, and Grade 3 correctional facilities from the nursing requirements relating to the provision of medication similar to the exemption provided in NDCC Section 43-12.1-04(9) for residential treatment centers for children; treatment or care centers for developmentally disabled persons; group homes, residential child care facilities, and adult foster care facilities; and human service centers. The Department of Corrections and Rehabilitation has developed a Medication Administration I course for correctional officers which has been approved by the Board of Nursing.

Other Incarceration Options

The committee received testimony from local and regional authorities, the Commission on Alternatives to Incarceration, and Corrections Corporation of America (CCA), Nashville, Tennessee, regarding other options available for meeting the Department of Corrections and Rehabilitation incarceration and facility needs.

County Jails

The committee toured the Cass County Jail and learned the jail, which opened on September 7, 2002, cost approximately \$18 million to build, with an additional \$1 million for furniture, fixtures, and equipment. Funding for the facility was from a half-cent sales tax increase that was implemented for up to four years. The Cass County Jail had 256 beds when it opened and the design of the jail allows for expansion to a total of 600 beds. A 96-bed expansion project, construction on which was started in the spring of 2006 and which consists of the addition of two 48-bed pods, is expected to be completed in June 2007. The addition will cost approximately \$4.2 million and the additional 96 beds will be minimum security beds. The Cass County Jail has 10 beds for federal prisoners at the daily rate of \$60 per day.

The North Dakota Association of Counties presented information to the committee regarding the status of Grade 1 county jails, including information on beds available for state use. The Association of Counties reported there have been significant changes in the availability of county and regional jail space during the 2005-07 biennium. Since the beginning of the 2005-07 biennium, the North Central Correctional and

Rehabilitation Center in Rugby and the new Grand Forks facility have become operational. The total Grade 1 capacity on October 5, 2006, in county and regional jails was 1,245 jail beds and 40 treatment beds. Of the 1,245 beds, 100 to 120 beds could be made available for state contract placement among six different facilities. Approximately 30 of the 100 to 120 beds are already

occupied by state inmates. Three additional jail construction projects are expected to be completed by July 1, 2008, and will increase the total capacity to 1,459 beds and the number of beds available for state contract to as many as 200 beds.

The table below provides information on available bed space in county facilities:

Facilities	As of October 2006		As of July 1, 2007		As of July 1, 2008	
	Total Capacity	Available for State Contract ¹	Total Capacity	Available for State Contract ¹	Total Capacity	Available for State Contract ¹
Sheyenne Valley Correctional Center ²	30	5	30	5	84	40
Bottineau County	9		9		9	
Burleigh County	130		130		130	
Cass County ³	252		300		300	
Grand Forks County ⁴	246	20	246	20	246	20
Lake Region Correctional Center	74	20	74	20	74	20
McKenzie County	12		12		12	
McLean County ⁵	11				24	15
Mercer County	20		20		20	
Morton County	32		32		32	
North Central Correctional and Rehabilitation Center ⁶	89	25-45	89	25-45	89	25-45
Richland County	33		33		33	
Stutsman County	84	5	84	5	84	5
Southwest Multi-County Correction Center	82	25	82	25	82	25
Ward County	104		104		104	
Williams County ⁷	37		37		112	30
Total beds	1,245	100-120	1,282	100-120	1,435	180-200

¹All Grade 1 jails provide an occasional bed for short-term placement of state prisoners. These beds are not included in the amounts above.

²Construction of the Sheyenne Valley Correctional Center is expected to begin in April 2007.

³Cass County expects to complete construction of two 48-bed pods in June 2007. However, only one pod will be opened upon completion. The other 48-bed pod will be made available if the total cost for detention can be secured.

⁴The new 246-bed Grand Forks facility opened October 1, 2006. Grand Forks has had discussions with the Department of Corrections and Rehabilitation regarding the conversion of a portion of the vacated 86-bed facility for use as a transition center.

⁵The existing Grade 2 McLean County facility is scheduled for demolition in March 2007. There will be no facility available for 12 to 14 months.

⁶The North Central Correctional and Rehabilitation Center in Rugby also has a 40-bed treatment unit which currently houses 31 state inmates.

⁷Construction of a 112-bed facility in Williams County was approved in June 2006. Construction is expected to be completed in July 2008.

The committee learned some county facilities are not willing to contract with the Department of Corrections and Rehabilitation to house state inmates because the state's reimbursement rate of \$50 per day is not enough to cover the actual housing costs and the counties are responsible for the first \$150 of medical expenses per inmate per month. Counties are willing to contract to house federal inmates because the federal contracts guarantee a set daily rate for three years, federal agencies are responsible for all medical costs, and federal agencies provide transportation of the federal inmates. A Burleigh County commissioner said he is interested, if the state were to build a new prison, of having the county assessing some of the prison space at the site.

Commission on Alternatives to Incarceration

The committee received periodic reports from legislative members on the Commission on Alternatives to Incarceration regarding the commission's activities.

The commission is recommending the Governor include the following funds in the 2007-09 executive budget:

- Expansion of the Robinson Recovery Center - Up to \$1.2 million.
- Room and board for individuals admitted to a faith-based program to address addiction problems - \$300,000.
- The addition of two FTE positions in the Department of Corrections and Rehabilitation and four FTE positions in the Department of Human Services to assist in the expansion of drug courts - Approximately \$600,000.
- Cost-share program with local governments for the operation of community service organizations - \$200,000.
- The Cass County Jail Intervention Coordinating Committee mental health project, contingent on the receipt of a federal grant for implementation of the project - \$582,000.

The commission also encourages the Governor to assess the need for additional staff to reduce caseloads for licensed addiction counselors, case managers for individuals with serious mental illnesses, and parole and probation officers to attempt to achieve industry caseload standards and the commission is recommending a bill regarding the use of electronic monitoring for offenders.

Private Correctional Facility

The committee received information from CCA regarding options for North Dakota to consider in addressing its incarceration needs. Corrections Corporation of America reported it is the nation's largest provider of outsourced corrections management services to federal, state, and local governments. Corrections Corporation of America manages over 52 percent of all beds under contract with private operators in 63 facilities in the United States. To assist North Dakota in meeting its incarceration and facility needs, CCA said it could:

- Finance, design, build, and operate a facility for the state;
- Design, build, and operate a facility, owned by the state and financed by state resources; or
- Provide beds on an emergency basis at existing CCA facilities.

The committee learned CCA could construct a new in-state facility in 12 to 24 months, with no expenditure from the state until the first inmate is brought into the facility. Location, prevailing wage rates, and property taxes would affect the cost of the project. Construction costs for a new 1,000-multicustody-bed facility would range from \$55,000 to \$60,000 per bed with an operational per diem of \$50 to \$57. The operational per diem is based on terms in the contract for services provided. Construction costs for a new 2,500-multicustody-bed facility would range from \$50,000 to \$55,000 per bed with an operational per diem ranging from \$48 to \$55. Corrections Corporation of America reported out-of-state beds are available in Georgia, Oklahoma, and Arizona. Responsibility for orientation and transition would remain with the state.

The committee received information regarding the RFP process and related contracts for a private correctional facility in Shelby, Montana, which is owned and operated by CCA. The provisions contained in the RFP included facility specifications and contractor requirements for finding a suitable site for the facility and providing all furniture, fixtures, and equipment. Provisions in the design and construction contract included Montana's unlimited rights to the drawings, designs, and specifications and a requirement for the contractor to pay up to \$100,000 for an independent state representative to be onsite as a contract manager during the construction phase. Provisions from the operations and management contract included health and counseling services to be provided by the contractor and Montana's agreement to advance to the contractor the first six months of operating per diem in the amount of \$3.6 million. The Shelby facility currently has a population of 510 inmates from the state of Montana and 50 federal inmates, the Montana Men's Prison currently

has a population of 1,471 inmates, and the Montana Women's Prison currently has a population of 244 inmates. The daily inmate rate for the Shelby facility is \$44.47 for operational costs plus a \$9.14 exclusive use fee for a total daily inmate rate of \$53.61, the daily inmate rate for the Montana Men's Prison is \$61, and the daily inmate rate for the Montana Women's Prison is \$80. The RFP provided Montana with the right of first refusal to lease or purchase the building in a buyback option. The exclusive use fee (\$9.14) paid as part of the per diem rate for the Shelby facility would be subtracted from the fair market value of the Shelby facility to arrive at a purchase price should Montana act on its option to purchase the facility.

2007-09 Biennium Facility Needs

The committee received information from the Department of Corrections and Rehabilitation regarding the department's facility needs for the 2007-09 biennium.

Missouri River Correctional Center

The committee toured the Missouri River Correctional Center. The committee learned the Missouri River Correctional Center originated in 1941 as the North Dakota State Prison Farm. The center reported plant improvement needs for the 2007-09 biennium include a 12,883-square-foot kitchen/multipurpose building that would replace the current kitchen, repairing and surfacing the gravel road leading into the facility, and replacement of heat pumps that are part of the geothermal heating system. The estimated cost of the new kitchen/multipurpose building is approximately \$2.6 million and an additional \$18,000 would be needed for demolition of the old kitchen. The estimated cost of repairing and surfacing the gravel road is \$150,000 and the cost of the heat pumps is \$25,000. The Department of Corrections and Rehabilitation reported \$2.7 million in funding for the multipurpose room will be included in the department's 2007-09 biennium budget request as an optional item.

James River Correctional Center

The committee toured the James River Correctional Center facility, including the Jamestown location of Roughrider Industries. The committee learned the food services building is in relatively good shape; however, it is connected to other buildings, including the State Hospital, by large tunnels that are a security concern. The laundry building is structurally sound; however, the roof leaks and needs to be replaced and tuck-pointing of the mortar between the bricks is also needed. The James River Correctional Center is planning to request funding for these repairs for the 2007-09 biennium. The engineering building, used for storage and office space, is in very poor condition but the cost to repair it is prohibitive due to its age and the high levels of asbestos. The old day care building, which houses some offices for the James River Correctional Center, is in good structural shape but needs a new roof and the entire building will require tuck-pointing or siding within the next few years. The committee learned the remodeling project at the James River Correctional Center, which

converted kitchen pantries into dormitory rooms for inmates, was completed in July 2006 and resulted in 20 additional inmate beds.

State Penitentiary

The committee toured the State Penitentiary and received information regarding facility needs at the Penitentiary. During the 2003-04 interim, the Department of Corrections and Rehabilitation requested and received \$60,000 from the preliminary planning revolving fund to hire an architect to conduct a study of the replacement of the east cellhouse. The architect's study included findings related to the areas of the east cellhouse, medical facility, segregation, and orientation facility. The architect's recommended changes at the State Penitentiary included:

- Relocating the warehouse.
- Constructing a new vehicle access and a new south tower.
- Demolishing the existing south tower.
- Constructing a new orientation housing unit, an inmate intake/transfer unit, a clinic, an infirmary, a segregation unit, a new visitors' entrance, and a laundry facility.
- Eliminating the east cellhouse.

In March 2006 the department presented information to the committee relating to an expansion and renovation plan that would replace the east cellhouse with a 300-bed cellhouse and include a larger orientation unit, new infirmary and clinic, and a 90-bed administrative segregation unit. The plan also includes a warehouse, a laundry facility, demolition, and site work, including parking. The expansion and renovation plan would

result in a net gain of 244 beds. The March 2006 estimated project cost was \$38.8 million.

In October 2006 the department reported the estimated project cost has increased to \$42 million, and it was estimated that the total project cost would increase by an additional 18 to 20 percent if the project begins in 2008. The department reported it is including a request for funding for the expansion and renovation project in its 2007-09 biennium budget request. The department reported \$900,000 in funding for parking lot renovation at the Penitentiary will also be included in the department's 2007-09 biennium budget request as an optional item.

Related Facility Debt

The committee received information relating to the Department of Corrections and Rehabilitation outstanding debt on its current facilities. The committee learned the Department of Corrections and Rehabilitation has bonds outstanding for capital construction projects at the State Penitentiary, the James River Correctional Center, and the Youth Correctional Center and for an energy improvement project at the Missouri River Correctional Center. Each biennium, funds are appropriated to the Department of Corrections and Rehabilitation for the bond payments. For the 2005-07 biennium, \$540,052 was appropriated from the general fund to the Youth Correctional Center and \$2,498,534 was appropriated from the general fund to the Prisons Division for the bond payments.

The following is a schedule of the bonds outstanding for the Department of Corrections and Rehabilitation capital projects:

Facility/Project (Cost)	Year Approved by Legislative Assembly	Bond Issue (Payoff Year)	Outstanding Principal Service Balance on June 30, 2007
State Penitentiary			
Phase II construction - Female housing unit and south unit (\$7,500,000)	1985	1998 Series B North Dakota Building Authority refunding revenue bonds (4.5% to 5% 13-year bonds) - Used to refinance 1991 Series A and 1992 Series A - The 1991 Series A issue was used to refund the 1986 Series A (2011)	\$1,975,524
Phase III construction - Education building, food service building, and programs building (\$5,000,000)	1989	2003 Series A North Dakota Building Authority refunding revenue bonds (2.35% to 4.07% 7-year bonds) - Used to refund 1993 Series A refunding revenue bonds which were used to refinance 1990 Series A, B, and C (2009)	1,002,963
James River Correctional Center			
Phase II - Food service/laundry renovations (\$2,662,890)	2003	2003 Series B North Dakota Building Authority revenue bonds (4.09% 20-year bonds) (2023)	3,494,256
ET building improvements (\$980,000); programs building improvements (\$584,000)	2005	2005 Series A North Dakota Building Authority revenue bonds (4.21% 20-year bonds) (2025)	2,548,393
Missouri River Correctional Center			
Energy improvement project (\$105,326)	2003	2003 Series B North Dakota Building Authority revenue bonds (4.09% 20-year bonds) (2023)	138,783
Youth Correctional Center			
Gymnasium renovation (\$1,400,000)	1997	1998 Series A North Dakota Building Authority revenue bonds (4.4% to 5.125% 20-year bonds) (2018)	1,430,091
Pine Cottage (\$1,475,000)	1999	2000 Series A North Dakota Building Authority revenue bonds (5.5% 20-year bonds) (2019)	1,777,239
Total debt service balance outstanding as of June 30, 2007			\$12,367,249

The committee learned NDCC Section 54-17.2-23 limits the amount of lease payments paid from the general fund for a biennium to 10 percent of an equivalent one-cent sales tax based on the projected

sales, use, and motor vehicle excise tax collections presented to the Legislative Assembly at the close of the most recently adjourned regular legislative session. The general fund limit for bond payments for the 2005-07

biennium is \$19,587,060 and the estimated general fund debt service for the 2005-07 biennium is \$18,021,705. Based on the Office of Management and Budget August 2006 revenue forecast for the 2007-09 biennium, the general fund limit for bond payments will increase from \$20.3 million to \$22.7 million. This will increase the amount of bonding that may be approved by the 2007 Legislative Assembly, while remaining within the bonding limit guideline, from \$37.5 million to \$46.6 million with two-year interest capitalization or \$51.2 million with three-year interest capitalization. Debt service payments on this issue would begin in the 2009-11 biennium. Outstanding bonds issued by the North Dakota Building Authority total \$138,505,000 as of June 30, 2006.

The North Dakota Building Authority estimated the following debt service requirements to finance a construction or renovation project for the Department of Corrections and Rehabilitation assuming a project cost of \$38.8 million, plus bond issue costs, an interest rate of 4.73 percent, and a two-year period for capitalizing interest:

Biennium	Principal	Interest	Total
2009-11	\$3,505,000	\$3,929,299	\$7,434,299
2011-13	3,825,000	3,609,199	7,434,199
2013-15	4,180,000	3,254,487	7,434,487
2015-17	4,575,000	2,856,254	7,431,254
2017-19	5,025,000	2,407,519	7,432,519
2019-21	5,530,000	1,903,686	7,433,686
2021-23	6,095,000	1,337,901	7,432,901
2023-25	6,725,000	706,029	7,431,029
2025-27	3,621,079		3,621,079
Total	\$43,081,079	\$20,004,374	\$63,085,453

NOTE: Current bond payments to be made from the general fund in the 2007-09 biennium total approximately \$20 million.

OTHER CONSIDERATIONS

The committee considered bill drafts to address the Department of Corrections and Rehabilitation future facility needs that would have provided for:

- The construction of a new state correctional facility and related land acquisition at a cost not to exceed \$62,800,000 and the development of a prison facility master site plan. Roughrider Industries would either be moved to the new location or inmates would be transported back and forth to the existing facility.
- The appraisal of State Penitentiary land to assist in the sale of the state prison site if a new state correctional facility is constructed.
- The renovation and expansion of the State Penitentiary at a cost of \$38 million from the general fund.
- The Department of Corrections and Rehabilitation being required to issue an RFP for the design, construction, and operations and management of a new correctional facility.

Recommendations

The committee recommends Senate Bill No. 2025 providing an exemption from nursing requirements for employees providing medication to inmates within a

correctional facility as defined in NDCC Section 12-44.1-01. The bill also adds a new section to Chapter 12-44.1 relating to the training requirements for correctional facility staff who are authorized to provide medication to inmates of a correctional facility.

The committee recommends House Bill No. 1026 providing for an appropriation of \$38 million from the general fund for the renovation and expansion of the State Penitentiary, including replacement of the east cellhouse.

PERFORMANCE AND ACCOUNTABILITY SYSTEM PILOT PROJECT

Background

The committee received information relating to its responsibility, as directed in 2005 House Bill No. 1035, to establish a government performance and accountability system pilot project involving up to three executive branch agencies during the 2005-06 interim. The committee learned performance budgeting for the state of North Dakota began during the 1993-94 interim with the development of a pilot project to incorporate service efforts and accomplishments into the budgeting process. The Office of Management and Budget chose 12 agencies to be involved in the program-based performance budgeting pilot project for the 1995-97 biennium, and the appropriation bills for these agencies included program line items rather than object code line items. The 1995 Legislative Assembly chose to appropriate funds on a program basis rather than object code basis for 7 of the 12 pilot agencies. The 1999 Legislative Assembly directed the Office of Management and Budget to discontinue the program-based performance budgeting pilot project when preparing the 2001-03 executive budget. The primary reasons the Legislative Assembly chose to discontinue the performance budgeting pilot project were:

- The system focused too much on detailed inputs and outputs of agency programs, rather than outcomes or results.
- The detailed performance budgeting information required more time to analyze than was available during a legislative session.
- The performance measures were selected by agencies, with little input from legislators.
- The focus was on agencies wanting program rather than object code line items in the appropriation bills.

The committee learned the 2003-04 interim Government Performance and Accountability Committee studied state government performance and accountability practices, including a review of other states' performance budgeting practices and strategic planning efforts and how those practices and efforts may apply to North Dakota and improve its budgeting process. The Government Performance and Accountability Committee recommended 2005 House Bill No. 1035, which was amended to provide for the government performance and accountability system pilot project assigned to the 2005-06 interim Budget Committee on Government Services.

Pilot Project Agencies

The Office of Management and Budget presented information to the committee regarding the establishment of a government performance and accountability system pilot project, including recommendations for the pilot agencies. The Office of Management and Budget reported all state agencies were requested to provide their performance measures to the Office of Management and Budget when they submitted their 2005-07 biennium budget request. The information received by the agencies was compiled into the *2005-07 Performance Measures*, which was provided to the 2005 Legislative Assembly. The Office of Management and Budget plans to provide similar information to the 2007 Legislative Assembly. The Office of Management and Budget suggested the committee consider the following items in selecting the three pilot project agencies:

- The agencies should be willing participants.
- The agencies should have the basic elements of a strategic plan and performance measures already in place.
- The agencies' staff and resources should be sufficient to fulfill the pilot project requirements.
- The agencies should understand what the committee expects the results of the pilot project to be and how the committee will use those results.

The Office of Management and Budget presented information on current performance measure information prepared by state agencies and whether selected agencies could participate in the government performance and accountability system pilot project. The Office of Management and Budget suggested the committee, in its decision to choose up to three agencies to participate in the pilot project, consider the Department of Transportation, the Parks and Recreation Department, and the Highway Patrol.

The committee approved designating the Department of Transportation, the Parks and Recreation Department, and the Highway Patrol as participants in the government performance and accountability system pilot project and that the Information Technology Department, the Department of Veterans Affairs, and the Department of Commerce be asked to provide information to the committee regarding their performance and accountability systems.

Department of Transportation

The Department of Transportation provided information to the committee on the department's strategic planning and performance measurement process which it began in 2001. The committee learned the department has developed a six-year strategic plan that contains 5 goals and 29 objectives. The department continually monitors its progress in achieving its objectives and goals. Every two years the department prepares a performance report card that presents the department's performance trends. Managers within the department monitor and report more detailed performance measures relating specifically to their programs. The department reported it hired a local

consulting firm to assist the department in the preparation of its initial strategic plan and performance measures. Since that time, the department updates and revises its system internally.

The Department of Transportation presented information to the committee on the use of the agency's performance and accountability system in developing the agency's 2007-09 budget request. The department reported it relies on department processes and customer satisfaction surveys to determine if the department is meeting its performance goals. The department's strategic plan outlines the goals, objectives, and action plans used by the department in measuring its performance.

Highway Patrol

The Highway Patrol presented information to the committee on the department's system of performance and accountability. The Highway Patrol reported it began monitoring performance in the 1990s and in 2004 began a strategic planning process that resulted in the following operational goals:

- Concentrate efforts toward patrolling highways and being visible.
- Reduce crashes and investigate when they do occur.
- Impact alcohol abuse relating to driving under the influence and underage consumption and the tragedies that happen on our highways as a result.
- Impact drug abuse relating to possession, use, manufacturing, and transportation of illegal drugs occurring on our highways.
- Protect highway infrastructure and provide for the safe movement of goods and services through an effective motor carrier system.
- Provide quality service to the public.
- Hold individuals, not groups or districts, accountable for their actions, good or bad.

The Highway Patrol reported it monitors its progress in achieving its goals through monthly performance reports completed by district commanders. The Highway Patrol hired a facilitator to assist it in planning the initial strategic plan and is currently in the process of updating its strategic plan and goals. The Highway Patrol receives input from its employees as well as the public as it develops and updates its strategic plan.

The Highway Patrol presented information to the committee on the use of the department's performance and accountability system in developing the agency's 2007-09 budget request. The Highway Patrol has a program-based budget with performance measures that were developed in 1995. The budget consists of three programs--field operations, the training academy, and administration. The department's performance measures include outcome and output measures. The Highway Patrol reported the agency's 2007-09 budget request will include requests relating to increasing the road patrol hours from 302,000 to 326,000 hours, increasing coverage in the Fargo area to 24-hour coverage, increasing northern border-related trooper assignments, increasing academy utilization to

640 classroom days per fiscal year, and providing for an employee equity compensation plan.

Parks and Recreation Department

The Parks and Recreation Department provided information to the committee on the department's performance and accountability system. The department reported it began its strategic planning and performance measurement system in 2000 by hiring a consultant to assist it in developing a five-year strategic plan. The department reviews its strategies and progress in meeting performance each month. The department sets goals and objectives annually based on its strategic plan.

The Parks and Recreation Department presented information on the use of the agency's performance and accountability system in developing the agency's 2007-09 budget request. The department has three primary focus areas--enhance visitor services, stewardship of physical and natural resources, and provide outdoor recreation opportunities. The department has three program areas--natural resources, recreation, and administration. The department's performance goals for the budget are:

- Review program/division goals - Public input.
- Set agency priorities for the biennium.
- Assess physical/financial asset needs.
- Review with public.
- Adjust priorities and assets.
- Incorporate program measures.
- Introduce budget plan.

Information Technology Department

The Information Technology Department provided information to the committee on the department's strategic planning and performance measurement process. The committee learned the department has developed a plan based on its mission statement. The plan has four vision statements that are centered around the customer. The plan has 7 goals and 18 objectives that are each tied to a vision statement. The department reported it issued its first statewide Information Technology Department plan in 1998 and its first annual report in 2001. The department reported it received outside assistance in developing its strategic plan.

Department of Commerce

The Department of Commerce provided information to the committee on the department's performance and accountability system. The department reported its accountability measures are included in the department's appropriation bill--2005 Senate Bill No. 2018. The accountability measures include the six economic goals and associated benchmarks identified in the North Dakota Economic Development Foundation's strategic plan. The department reports annually to the Budget Section regarding these measures.

The department reported the strategic plan was developed with the assistance of a group of consultants that included AngelouEconomics, MGT of America, Inc., and Paragon Decision Resources. The plan was

finalized in September 2002 and updated in June 2005. The plan outlines the following goals for economic development in North Dakota:

- Develop a unified front for economic development based on collaboration, accountability, and trust.
- Strengthen linkages between the state's higher education system, economic development organizations, and private businesses.
- Create quality jobs to retain North Dakota's current workforce and attract new high-skilled labor.
- Create a strong marketing image to build on the state's numerous strengths, including workforce, education, and quality of place.
- Accelerate job growth in diversified industry targets to provide opportunities for the state's long-term economic future.
- Strengthen North Dakota's business climate to increase global competitiveness.

Department of Veterans Affairs

The Department of Veterans Affairs provided information to the committee on the status of the department's strategic plan and performance measures. The department reported that, with the assistance of a consultant, the department completed its strategic plan in October 2004. The department prepared the plan based on a recommendation contained in a performance audit of the department conducted by the State Auditor's office in 2003-04. The department has also prepared its operational plan, which is the department's performance measurement document and is used to implement the goals and objectives of its strategic plan.

Recommendation

The committee does not make any recommendation regarding the government performance and accountability system pilot project.

STATE-OWNED REAL ESTATE

Pursuant to 2005 House Concurrent Resolution No. 3005, the committee received information identifying state-owned real estate and studied the utilization of real estate owned by state agencies and institutions, the best use of state-owned real estate, and whether the state should establish and maintain an inventory of state-owned real estate. A survey was sent to state agencies requesting them to provide the following information to the committee regarding any state-owned real estate and vacant buildings:

- Restrictions on the use of the property.
- Restrictions on use of proceeds from the sale of the property.
- Mineral rights.
- Easements.
- Leases and lease income.

From the results of the survey of 38 state agencies and institutions that own land and buildings, the committee learned total state-owned land as reported by state agencies and institutions totals 1,057,333 acres with an estimated value of \$405.6 million. The

1.1 million acres of state land comprises 2.4 percent of all land in North Dakota compared to federally owned land that totals 1.9 million acres, or 4.2 percent of all land in the state. Agencies and institutions own 1,820 buildings totaling 21.8 million square feet with a total estimated value of \$1,675,000,000. Agencies reported total debt on these buildings of \$207,500,000.

The committee learned the Land Department is reviewing small tracts of land that it owns as part of state trust fund lands and that upon approval of the Board of University and School Lands, the land may be sold and any proceeds would be deposited into the trust fund that owns the land. The Land Department reported the state has sold 1.8 million acres of the 2.5 million acres originally granted to the state, leaving 700,000 acres. The Land Department provides 5 percent of any income earned on state lands to the county in which the land is located.

The committee received information relating to the sale of real property of the state. The committee learned the Department of Corrections and Rehabilitation is authorized under NDCC Section 54-23.3-04 to sell land without legislative approval. The proceeds from the sale are to be deposited into the Penitentiary land fund. The committee learned the usual practice for the sale of state land is that it is authorized by a specific bill passed by the Legislative Assembly. The common practice to initiate a sale would be to obtain a current appraisal and prepare a bill authorizing the land sale.

The committee considered a bill draft that would have required the Office of Management and Budget to maintain an inventory of state-owned assets. The Office of Management and Budget reported it maintains an inventory of state-owned buildings and could add state-owned land to the inventory system and a bill draft is not necessary to accomplish the inventory.

Recommendation

The committee does not make any recommendation regarding the utilization of real estate owned by state agencies and institutions, the best use of state-owned real estate, and whether the state should establish and maintain an inventory of state-owned real estate.

MONITORING THE STATUS OF STATE AGENCY AND INSTITUTION APPROPRIATIONS

Reorganization of the Department of Emergency Services

The committee received a report from the Department of Emergency Services on the status of the reorganization of the Division of Emergency Management into the Department of Emergency Services. The committee learned the Division of Emergency Management has been restructured as the Department of Emergency Services, pursuant to 2005 House Bill No. 1016. The department, which is under the direction of the Adjutant General, consists of the Division of State Radio and the Division of Homeland Security. The department reported an advisory committee has been formed which is comprised of

11 stakeholder members and is governed by an approved charter. The strategic planning model being used for the reorganization consists of the following components:

- Mission.
- Vision.
- Business operational base.
- Strengths, weaknesses, opportunities, and threats.
- Goals.
- Objectives (action plans).
- Systems.
- Processes.
- Communications infrastructure.
- Values.

State Agency and Institution Appropriations

Because of time constraints and other study responsibilities, the committee did not directly monitor the status of state agency and institution appropriations. However, the Legislative Council staff prepared reports on agency compliance with legislative intent for the 2005-07 biennium and on the status of state trust funds, which were distributed to legislators and are available on the Legislative Council's web site.

AGREEMENTS BETWEEN NORTH DAKOTA AND SOUTH DAKOTA

North Dakota Century Code Section 54-40-01 provides that an agency, department, or institution may enter into an agreement with the state of South Dakota to form a bistate authority to jointly exercise any function the entity is authorized to perform by law. Any proposed agreement must be submitted to the Legislative Assembly or, if the Legislative Assembly is not in session, to the Legislative Council or a committee designated by the Council for approval or rejection. The agreement may not become effective until approved by the Legislative Assembly or the Legislative Council. The Budget Committee on Government Services was assigned this responsibility for the 2005-06 interim.

The committee received information regarding the history of the bistate authority legislation. The 1996 South Dakota Legislature enacted a law creating a legislative commission to meet with a similar commission from North Dakota to study ways North Dakota and South Dakota could collaborate to provide government services more efficiently. The North Dakota Legislative Council appointed a commission to meet with the South Dakota commission. As a result of the joint commission, the North Dakota Legislative Assembly enacted legislation relating to higher education and the formation of cooperative agreements with South Dakota. The South Dakota commission proposed several initiatives, but the South Dakota Legislature did not approve any of the related bills.

The committee received information on other states' bistate or multistate agreements, including a New York bistate planning agreement relating to health regulations, a South Carolina multistate lottery agreement, and a

West Virginia multistate agreement for purchasing prescription drugs for the state's Medicaid program.

During the 2005-06 interim, no proposed agreements were submitted to the committee for approval to form a bistate authority with the state of South Dakota.

BUDGET TOURS

During the interim the Budget Committee on Government Services also functioned as a budget tour group of the Budget Section and visited the James River Correctional Center, the Missouri River Correctional

Center, the State Penitentiary, Roughrider Industries, and the Youth Correctional Center. The committee heard about facility programs, institutional needs for major improvements, problems institutions or other facilities may be encountering during the interim, and information on land and building utilization. The tour group minutes are available in the Legislative Council office and will be submitted in report form to the Appropriations Committees during the 2007 legislative session.