

2009 HOUSE APPROPRIATIONS

HB 1015

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1015

House Appropriations Committee
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 1/14/09

Recorder Job Number: 7009

Committee Clerk Signature *Tonya Voegels*

Minutes:

Chairman Delzer opened the hearing on House Bill 1015. Roll was taken at a previous hearing today.

Attached Information

Written Testimony- Attachment 1015.14.09A

Strategic Plan pamphlet- Attachment 1015.14.09B

Pam Sharp, Director of the Office of Management and Budget, presented written testimony.

Ms. Sharp explained the Strategic Plan pamphlet. She then explained the Budget Overview listed in Attachment 1015.1.14.09A.

Chairman Delzer: The print shop makes its revenue by the charging agencies General Fund dollars?

Pam Sharp, Director of OMB: The print shop bills out for their printing service. If the agency is a general fund agency they would pay General Fund dollars but for the print shop when they receive it as revenue that is not General Fund.

Chairman Delzer: The General Fund will go back as turnback money? What will happen to the \$300,000 in special funds?

Pam Sharp, Director of OMB: It is a special fund that the money continues to carry over because they use that money for the operating of the print shop. They generate their own revenue and then they run the print shop with the revenue that they generate. None of it reverts to the General Fund. The goal is not to make a profit it is to pay for their operating costs.

Chairman Delzer: The \$280,000 of General Fund roll up will be turnback correct?

Pam Sharp, Director of OMB: Part of that will be turned back. However the part that is attributed to fiscal management will be carried over because there is a section of law that we have had in the past that allows carry over for fiscal management. The purpose of that carryover is to have funding available to do upgrades and patches and maintain the accounting systems and the payroll system and the statewide budgeting system so that we have some flexibility in case we need to address issues between sessions. So probably \$150,000 of that \$280,000 would be carry over and the rest would be turnback

Ms. Sharp continued her explanation of expenditures of the budget overview.

Chairman Delzer: Is the million dollars part of the increased IT costs?

Pam Sharp, Director of OMB: The \$1million that we are requesting for operating is ongoing for fiscal is a combination of two things. It is the increased anticipated costs for IT billings once we get the Business Intelligence Data Warehouse system up and running and then about \$300,000 is just due to rate increases from ITD.

Chairman Delzer: You have a million for ConnectND in for one-time funding.

Pam Sharp, Director of OMB: The one-time \$1million is for implementation for new modules for Connect ND.

Ms. Sharp continued explaining her budget.

Chairman Delzer: Where is the funding to pay it back? Is that in OMB or is that somewhere else?

Pam Sharp, Director of OMB: This was borrowing authority from the bank. We have paid that back. In our budget we are also asking for another \$5million next biennium to borrow from the bank.

Chairman Delzer: Where do we pay it back?

Pam Sharp, Director of OMB: The payback is in the deficiency bill.

Ms. Sharp continued her testimony.

Representative Kaldor: On the operating expense area, the \$300,000 that was transferred to operating, where did that get transferred from?

Pam Sharp, Director of OMB: The capital assets line.

Chairman Delzer: On the operating when you come back for the detail, we are going to want and explanation of almost all of these items and even like your travel, how you come up with the cost of that. And a listing of ConnectND and what it is that is making those costs up.

Pam Sharp, Director of OMB: The fuel would not be for travel it is to heat the capital complex.

Chairman Delzer: We also want to see what you built this biennium's budget on.

Pam Sharp, Director of OMB: Certainly.

Ms. Sharp discussed the one-time funding.

Chairman Delzer: We will need to have that list handed out.

Pam Sharp, Director of OMB: Sure.

Chairman Delzer: The \$2million for Prairie Public, is there \$600,000 somewhere else in the budget also for Prairies Public?

Pam Sharp, Director of OMB: Besides the two million, there is \$1.3million for operating expenses for Prairie Public.

Ms. Sharp explained certain sections of House Bill 1015 included in her testimony.

Chairman Delzer: I can see why you needed that section regarding the transfer authority between line items last session when the equity funding was in OMB's bill and you had to move it in to the agencies but when it is in the agencies already don't they have it in the right spots?

Pam Sharp, Director of OMB: We just put one lump sum in the agencies like let's say Human Services budget; the entire equity went in in one lump sum. Now Human Services will need to transfer it to the Developmental Center, their share, to the Central Service Centers, to the hospitals.

Chairman Delzer: That should all be done in the budget before it gets kicked out.

Pam Sharp, Director of OMB: It is not done in our recommendation and we don't know the intent with the equity is that agencies need to figure out where the equity needs to go so they would have to make that determination as well.

Ms. Sharp continued her explanation of the sections.

Chairman Delzer: Did you have \$100,000 in the bill last session for the State Student Internship Program?

Pam Sharp, Director of OMB: No this is a new program.

Ms. Sharp continued her explanation of the sections.

Chairman Delzer: The question I have when you read through it, it says that they have to meet those standards then if they are on probation and they meet it later on, the agency head can go back and give that pay raise. Now the question I have then is if you give the 5% the first time, do they just use extra money in the salary line to go back because you have already given them the 5%. How do you get to the number of 5%?

Pam Sharp, Director of OMB: We do it in our budget system. We apply that to all of the salaries.

Chairman Delzer: Is it straight across the board? Do you apply it to temporaries and overtime too or not.

Pam Sharp, Director of OMB: No temporaries or overtime, just FTEs but we have no way of knowing who is probationary or not so the funding is there.

Ms. Sharp explained the section regarding the transfers and expenditures from the budget stabilization fund.

Representative Berg: Don't you think that it makes sense that if the revenue is going down, that we, rather than just funding it for another 18 months that we kind of let people know that the forecast is coming down. Like you say that was kind of the intent here. It is not the 2.5% so much as it is saying ok we have got to watch this ongoing revenue.

Pam Sharp, Director of OMB: I think you do make a good point. Certainly we do want people watching what they are spending I think it is worth having the discussion now and if we only have a very small ending balance with a very large budget there is not very much wiggle room there. If we have very healthy reserves I think in some cases we might not to.

Chairman Delzer: The way it went up is phenomenal the last few years, which is great for the state of ND. What would happen if you did your \$3billion and it comes in at \$2.5billion so you in essence used all of the budget stabilization fund. What happens then?

Pam Sharp, Director of OMB: Then we would be required to do an allotment.

Chairman Delzer: It is a straight allotment or a special session. There is nothing in language anymore about borrowing from the Bank of North Dakota.

Pam Sharp, Director of OMB: That is correct there is no language saying we can borrow from the Bank of ND. We did have that language for a few years.

Representative Berg: Obviously the budget was put together a month or six weeks ago. What do you think is going to happen at the February forecast?

Pam Sharp, Director of OMB: We don't have those numbers in yet. We have just last week sent the historical data to economy.com so we have not got anything back from them at this point.

Representative Berg: If you wanted to walk through that briefly I think it is kind of interesting the steps that we go through getting the information from everybody.

Chairman Delzer: Start out what you sent them.

Pam Sharp, Director of OMB: The Tax Department sent Economy.com the historical data and they will send them the most recently complete data that they have which I am thinking would be the end of December. They would send them information for taxable sales and purchases, adjusted gross income and probably the income tax information, our historical data probably hasn't changed since a few months ago when we did it, collections and corporate income tax. We will get back from them a tax based forecast for taxable sales and purchases, adjusted gross income, corporate income tax, wholesale liquor tax and they will give us a new oil price forecast.

Chairman Delzer: Do they use just the historical ND numbers for what they send back to you.

Pam Sharp, Director of OMB: They take our numbers and they apply their model to that. They take employment history; I don't know what all goes into that. Employment, unemployment, gross state product, they make a model and they apply that to our historical data.

Chairman Delzer: So what is going on in the rest of the nation is taken into place in what they send back to you.

Pam Sharp, Director of OMB: It is. We work with them and we try to make sure that in some cases we try to isolate and make it as much North Dakota as we can and as much as they can. Then as you know we meet with a revenue advisory group and we kind of hash out the trends and the gross percentages that they are seeing and we also talk about the price of oil and we try to come up with a consensus and hope that everything is reasonable.

Chairman Delzer: Have you set a date for that yet?

Pam Sharp, Director of OMB: I have not sent out any letters but I am tentatively thinking we will meet perhaps the 29th of January.

Representative Berg: Is there anything we need to revisit or think about that or is it working ok now?

Pam Sharp, Director of OMB: I think it is working fine and we will have a forecast for you February 9th. I guess what I would maybe ask you to consider is to keep an open mind after that. If something in the economy changes so that we would have the ability to maybe visit with economy.com and get the information to you if there is any drastic change in the economy.

Chairman Delzer: How much of a time frame would you need if we wanted to ask for something like that to come in say the tenth of April?

Pam Sharp, Director of OMB: I am not sure. I would have to talk with Economy.com and see. It would just depend on what we have.

Representative Berg: I think it would be really simple if we passed out all the appropriations bills except OMB and then get an update on our budget and then we can make adjustments in that one. Up or down of course.

Pam Sharp, Director of OMB: Here are two things that I don't know about that, is that if they would charge us for an extra forecast or if it would just be small pieces that we would want to revisit.

Chairman Delzer: Historically that has never been done. Now how quick, we usually adopt that second forecast right away and use that and that is the last one we do.

Representative Dosch: I would be interested to know what numbers they are using as far as data because I don't know that the tax department has all of the year end numbers yet. We don't submit our sales tax numbers until the end of January so are they using September 30th numbers or Octobers because these last couple of months have seen some dramatic changes.

Pam Sharp, Director of OMB: Sales tax is one of the issues that made us more comfortable with a March forecast because they had those sales tax revenues that were not due until later and they had a better picture of that at the end of January.

Representative Dosch: I would just like to know what numbers they are using.

Chairman Delzer: Brady, will you make a note to get that information not that the fact that it is December 31st but when it would be collected and what it would actually represent as the final date. That was one of the trade offs of the legislature had to decide, if we want to wait until after crossover and then have to deal with a new forecast or did we want it before crossover and the decision was made that we wanted it before crossover.

Representative Berg: We are projecting twenty-four months. No matter what we come up with it is going to be wrong and so that is part of the challenge because this is probably 40% art and 60% sciences.

Chairman Delzer: I think one of the biggest differences this year is that in the past few years we have been real fortunate that North Dakota has been growing and we could not see any reason why it may not have continued to grow. This time we are right in the essence of the national and global down turn and it has not hit us yet but it easily could. It is much easier to have more money coming in than it is to have less money coming in to have spent and not have it.

Representative Kaldor: I have a question regarding your Section 11 amendment. There is no language relating to what the surplus could be. In other words in you example if there was \$100million available and the forecast showed that we would be \$100million short as I read your amendment we would be able to use the whole hundred million am I reading that right?

Pam Sharp, Director of OMB: You are right. If there was \$100million shortfall we would be able to transfer \$100million from the budget stabilization fund.

Representative Kaldor: So would it be advisable to have some kind of tolerance measure there like we should have at least twice as much or twenty percent more than is taken out?

Pam Sharp, Director of OMB: That would be something to discuss.

Representative Berg: Some departments and agencies are protected from allotment is it just K-12?

Pam Sharp, Director of OMB: It is just K-12. There is a Foundation Aid Stabilization fund.

Representative Berg: So the allotment does not impact K-12 during that biennium.

Chairman Delzer: That fund is not just for allotments is it? If something happened and we had a whole bunch more students come in and we were short what we appropriated wouldn't that come out of that K-12 stabilization fund too?

Pam Sharp, Director of OMB: My understanding is that the Foundation Aid Stabilization fund only works in the case of allotment.

Chairman Delzer: Brady we better have that researched. Also please find out what the level of that fund is.

Brady Larson, Legislative Council: Sure.

Chairman Delzer: Did some of that fund get used a couple of sessions ago?

Pam Sharp, Director of OMB: Some of the monies got used in 2002 I believe. There was a 1% allotment after the 2001 recession when all of our capital gains turned in to capital losses.

Ms. Sharp continued with testimony by describing Section 12.

Chairman Delzer: So you want to try to explain how you come up with that? What was the reason for that?

Pam Sharp, Director of OMB: I guess it is not a real scientific reason but if you will remember when the \$71million went into statute it just happened to be that that is what the

revenue forecast for oil was that biennium. That must have been three or four bienniums ago. The forecast was \$71million so the threshold was moved up from \$62million to \$71million so that if there was any excess it would flow into the Permanent Oil Trust Fund. It has never been changed since then. We thought it was time to adjust it a little bit. Several things have changed in the meantime. Production, the price of oil, the size of our budget has changed and we kind of landed on \$110million because when the initiated measure was out there, that is kind of what that one did. It took \$100million plus an estimated \$10million that went into the General Fund. It is no more complicated than that.

Representative Berg: I think the thing that people get confused on the Permanent Oil Trust Fund. My view is probably different but I think it was set up with the intention to collect oil revenue one biennium and then we spend it the next biennium. So that we don't get into a situation like we did in '83 where we projected \$80 oil and we spent it and it dropped to \$20 oil and it took us a long time to recover from that. I think the amount that we put in the General Fund in the year; we need to be conservative on that amount. I don't think we ever want an amount that again it maybe half of what we are going to bring in. From my perspective I think we do have put some thought into it so that we are not basing our ongoing revenue on a fluctuated price of oil.

Pam Sharp, Director of OMB: In the past several biennia, it has been \$71million in the revenue forecast and then there has been a \$55million transfer from the Permanent Oil Trust Fund to the General Fund or \$100million transfer from the Permanent Oil Trust Fund to the General Fund or whatever it was. We do not have a transfer to the General Fund from the Permanent Oil Trust Fund in this budget.

Chairman Delzer: Pam, where does the contingency fund reside?

Pam Sharp, Director of OMB: It is in operating line.

Chairman Delzer: Under which division?

Pam Sharp, Director of OMB: Administration.

Chairman Delzer: Here is a list of what we are going to want to see, the operating costs that we talked about, your spend down levels for each division.

Pam Sharp, Director of OMB: What do you mean by spend down levels?

Chairman Delzer: The report from PeopleSoft. How much you have spent to date of your existing budget by division. I am going to want to see an organizational chart with vacant FTEs.

Representative Berg: Your mission statement says provide innovative leadership and support to government programs. I would like to see what innovative programs that you are involved with or you have seen in state government over these last few years.

Chairman Delzer: Mr. Boyle since you are here I think we would like to have a little discussion about the capital projects. I think we can do that right now. It seemed to me in testimony that the pillars come up considerably less that want was in the budget last time but you have also have like \$800,000 for more brass work?

John Boyle, Director of Facilities Management: Yes the brass work did come in under budget. The \$800,000 of special funds for the next biennium is for the terrazzo floors. We are going to do the 26,000 square feet of terrazzo floors throughout the capital tower and the Judiciary wing.

Chairman Delzer: Are you all done with the brass work in the capital?

John Boyle, Director of Facilities Management: All of the brass work in the executive area as you will notice in the House and Senate chambers, none of that brass has been done yet.

We have just gotten what was done on the ground floor and in Memorial Hall but we didn't

have enough appropriation to continue into the legislative hall and into both of the chambers.

We are done with everything else.

Chairman Delzer: The \$800,000 that is in there is for what?

John Boyle, Director of Facilities Management: For the terrazzo floors. Also I did get a price to Legislative Council on what it would cost to finish all of the bronze and brass in the two chambers and in the legislative area.

Chairman Delzer: When you come back go ahead and list what you have on all of those things and is there more money for capital grounds besides that \$800,000 too isn't there.

John Boyle, Director of Facilities Management: There is quite a bit more. We have a lot for parking lot repairs that we want to take care of in 09-11. Just for the restoration there is about \$600,000 that is going to be exterior limestone and granite restoration in the Judicial wing. We have areas where some of the granite is actually coming off of the building. We also have \$150,000 for a study for the limestone. Usually what ends up happening after about 75 years with these type of buildings that have limestone exteriors, you see a lot of it in the high rises in Chicago, where the pieces start coming off of the buildings because the brackets that hold the limestone to the steel structure. So there is a couple of areas on the seventeenth and eighteenth floors where it looks like some of it is shifting away from the building. So we are going to get up there and take a couple of pieces off and see if there is any corrosion going on.

Chairman Delzer: We are going to want a list of all that.

Representative Berg: Thank you for completing the columns.

Marsha Krotseng, ND University Systems, spoke in support for the bill for the portion of Centers of Excellence. She explained the successes that the Centers of Excellence have had in the past biennium.

Representative Glassheim: What is the set up for Centers of Excellence is it \$15million out of the General Fund and the power to borrow \$5million more or is it just \$15million?

Chairman Delzer: My understanding is that it is 15million out of the General Fund and the power to borrow \$5million. I would guess that all of the criteria and everything going through the budget section remains as it currently is.

Representative Glassheim: Do you think we are able to use the additional \$15million? Are there projects in the pipeline that can use innovative research?

Marsha Krotseng: There are projects. I can't tell you at the moment what they would be but we could provide that information for you.

Chairman Delzer closed the hearing on House Bill 1015.

Chm. Svedjan explained to Rep. Carlson that there have been legitimate concerns from the committee that the bills drafted relative to these amendments mirror what . . .

Rep. Carlson: I'll get the bills and Council can go over them. They drafted them directly out of the appropriations bills.

Chm. Svedjan: We will proceed with the understanding that we would reconsider any of these if you find anything not to be in accord with what was just stated.

Chm. Svedjan moved on to amendment .0102 to HB 1013. He directed the Committee to the footnote on p. 2 of the amendment: This is another one that we felt should be debated. It's a new program. It's a policy question.

Rep. Berg moved to adopt .01023 to HB 1013. **Rep. Wieland** seconded the motion. The motion carried by a roll call vote of 18 ayes, 1 nay and 6 absent and not voting.

The Committee took up amendment .0101 to HB 1015 relating to contingent borrowing authority for the Centers of Excellence Commission, transfers and expenditures of the budget stabilization fund, and deposits in the permanent oil tax trust fund.

Rep. Delzer moved the adoption of amendment .0101 to HB 1015. **Rep. Berg** seconded the motion. The motion carried by a roll call vote of 18 ayes, 0 nays and 7 absent and not voting.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1015

House Appropriations Committee
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 2/4/09

Recorder Job Number: 8584 and 8676

Committee Clerk Signature

Tonya Voegele

Minutes:

Chairman Delzer opened the hearing on House Bill 1015. Roll was taken with all members present.

Chairman Delzer recognizes the members of the audience.

JD Dvorak explained the new microphone system to the committee.

Attachments

OMB testimony- 1015.2.4.09A

Prairie Public Broadcasting testimony- 1015.2.4.09B

Prairie Public 2007 Annual Report- 1015.2.4.09C

WAVES- 1015.2.4.09D

Facility Management's Extraordinary Repairs for 2009-11- 1015.2.4.09E

Proposed Amendment for HB 1015- 1015.2.4.09F

Dept. of Commerce Testimony- 1015.2.4.09G

AgBiotechnology and Oilseeds- 1015.2.4.09H

Letter from UND Research Foundation- 1015.2.4.09I

Pam Sharp, Director of OMB presented the written OMB testimony. See Attachment above.

Chairman Delzer: Currently if an agency wants an intern they have to find the money in their budget?

Pam Sharp, Director of OMB: That is correct.

Chairman Delzer: What kind of numbers do we currently have for interns in state government?

Pam Sharp, Director of OMB: I don't know that we really have an organized someone coordinating that. Perhaps when Laurie gets up here she might have an answer.

Chairman Delzer: Are you putting any kind of caps on how much they can pay the intern? Is there set amounts that all agencies are going to be the same?

Pam Sharp, Director of OMB: I know that Laurie Sterioti Hammeren has been working on the details of this program. I know she has a pretty good set of guidelines and criteria. It won't be finalized until we get it.

Ms. Sharp continued with her testimony.

Representative Kempenich: Who manages the EBay surplus sales?

Pam Sharp, Director of OMB: Surplus property is part of our Central Services division so we have a Surplus Property Manager out there and we have one person dedicated to EBay sales.

Representative Kempenich: So are we making enough to pay that person?

Pam Sharp, Director of OMB: Yes.

Representative Kempenich: Is that person new or an existing FTE.

Pam Sharp, Director of OMB: We have had two people in there. The first person we had was only there for less than six months and we have recently hired a replacement for that person. It has been a very positive program.

Chairman Delzer: So it was an existing FTE.

Representative Berg: I would just like to thank Pam and OMB for these ideas. Certainly they are improving the services and lowering the costs and anticipating the future needs of our state.

Chairman Delzer: We went through a bill regarding the transparency down in the House. Have you got anything further to add?

Pam Sharp, Director of OMB: I don't except that I know that ITD was working on the actual costs for 1377 and I think they have those costs. I have not seen them yet. As soon as I get them I will do a revised fiscal note. I know the costs are less than the initial estimate.

Ms. Sharp continued with her testimony by explaining the Vacant FTEs.

Chairman Delzer: How long have you had that temporary half time administrative assistant?

Pam Sharp, Director of OMB: I think it has been a while.

Laurie Sterioti Hammeren, Director HRMS: Actually it is a half time funded FTE and we have been paying it out of half time. It is not actually separate temporary dollars. The reason we do that is that we either need the half time or we need a temporary. What we have been trying to do is because it is difficult to find a half time so we have been trying to do is fill it and when able to get an incumbent to take it on a temporary basis and we have been trying that because we have actually reassigned some of those duties to our other office assistant, and so we are trying to figure out how best to work the workload. It works well for us to have it on a

temporary basis and it is not always half time. It fluctuates depending on the availability of a temporary person.

Chairman Delzer: The difference between temporary and half time is the benefit package. Are you paying benefits on this and still listing this as a temporary?

Laurie Sterioti Hammeren, Director HRMS: Currently I am not. When we filled the position on a half time basis however we have to have benefits available for that person but we have been fortunate to be able to fill it with a temporary at this time.

Representative Berg: This is kind of the struggle we have as a committee. You have four positions here that have not been filled for two years on the average. Obviously you are not requesting any new FTEs but the question would be do you need the FTEs that you have? Maybe we should be at fourteen FTEs because four of those have not been filled during the interim. I understand your need for temporary. I guess what I am looking at is position number 72 it has been vacant for 55 months. It was filled as a temporary. We are paying \$55,000 to OMB for that position the question is what is the actual cost then as we drop down to position 158, it has been vacant 32 months I understand that is all special funds not General Funds. 55 have been vacant 28 months and the top position there has been vacant 20 months and we are spending \$150,000.

Laurie Sterioti Hammeren, Director HRMS: Initially HRMS had two support positions, an administrative assistant and then the office assistant. We reduced that when one of the incumbents left our office to a half time position. Actually we are getting along pretty well with that. I happen to have an administrative assistant that is extremely efficient. She has come up with ways to save time and effort and so sometimes we have had to fill that position with a temporary and sometimes we have been fortunate to fill it with a student. That is why it has not always been filled with a half time permanent person. It varies depending on who we have

available. We did reduce it from a full time position to a half time position and we had it filled for the half time position and when that person left we were unable to fill it with a regular half time position so then we are currently trying it with a temporary student.

Representative Berg: So where we had the one position for \$55,000 is that what we are talking about or are we talking about the position for \$150,000.

Laurie Sterioti Hammeren, Director HRMS: The one for \$55,000.

Representative Berg: So my question is what is it costing you for the student?

Laurie Sterioti Hammeren, Director HRMS: At this time we are not paying benefits on that because we currently have it filled with a temporary. However when that individual is no longer available which will probably be the end of this school year then we will again advertise that position as a half time regular position with funding.

Chairman Delzer: One thing further. You are currently paying that out of the temporary salaries line or is it out of the regular salaries line?

Laurie Sterioti Hammeren, Director HRMS: It is out of the regular salaries line.

Chairman Delzer: Can you get us a breakdown of what you are paying out of the temporary salaries line?

Pam Sharp, Director of OMB: Most of that is in facilities management.

Representative Berg: I want you to be efficient. I want you to use temporary where that makes more sense. I don't want you to feel that you have to have a person I am just trying to reconcile this in my mind. The one position that has been vacant 20 months, it has a \$150,000 should that be re categorized?

Pam Sharp, Director of OMB: Let me tell you the story on that. It is a position that we received last session. It is another position that we need because we had been planning on implementing the business intelligence data warehouse project for PeopleSoft. We spent the

better part of the beginning of this biennium negotiating with Oracle and they came up here several times and we worked through what they had for a data warehouse and business intelligence and it looked like we probably would be going with Oracle and this drug out for many months to get all of the requirements and all of the needs and figure out what they had and what we needed and then in the end the cost was too much. We could not afford their product. So what we had to do was start over and we issued a RFP and we have made a selection and are in contract negotiations now. So we will be beginning to implement this now so we just did not have any use for this position until we got the contract going for the business intelligence.

Representative Berg: So that will be part of the turnback?

Pam Sharp, Director of OMB: Correct. Then the other two positions that you asked about, the ones that have been vacant for quite a long time, the 32 months and the 28 months, this is in the Print Shop. The Print Shop works just like a normal business. If we don't have the business, if we don't need to hire FTEs we keep them vacant because we don't want to pay for them because we pay for their salaries out of the money that the Print Shop earns. As the business fluctuates up and down, our need for staff fluctuates up and down as well.

Chairman Delzer: Have you given us your turnback?

Pam Sharp, Director of OMB: It was in the overview. I don't have that number with me right now.

Representative Kempenich: Do you have a continuing appropriation for the Print Shop? How do you hold those dollars?

Pam Sharp, Director of OMB: It is not a continuing appropriation it is appropriated every time but it is special fund money. It's money that is generated. If we have excess authority and don't generate that business it is just excess authority that goes away.

Chairman Delzer: Where is it generated from?

Pam Sharp, Director of OMB: Other agencies buying print services from the Print Shop.

Chairman Delzer: So a good share of it would be General Fund money in there.

Pam Sharp, Director of OMB: From the other agencies. Keep in mind that other agencies can choose to purchase their printing from the print shop or they can go down town to a printer.

They are not required to use our print shop. So we have to remain competitive. We have to provide good services because we do compete with all of the other print shops in town.

Representative Berg: How many people do you have employed in the print shop?

Pam Sharp, Director of OMB: Eleven

Representative Dosch: You say you need to compete with the private sector is that a government's function to compete with the private sector.

Pam Sharp, Director of OMB: Maybe I said that wrong. We have to provide a good service and the purpose of that is to provide convenience and a good service for state agencies. We have to be competitive in the sense that if we are not even in the ball park no one is going to use our services at all.

Representative Dosch: So you can't get those services from local print shops in town?

Pam Sharp, Director of OMB: Agencies can get those services from print shops in town and there are other services that our print shop cannot do that agencies have to go down town to get.

Representative Dosch: Is there any needs that agencies have that the local print shops cannot provide and the state print shop has?

Pam Sharp, Director of OMB: The mainframe printing and the all of the checks for the state of North Dakota.

Chairman Delzer: These people just work regular hours would they not?

Pam Sharp, Director of OMB: I think sometimes during the session we are doing some printing and we do have people working overnight.

Sherry Neas, Director of Central Services: The mainframe printing is done during the night. We have someone that comes in at 4:00 to do the mainframe and the check printing. Then during session we have someone that comes in from midnight until 8:00am so that all of the legislative printing is done by morning.

Chairman Delzer: How many personnel does the mainframe printing require?

Sherry Neas, Director of Central Services: There is one primary and one back up and there is one person that does the legislative printing overnight.

Chairman Delzer: Do you have a total breakdown in costs for the Print Shop, equipment, building and everything?

Pam Sharp, Director of OMB: I don't think we have it right now but we can put something together for you.

Ms. Sharp continued with the explanation of the organizational chart and the spend down for each division.

Chairman Delzer: Pam we are going to want a list of the state dues.

Pam Sharp, Director of OMB: It is in the overview.

Chairman Delzer: How many other agencies have portions of their dues in their budgets?

Pam Sharp, Director of OMB: These are all of the statewide dues.

Chairman Delzer: So like the State Treasurer belongs to CSG is that paid here or is that paid out of the Treasurer's budget?

Pam Sharp, Director of OMB: We don't pay anything for the State Treasurer in here. We have National Governor's Association, I don't have it in front of me but I know you have the list.

Chairman Delzer: What you pay for CSG is \$168, what all does that cover? Does it cover everything in the state?

Pam Sharp, Director of OMB: That would be the entire dues for everyone in the state for Council of State Government.

Chairman Delzer: Is that the Legislative branch also?

Pam Sharp, Director of OMB: Yes.

Ms. Sharp continued explaining the Administration Division.

Chairman Delzer: Where is the money for the census count going to?

Sheila Peterson, OMB: The complete count committee would use it for efforts, advertising that type of thing to make sure that we get a complete count for North Dakota. Especially in the areas that we know historically have been under counted

Chairman Delzer: Who is the chair of that?

Sheila Peterson, OMB: Rod Backman is the chair of the complete count committee in North Dakota.

Chairman Delzer: So that is not the same group that is heading it up from the federal government.

Sheila Peterson, OMB: That is correct. It is a different group. We have our state complete count committee and many of the local governments especially the larger cities, the Bismarck and Fargo's also have complete count committees. Our state one does include the League of

Cities, the tribal governments, the Association of Counties, so we have a very broad based group to make sure that we do get a complete count.

Chairman Delzer: How much did we spend on that ten years ago when we did that?

Sheila Peterson, OMB: We have never done this before, asked for a specific appropriation for North Dakota. The US Census Bureau recommended in the neighborhood of about \$350,000 but we requested \$100,000 and we will use it in again those areas that tend to have the highest undercount.

Chairman Delzer: Do you know who is heading it up from the US Census Bureau in the state?

Sheila Peterson, OMB: I don't have that name with me. Jody Leidholm I believe is the overall director who has responsibility from North Dakota but we also have a lot of contact with the Denver regional office.

Chairman Delzer: They are the ones that are actually doing the count and hiring the people to do that count correct?

Sheila Peterson, OMB: It is the state office that is hiring the people.

Chairman Delzer: But they are being hired as federal employees?

Sheila Peterson, OMB: That is correct.

Chairman Delzer: This \$100,000 is just going to the state council to pay their expenses for trying to make sure that the federal people do it the way this group wants.

Sheila Peterson, OMB: At the federal level they have brochures and flyers and that type of thing but it their efforts are nationwide. So they are not customized to North Dakota and we would use this \$100,000 to customize and direct into those generally undercounted areas.

Chairman Delzer: Have you handed out the budget for this?

Sheila Peterson, OMB: Not yet.

Representative Kempenich: Is that what we had on our desks a few weeks ago.

Chairman Delzer: That was from the federal group.

Sheila Peterson, OMB: That is what we will have as well but we have not asked for that level of funding. We would be more selective in what we spent.

Representative Berg: So the purpose of the state committee is to verify that the numbers are accurate and to have a check and balance. Is that the purpose?

Sheila Peterson, OMB: The main purpose is for us to make sure everyone gets counted in North Dakota. The federal level people of course will do the best job that they possibly can but in those undercounted areas such as reservations it is actually better to have local contact, local people.

Chairman Delzer: That is who the federal wants to hire too.

Sheila Peterson, OMB: That is correct. They do to the extent that they can hire and will hire local people.

Representative Berg: Not to belabor this point but clearly a lot of our federal money over the next ten years will depend on the census number. So we want to make sure that we are not duplicating their work but we are auditing it or making sure that again everyone is counted.

Sheila Peterson, OMB: Perhaps you have heard this number it is \$1000 per year for every person we missed in North Dakota. So for the ten years of this census being used to distribute federal dollars, it is \$10,000 per person. We think that in 2000 we missed 4,000 people. That is \$40million that we missed. So we think that this \$100,000 for the complete count committee is a good investment.

Representative Meyer: What is that based on? Is that a guess? If we think we miscounted 4000 people, who thinks that?

Sheila Peterson, OMB: The estimators at the US Census Bureau look at the actual count but then they look at the number of forms that were not returned ever. They base their estimate on those who are not counted based on the unreturned forms.

Representative Kaldor: Do they factor in some kind of a factor for those who may not be returned because they are no longer here? If they use only that calculation it seems like that would be an error too.

Sheila Peterson, OMB: The first step of the census count is to verify the addresses within the state. That is going to be happening in April of this year. So if you have addresses in the census data base that they use to send out the form and the people who are out verifying the addresses look like to them it is an occupied home that is how they get their estimated under count.

Ms. Sharp continued with the Administrative division.

Chairman Delzer: On the top of this page, it looks like you are shifting from fringe benefits in 07-09 up to salary and budget adjustment, what is the reason for switching those lines?

Eileen Holwegner: What that is, there is \$1.5million budgeted for unemployment compensation and that is always been budgeted in fringe benefits. This year it was moved up to salary budget adjustment because of the BARS budget system wouldn't take it in fringe benefits so it was a matter of just the way the system was.

Chairman Delzer: What changed in BARS?

Eileen Holwegner: I am not sure. I could not get it in there. Lori had to call the support line. Most of the fringe benefits are based on a person and of course there is not a person associated with our statewide unemployment compensation it is everybody in the state.

Chairman Delzer: This is money you paid to Job Service?

Eileen Holwegner: Correct. There is about \$60/year is taken out of everybody's pay statewide and it is put into the unemployment fund and then as unemployment benefits are paid for former state employees Job Service bills us and we reimburse Job Service.

Chairman Delzer: So how much of this is used?

Eileen Holwegner: I think we have used around \$700,000. It varies from year to year but we should probably have anywhere from \$500,000-700,000 of it left in special funds.

Chairman Delzer: But you collect it.

Eileen Holwegner: It is collected and sitting in the fund, yes. It is looked at by the budget people and Job Service who talk every biennium to determine if we need to collect from people because we stopped collections for a long time.

Chairman Delzer: How does it go away?

Eileen Holwegner: It sits in the fund until it is used. We collect \$60/year per employee but in the last biennium that we started collecting it again because it had been suspended for quite a while because we had sufficient funds in the fund to pay any benefits.

Chairman Delzer: What are your upper and lower triggers on that?

Eileen Holwegner: I don't have those figures. They talk with Job Service.

Chairman Delzer: I am sure there is some kind of upper and lower triggers on that.

Eileen Holwegner: I am sure as well.

The committee took a short break.

Chairman Delzer called the committee back to order.

John Boyle, Director of Facilities Management explained the Facilities Management Division organizational chart and spend down and vacant FTEs.

Chairman Delzer: On page seven is the left hand column spent to date?

John Boyle, Director of Facilities Management: That is correct.

Representative Kaldor: With regard to utilities, how did you come to the increase? I am actually interested in how this compares to other agencies and institutions in the state

John Boyle, Director of Facilities Management: That \$165,000 increase is made up of two items. The first is the historical society and the heritage center, they added on 30,000 square feet of space. \$45,000 of the increase is from just that additional square footage. The other \$120,000 is based on additional costs, it think we used 3% per year for energy, natural gas but we basically just look at what our actual costs are and then put a percentage increase factor on that. That is what we ask for. The huge problem we have had, if you look down at that same column, there is a foot note number one. We are blessed to have MDU supply us with our energy and they have what is called fuel cost adjustment. We pay 3.255 cents per KW here. Even with all of the energy savings projects that we have done, they bill us approximately 1.1 cents per KW in a fuel cost adjustment. So a third of our total utility cost is basically just fuel cost adjustment. If we had not done the energy savings, so far we have paid \$877,000 in just electricity. We would have had an additional \$353,000 above that.

Mr. Boyle continued explaining the spend down.

Chairman Delzer: Is there a reduction in the capital assets by making the switch for repairs to operating expenses?

John Boyle, Director of Facilities Management: When I submitted my budget it was a 0% increased budget but then we also submitted optional requests with those so there is not a decrease in my extraordinary repairs that actually goes up by \$54,508 it is at the bottom of page seven. So some of those optional requests actually were accepted and that is why that would be higher.

Mr. Boyle discussed the extraordinary repairs.

Chairman Delzer: Have you bid those parking lot jobs?

John Boyle, Director of Facilities Management: No we have not bid those yet because until we are actually appropriated the money we can't go forward unless there is an emergency clause.

Chairman Delzer: How did you come up with the request?

John Boyle, Director of Facilities Management: We used the capital master plan for the north parking lot. Those figures were from 2000 and then we inflated them with the inflation factor. We used three percent a year. We got those numbers. In the Judicial wing we actually bid a project for the new state office building parking lot and we used a cost per parking stall and then took that cost and then brought it up and used that for the Judicial wing.

Representative Kempenich: Do you work with the DOT if they have projects too, so that yours is not a separate project.

John Boyle, Director of Facilities Management: We actually do more than that. There is a statute that allows us to pick any engineers as long as it is \$25,000 or less. So anytime we have a project in which we feel the engineering fees are going to be less than \$25,000 we have DOT because they have engineers right in the next building over to put that in. Then what

they do is they usually design the project, oversee the project, they have a project manager that comes out and oversees the project and they will bid those projects within a whole list of others and then we pay them a fee. When you get above a \$250,000 project just using 10% as a rule of thumb then we would have to go outside engineering firms. One that we did do that for is there is a new parking lot just south of the Liberty Memorial Building and that was like \$112,000 project. We try to use them as a resource as often as we can.

Mr. Boyle continued with his testimony.

Chairman Delzer: Do you have a copy of the green sheet?

John Boyle, Director of Facilities Management: Yes.

Chairman Delzer: What makes up that \$420,000?

John Boyle, Director of Facilities Management: What that is, the 420,000 when we talked about the other, this is an ongoing expense. It is the \$120,000 additional for the increase that we factored in at 3% per year and the \$300,000 is the transfer this current biennium from our capital assets.

Chairman Delzer: That is under the utilities?

John Boyle, Director of Facilities Management: That is correct.

Chairman Delzer: So your two three that you are considered budgeted already is considering that \$300,000 transferred.

John Boyle, Director of Facilities Management: That is correct.

Chairman Delzer: That was transferred out of your capital assets?

John Boyle, Director of Facilities Management: That is correct.

Chairman Delzer: And this you had to go to the emergency commission and the budget section for?

John Boyle, Director of Facilities Management: That is correct.

Chairman Delzer: On your parking lot and capital repairs, have you given us a list? I understand that the parking lot stuff we just talked about but there is other stuff in there besides that.

John Boyle, Director of Facilities Management: Actually you have not received a list of the extraordinary repairs yet.

Mr. Boyle distributed the list of extraordinary repairs.

Representative Kempenich: Who decides if buildings are coming down or not that are state owned?

John Boyle, Director of Facilities Management: Right now there is no centralized agency that would determine that. Any disposition of a building or any purchase of a building has to be approved by the legislature. There is no central agency right now that handles that. So if it were to happen it would be an individual agency that would take care of that.

Chairman Delzer: Currently all leasing off grounds is done by individual agencies too.

John Boyle, Director of Facilities Management: All leasing is done by the individual agencies. There are a few agencies that have asked us for assistance especially ones that are located right here in Bismarck. We have worked with probably ten or twelve agencies in helping them negotiate lease rates.

Chairman Delzer: Do you actually negotiate or just copying the lease over?

John Boyle, Director of Facilities Management: They have actually asked us to negotiate the lease for them. A perfect example of that is the Health Department. They were in the old Missouri Office Building. They moved into what I refer to as the Gold Seal Building right across the street on Divide. They were asking \$16/square foot for rent. MDU was in that building and they vacated and turned it over to a broker. I knew they bought the building for \$.75 on the dollar so the Health Department came to me and asked if we could help them negotiate this lease so we got them in at \$11/square foot.

Chairman Delzer: Was that before or after it was budgeted that they came to you?

John Boyle, Director of Facilities Management: They negotiate their leases right now. They usually don't sign the leases until May or June so whatever dollar amounts are in their budgets are what they are anticipating the rent is going to be before any negotiation is done. Especially for folks that are in buildings right now, especially a large agency or somebody occupying. I usually look at things over 5000 square feet or under 5000 square feet. If it is over 5000 square feet most likely the land lord is going to want a letter from the agency saying yes you are going to renegotiate and be here for the next two years because we have two year leases.

Representative Berg: If I understand this right, an agency is not required to come to you, they can go out and lease their own space. They have to bring you the lease to review. Can you give us an example of an agency didn't use you but probably should have and the example that I am thinking of is the relocation of the Department of Human Services down by the Ramkota to a facility they relocated in to.

John Boyle, Director of Facilities Management: That was probably the one lease that we have had. It is 66000 square feet. The original lease was 58,000 they have just added another 6000 some. They were negotiating a lease that I think it was \$13.50/square foot to start. We has heard about it and asked if we could assist them. We actually offered our services to them

and they said yes we would like you to help us out. I went to a couple of the negotiations and there was a time factor involved. I knew if I was going to offer a different alternative to them I better have one in place so I did arrange to have a developer give me a proposal for a brand new building and I had wanted them to start at about \$10/square foot. It actually ended up getting done I think at \$13. It is a twenty year lease. It is basically a two year lease with ten two year options so it is a 22 year lease. In the lease it states that each biennium the rent goes up by a certain percentage. I would love to go back and renegotiate that lease right now and see what we could do. It is up to 15 some dollars a square foot. What I do when agencies come and ask me I put together a formula I figure that a fair rate of return to an investor is four hundred basis points above the ten year treasury bond. With it being at about 3% now, that means seven percent, which is a pretty good rate of return with the state because they are going to pay the rent.

Chairman Delzer: Do we ever go to the point of saying this what the state will pay and no more if they won't accept that we will have to go look for a different building.

John Boyle, Director of Facilities Management: We have not done that to date because I do not really know what everyone's operating budget is which is where everyone's rent falls in. If for some reason they have extra dollars in their operating and think they can pay more in rent I have not been given any authority to say that.

Chairman Delzer: You currently don't have the authority to say that.

Representative Berg: Clearly in this particular case we have a two year lease. If I were paying the rent and I were responsible representing the state, I quite frankly would be going out and saying OK what other alternatives are out there. If I found someone that was willing to provide 66000 square feet again however that might be but would meet the needs of that particular agency I would go back to that land lord and say we understand that this lease is

increasing a dollar every two years it is at \$15 now and will probably be at \$20 at the end of this lease we want to renegotiate this lease or quite frankly we are going to go down the road of building a new building or if it is not a new building but whenever the market changes. John and I have had some discussions a little bit privately on this and here is the solution that I need to do. I think we need to have agencies have a central point of contact when they need additional space that they would let OMB know and let John know and he or however this would work out would go out and understand what the market is and identify the top two or three. Let the agency be involved but not take agency time and people and they are out of their expertise trying to negotiate the lease. From my perspective and I am kind of wearing two hats from a land lord, the best thing in the world is to have the state out there that can only sign a two year lease. I know no one else is going to be able to finance a multi-million dollar building with a two year lease. So every time I had clients I would say absolutely bid on this lease. Be aggressive with it, it is a two year deal, no one else is going to be able to bid on it and when they are in there they will never leave. I would like to work with John on an amendment to help coordinate this and ensure that we are getting the best value for our dollar. You take 66,000 square feet quite frankly at a buck a square foot that is \$130,000 savings a biennium.

Representative Kempenich: I think we should go a little farther too. I thought people were tracking this in a central spot.

Chairman Delzer: Do we have any kind of idea of what the unintended consequences of this the fact that we are looking at the high side. Do we have any low sides out there that we are aware of that if we do this under a central deal where you kind of go to one number they might raise way up?

John Boyle, Director of Facilities Management: There are some below market rents. Every building is going to be different. Right now there are properties in downtown Bismarck, the

Supreme Court, I just helped them with a lease where they leased 11,000 square feet for \$10.35/square foot plus it included parking in the parking garage. It just depends if it is new construction, is it an existing building, is it an existing building that is paid for that they might be getting say real estate tax relief on. So there are some that if you just were to say if we wanted to average \$12.00/square foot in Bismarck, there are some that do pay a little less than that.

Chairman Delzer: Every time the government sets a cap that cap becomes the minimum.

Representative Berg: There lies the problem. The market changes every day. A space may come up that is vacant that is perfect, that there are no other alternatives and the land lord is willing to cut a pretty sweet deal so again I would like to work with John in the next day here and get something put together.

Representative Kempenich: I wasn't talking about setting prices, but I think we should have some where that an aggregate is looking at what we are doing with this. It is public record if someone wants to go ferret that out. We have gone through this. I know Human Service has a ton of buildings around the state. I think it would be nice to have a number.

John Boyle, Director of Facilities Management: We do have a record of all of the leases and what they are paying right now. I keep track of like who the top twenty lease payers are. I know right now there is 17 leases out there that pay more than \$100,000 a year. Things like that. We have that. I have probably sent that out to 15 different legislators already. I would be more than happy to email that to you as well.

Chairman Delzer: I think we better go on to the page that you handed out.

Mr. Boyle explained the extraordinary repairs.

Chairman Delzer: Why is the Capital Restoration from special funds?

John Boyle, Director of Facilities Management: It is coming from the Capital Building Trust Fund. The reason is that the Capital Grounds Planning Commission, they think that fund should take care of any of the esthetics of the building.

Chairman Delzer: Where does that fund get its money?

John Boyle, Director of Facilities Management: From land that is owned by the state. We get a lot of ground lease. That money goes into that fund also interest that is earned on the fund.

Chairman Delzer: How much is in that fund?

John Boyle, Director of Facilities Management: By the end of this biennium \$1.5million. We are actually going to turn some money back into that fund. We were appropriated \$750,000 this current biennium. It only cost about \$550,000 so we are going to turn that back. The other is we had a big windfall in 07 because some of the land that is in the western part of the state that is in that fund, they just had an oil and gas lease so we got like \$700,000 in a wind fall.

Representative Kempenich: We used some of that money to redo the columns too correct?

John Boyle, Director of Facilities Management: Yes.

Chairman Delzer: You have money in this budget for columns further up don't you?

John Boyle, Director of Facilities Management: We are done with the columns and the marble right now. There was a request for cleaning all of the brass in the House and Senate Chambers as well as the wood.

Chairman Delzer: But that would have to be funded through the legislative branch.

John Boyle, Director of Facilities Management: That is correct. I did get a number to Legislative Council for that.

Mr. Boyle continued explaining the extraordinary repairs.

Chairman Delzer: When we look at the green sheet these numbers don't quite match up. On the green sheet it shows one time funding for Capital and parking lot repairs at \$2,450,000?

John Boyle, Director of Facilities Management: That would be the last two items, the \$675,000 plus the \$1.475million plus the \$300,000.

Chairman Delzer: Then you have the \$800,000 in special funds which matches. Then you have the \$1,220,000 which doesn't add up to the other three here.

John Boyle, Director of Facilities Management: These are all one time funding projects. What I believe is not in there is, and I have not added them up so I don't know, if you add up all of these items on the green sheet.

Chairman Delzer: But these do not add up to the \$1,220,000. It should be \$837,000.

John Boyle, Director of Facilities Management: I can do that calculation and get that information to you.

Chairman Delzer: Let's just go through the green sheet. You probably don't have the equipment listed on there for the \$118,000, what kind of equipment are we talking about here?

John Boyle, Director of Facilities Management: That includes three items. One is a geo-thermal imaging machine, which is \$8000. Then we have two lawn mower replacements at \$30,000 and then a new piece of snow removal equipment to replace a John Deere piece of equipment that we use now that is from 1979 and that is \$80,000. So that is how we get the \$118,000.

Chairman Delzer: The \$95,000 for the Heritage Center. Is that in operating instead of down here below in your capital?

John Boyle, Director of Facilities Management: I believe that it is in operating but I believe that these are all one time funding items.

Chairman Delzer: I am trying to understand why increased supply costs are considered one time funding. Pam, one of the concerns that we are hearing is the stimulus package coming out of the feds. I really don't want to get into that but the essence of that is that there, one of the things that we keep hearing is that they want to say we can't supplant anything that we are doing. All most all of these items that I see, other states would not be doing at this time because they are in trouble. One of problems is that I can see funding them even first shot out of the barrel, is that we have said that we are going to fund them and then we might have an issue of whether or not we could use federal funding to do these which would make sense to me because if it comes I would think a lot of these would fall in to things that would fit under the stimulus package of creating jobs or whatever. If we even appropriate them out of the first house I think we might have a problem with that. I understand that we don't have the final works out of Congress and we can't do anything but that is something that we really had better be cognizant of.

Sheila Peterson, OMB: The House version of the stimulus package which is the only one that has passed, the only construction dollars in there are for K-12 and Higher Ed and other infrastructures such as roads, bridges and that type of thing. There is not anything in there for state capital buildings.

Chairman Delzer: There is a global word for fiscal and I can't remember what they are calling it but I could see some of this fitting under that.

Sheila Peterson, OMB: Although that is what they call it and they suggest that it is no strings attached, the vast majority of that is flexible only within the K-12 and Higher Education budgets. There is a very small piece that is flexible.

Chairman Delzer: That is one of the problems that we have is that we don't know that. How much of the \$3million did we spend in this biennium? Was it all except that \$200,000, that \$3million included the brass work and stuff that way?

John Boyle, Director of Facilities Management: That is correct. Also on that \$837,000 variance, I do have that. It is, we have something called other capital payments, \$665,300 approximately and that is for paying back a bond that we used \$3,155,000. It was a twenty year bond paying a little over 4% that was for the fire suppression project. Then if you add that number plus the \$118,000, it comes up to the \$837,000

Chairman Delzer: Where is the money that you are wanting to use for the tearing up of the legislative rooms reside for the fire exits.

John Boyle, Director of Facilities Management: That project is on hold right now.

Chairman Delzer: Is there money in here for it?

John Boyle, Director of Facilities Management: There is money in this current biennium for it which we would probably carry over once the project starts. We couldn't complete the project this current biennium.

Chairman Delzer: Do you have full carry over authority for any of the capital ground stuff?

John Boyle, Director of Facilities Management: I believe we do. We can carry over projects.

Chairman Delzer: Is it a section of the bill?

John Boyle, Director of Facilities Management: Not at this time it is not but we don't know if that project is going to happen. We have to go through Legislative Management Committee again.

Pam Sharp, Director of OMB: I think you are talking about the Capital Construction Carry over committee and I think we would have to start that project. It would have to be started before we could ask for carry over authority.

Chairman Delzer: So the money would be returned if it doesn't get started.

Pam Sharp, Director of OMB: Right. I guess the way that I see it, if we were able to figure out how to go forward with it next biennium I think we would reprioritize some of the projects that we have listed here and use that money for that.

John Boyle, Director of Facilities Management: That is correct. When we put our projects together, life safety is always at the highest priority. That is why it was one of the first projects that were approved in the \$3million that we received in deferred maintenance.

Chairman Delzer: Where does the architect position fit in and when was that brought into being?

Pam Sharp, Director of OMB: Are you talking about our facility planner position?

Chairman Delzer: Yes.

Pam Sharp, Director of OMB: Joel Leapaltd started with us in 1998.

Chairman Delzer: That is when that was passed.

Pam Sharp, Director of OMB: Right then that position would have been allowed the in the 97 session.

Chairman Delzer: Does the position reside in Administration?

Pam Sharp, Director of OMB: No, that position resides in Facilities Management.

Chairman Delzer: Has the labeling for that position changed from when it was first put in?

Pam Sharp, Director of OMB: No that position has always been called a Facility Planner.

Representative Berg: I just have one other question for John. I am kind of a simple guy trying to figure this committee out. How many square feet do you manage? If we look at this budget how many square feet does this reflect in office space?

John Boyle, Director of Facilities Management: We have about 850 gross square feet of buildings on the grounds. That includes 10,000 at the Governor's Residence. If you look at

just net square feet that we actually lease, not counting all of the hallways or anything, it is about a touch over 300,000 square feet.

Chairman Delzer: That is just on the capitol grounds. That is no state buildings off of the capitol grounds.

John Boyle, Director of Facilities Management: That is correct.

Representative Berg: So there is 300,000 square feet of useable space that you take care of?

John Boyle, Director of Facilities Management: We do maintain all 850,000 square feet and then there are also the grounds as well, the 132 acres of the grounds for snow removal and the landscaping and the grounds maintenance.

Representative Berg: So if we just took out the grounds. My question is like the DOT building, I am assuming in their budget they have repairs and maintenance in that or is that part of this budget?

John Boyle, Director of Facilities Management: We provide services to that building and they reimburse us for those services, about \$300,000 a year. So all of the custodial that is in that building, we have a general maintenance guy over in that building. They request their own extraordinary repairs for that building. Right now they just finished doing a project where they remodeled their fourth floor and they abated all of the asbestos on the fourth floor and the penthouse, that all ran through DOT. If they would like us to help them with those projects, of course we would. They would have to ask us for our assistance.

Representative Berg: So if I wanted to do a real quick big picture we have about 300,000 feet of space that we are managing here.

John Boyle, Director of Facilities Management: Yes, of net leasable space.

Chairman Delzer: Before we go on to the next one, Mr. Harris are you planning to go back to Fargo today? Committee members, I was hoping to get this done by 11:15 and I don't think we are going to get through all of them by then. So we will have to come back after floor session today. I wonder if we shouldn't take the Prairie Public now so that we don't tie you up for all day.

Representative Berg: While he is coming up I am trying to get a picture on our costs so I take \$14million and divide it by 300,000 and I get \$48/square foot so that would be \$24/square foot per year. We can talk about that later I don't want to hold up the hearing.

Chairman Delzer: I have no problem if you want to answer that.

John Boyle, Director of Facilities Management: That is a very easy way to calculate what it costs us per square foot to run the capital complex.

Chairman Delzer: That is leasable space compared to taking care of all of the non-leasable esthetic space plus the capitol grounds.

Representative Berg: In a simple thing is I think if we are talking about the same, the total square footage would include the Great Hall, the 300,000 square feet would include the office space and that type of thing so that is really where most of the use is. So the common areas would not be part of the 300,000. So if we can get lease outside of the capitol grounds for under \$24/square foot, it is probably worth considering.

Chairman Delzer: On those who takes care of the landscaping and stuff that way? Is that all the building owner?

John Boyle, Director of Facilities Management: The way our lease reads now is that we just pay one gross amount per square foot. In the private sector they would have a rent per square foot then a common area maintenance charge, a real estate tax charge and maybe a marketing charge, and insurance. At the end of the year, each one of those accounts would be

reconciled. Well because we have so many leases, we have just said that in a year like this year where it has snowed so much, the land lord is going to have a lot more cost in taking care of his common areas but that does not get passed through to us.

Chairman Delzer: Do we pay utilities on top of the lease?

John Boyle, Director of Facilities Management: No, that would be a common area maintenance expense. In some of our leases, they will always pay the network connection charges and things like that but most of the common area costs, they would pay for the utilities within their own space because it would be in their name but like in the hallways and things, they would not reimburse for that.

Chairman Delzer: I am talking about the leases off campus.

John Boyle, Director of Facilities Management: Yes. That is what I am referring to also. Like say at Northbrook Mall. ITD has some space over there. They will pay the utilities in their space because it is in their name. But all of the parking lot lights and the utilities in the common areas they pay but if they are over and above, we would not get a bill at the end of the year saying hey we have done our reconciliation and you owe us another \$5000 or whatever.

Chairman Delzer: The ones on campus here do not pay the utilities.

Representative Berg: Let me give you an example. We are not comparing apples to apples. If you went out in the private sector, they have what is called a common area charge. That is going to be probably from five dollars to seven dollars per square foot. If I go out and rent office space for ten dollars a square foot, my gross rent will probably be sixteen or seventeen dollars a square foot. In that of course you are paying property taxes too. When we talk about \$24/square foot here, that is comparable to \$6-8 in the private sector. Because we don't have any mortgage payments, we don't have a return on the investment, this is just the cost of managing the space.

Representative Glassheim: Just to do a foot note on Representative Berg's comments. If you take out extraordinary repairs \$4million which has very little to do with rentable, leasable space and maybe other capitol payments you get down to about \$9million not \$14million. So if you divide the 300,000 into the \$9million, you get \$30 which is \$15/square foot per year. So I think you would be quite competitive with office space adding the common areas.

Representative Berg: I would say that that number is \$16.33/square foot and I quite frankly would challenge that because we expect an owner to replace a roof, we expect an owner to replace the pumps, we expect all of those things to be done within the \$16-17/square foot. We can talk about this later though.

John Harris, President, Prairie Public Broadcasting presented written testimony.

Chairman Delzer: As a legislator I have a number of constituents that do not believe the state should fund a radio and television station and they find it very upsetting that tax dollars are going for Prairie Public. How do you answer them? The fact of the matter is when you do services or political things, if someone doesn't want their money going there, they have a way to say, I don't want my money going there and yet when we fund Prairie Public out of the state, there is not a way for them to do that.

John Harris, President, Prairie Public Broadcasting: That is true. Prairie Public is funded in part by the federal government. CPB provides a community service grant which is about ten to fourteen percent of our annual operating budget depending on the given current year. It is only a small portion of our grant. From the state of North Dakota we receive about ten percent of our money. It is money that is used to help support the infrastructure, serve the needs of our citizens and to serve your constituents. You will say that yes there is always somebody who

will disagree and I don't disrespect that at all. Everybody has their opinions and we work to make this the best operation that we can.

Mr. Harris continued his testimony.

Vice Chairman Thoreson: In your funding sources you show four percent being from the state of Minnesota. Is that money appropriated by their legislature to Prairie Public such as what we are looking at doing?

John Harris, President, Prairie Public Broadcasting: Yes that is money appropriated. Minnesota is structured a little differently in that they have six distinct public television stations that serve the state of Minnesota. We happen to be one of those as we have a transmitter in Crookston. We serve the northwest corner. That four percent represents the percentage of the operating budget for 2007 actually. It was the snapshot for the annual report that you have.

Vice Chairman Thoreson: I notice that on your digital package you have the Minnesota channel, is that coverage from Minnesota Public Television?

John Harris, President, Prairie Public Broadcasting: Yes, that is funding that came through the state of Minnesota that interconnected those six public television entities that I mentioned and we agreed that we would provide the Minnesota channel which is a regional channel and during sessions their legislative committees are shown on that channel.

Vice Chairman Thoreson: Is that only shown only during their legislative session or is it on 365 days a year.

John Harris, President, Prairie Public Broadcasting: That is only during their session. The rest of the time it will be used for a regional channel highlighting all of the regional efforts for

Minnesota, North Dakota, South Dakota, we are working with Kansas City, Wisconsin and a couple of other states in the Midwest.

Vice Chairman Thoreson: The reason I asked was that I find it interesting that if they were paying four percent and they were getting their legislature covered on your network all of the time and not that we want cameras in every room here but I guess that day may come at some point.

John Harris, President, Prairie Public Broadcasting: I would be happy to talk with anybody on that for the future.

Chairman Delzer: In mid North Dakota you get two Minnesota channels with the digital Prairie Public, why is that?

John Harris, President, Prairie Public Broadcasting: You get two Minnesota channels?
Which two Minnesota channels are they?

Chairman Delzer: I don't know the numbers on them but with the digital you get three Prairie Publics. You get three public channels.

John Harris, President, Prairie Public Broadcasting: Yes. Thanks to the digital technology, it allows us to broadcast more than three but up to about four solid program streams. One of them on Prairie Public is called the Minnesota channel because TPT, Twin Cities Public Television in Minneapolis, created the channel and we have had to use that name. It is an incorrect name at least for our network because it is a regional channel that has the opportunity for us to air our locally produced programs many more times throughout the year. The other part of it is that we have agreed that the legislative opportunity will air. In the future we hope that in our build out that that will only happen on our transmitters that serve the Minnesota side of the state.

Chairman Delzer: You are currently full digital everywhere right now? Maybe not to the grade that you want, but you are not broadcasting in analog, at all?

John Harris, President, Prairie Public Broadcasting: Yes we are still broadcasting four analog transmitters currently.

Chairman Delzer: And they will shut off on the 17th unless they change that.

John Harris, President, Prairie Public Broadcasting: Yes. They may have voted this morning. And to be perfectly honest with you, we plan to shut off on the 17th unless they mandate that we have to stay on because we have done everything to prepare for this date. In 1988 I first heard of digital technology and was told that if we weren't in the business in a few years we would be out of business. That was 1988. We have been working since that time to reach February 17th 2009. The date has shifted. You might remember it was 2006 a few years ago and then in 2005 they changed that to February 17th 2009.

Chairman Delzer: The current budget has \$1.25million ongoing support for Prairie Public and \$2million of supposed one time first phase of one time. Can you give us a breakdown on exactly what you are going to use that \$2million for?

John Harris, President, Prairie Public Broadcasting: As I mentioned we are going to use that money, we had to come up with that number and we prioritized a number of projects that we had.

Chairman Delzer: Do you have a copy of that budget?

John Harris, President, Prairie Public Broadcasting: I do not have a copy of that budget but I have some information that shows me the opportunities because the thing that we had hoped was that we would go after competing grants. We are never sure which grants we will get and which grants we won't. As I gave in testimony when you look at that, the Williston area has two major projects. One of those has to be that we have to construct a new tower in order to do

that. That Williston tower project is \$1.6million. We would use \$400,000 of state money to go after \$1.2million from federal sources in order to accomplish that project. There is one example. As I said we just took the top few projects and ended up with a number of a little over \$2million but the project costs are a little over \$4million.

Chairman Delzer: Pam, this is all General Fund money?

Pam Sharp, Director of OMB: Yes.

Sherry Neas, Director of OMB Central Service explained her testimony.

Vice Chairman Thoreson: On the fees, you said that the reasonable fees for printing supplies and equipment generate revenue, how is your fee schedule set? Is that something that you determine or is there some outside source that does that for these services?

Sherry Neas, Director of Central Services: We determine our internal rates. Basically we operate on a break even costs so our direct and indirect costs, is how we establish our rate.

Vice Chairman Thoreson: Do you look at the market then to see what they are charging also and compare it to that or how is that done?

Sherry Neas, Director of Central Services: There is some spot checking as far as when we bid a job, how it would compare out in town.

Ms. Neas continued testimony.

Chairman Delzer: Your special funds, most of them are from other agencies?

Sherry Neas, Director of Central Services: That is true for central services. For Central Duplicating and Central Supply, state agencies are the customers there. For State Surplus Property the customers there are state agencies, political subdivisions and eligible non profits.

Chairman Delzer: Your EBay dealing is listed through this division?

Sherry Neas, Director of Central Services: Yes, State Surplus Property does sell property on EBay.

Chairman Delzer: When you go to that it has to be stuff that has already went through all of the other political subs and have decided that they don't want it. I mean you can't put it on EBay until all other state agencies have said they don't want it. Political subs have said they don't want it. Then you go out to the public with it?

Sherry Neas, Director of Central Services: I am fairly new to the position and would have to check with State Surplus Property to see the total.

Chairman Delzer: The question basically is when do you put stuff on EBay?

Leon Rauser, Business Manager, Central Services: After all methods of disposal are exhausted. At that time the property is put on EBay for distribution to the public.

Chairman Delzer: So it does not go on EBay until it is also available for the public here at the local area.

Leon Rauser, Business Manager, Central Services: The state agencies and political subdivisions have access to the property before it is placed on EBay.

Sheila Peterson, Director of the Fiscal Management Division explained her testimony.

Chairman Delzer: What percentage of states also receive the awards?

Sheila Peterson, OMB: The Budget Presentation Award we were the only one.

Chairman Delzer: What about the other one?

Sheila Peterson, OMB: About 80% of the states apply for the award.

Chairman Delzer: On your peer review, are their organizations out there that would come in and perform a performance audit on you? Not a peer review because your peer review I suppose is the same as the Auditors where certain people from your state goes to another state and kind of looks at them. But are there any organizations out there that you are aware of that would come in and do a performance audit that are not aligned with any other states?

Sheila Peterson, OMB: I am sure there would be consulting firms that might do that type of work but I am not familiar with any specifically.

Ms. Peterson continued her testimony

Chairman Delzer: Is all of the printing done in Central Services?

Sheila Peterson, OMB: The budget documents and the W2s are all done at Central Services Printing Division. I believe we have the CAFFOR cover printed outside because that is multi-color and that is high gloss multi-color that cannot be done by Central Services.

Chairman Delzer: Is there private agencies that could do all of this? Is there any requirements for privacy that would allow it so you could not hire somebody outside government to do it.

Sheila Peterson, OMB: I don't think there would be anything that would prevent outside companies from printing the documents. It generally is a matter of timing. We are generally sending those to print within a matter of days they have to be turned around and back to us and so we find that we can send it electronically to the Central Services and they can and have always met our two day turnaround for all of these documents.

Chairman Delzer: Have you ever put a bid out to see if any of the privates want to agree to those types of term and compared that bid to keeping the eleven people and the equipment at the print shop

Sheila Peterson, OMB: I don't remember getting out our budget documents.

Ms. Peterson continued her testimony.

Chairman Delzer: Why are you wanting to do those IT projects and what are you expecting to improve for the services to the citizens because of that?

Sheila Peterson, OMB: The Candidate Gateway is for people applying for state jobs to do it all paperless. Currently you can get the application form on line but you need to print it out, roll it into a typewriter or hand write it and then mail it back and send a cover letter and a resume. All of this would be more automated and online and perhaps I should even look to Laurie Sterioti Hammeren for more explanation than that.

Laurie Sterioti Hammeren, Director HRMS: I am not so certain I have anything to add to that but actually it is keeping with what is happening with technology and recruiting in the workplace. We are dealing with a really tech savvy new generation and we think we lose out on a lot of recruitment opportunities by not having a more modern system. It also provides lots of other opportunities as well.

Sheila Peterson, OMB: Can you explain ELM as well?

Laurie Sterioti Hammeren, Director HRMS: The Enterprise Learning Management Module is really an online self service administrative employee training system. It is internet based training solution and allows agencies to manage their learning information in a centralized location. Users will be able to sign up for classes through employee self-service which will

automatically route to supervisors for authorization through manager self-service where managers will be able to sign up employees themselves and through agency administrators who will be able to enroll learners. Agencies will be able to have the ability to upload online web based and instructor led training information.

Chairman Delzer: What is the cost for each one of those? How much of the \$185,000 is for each?

Sheila Peterson, OMB: Our fiscal officer is saying half and half.

Ms. Peterson continued testimony.

Chairman Delzer: So in other words your total cost on each of those is about \$550,000.

Sheila Peterson, OMB: That is correct. Between the actual implementation which is one time and the ongoing operation costs.

Representative Kaldor: When you speak of them is modules are you incorporating them into the current PeopleSoft Software?

Sheila Peterson, OMB: Yes.

Representative Dosch: Those modules, they are incorporated into PeopleSoft, are they being purchased from PeopleSoft or is this our IT people writing the programs.

Sheila Peterson, OMB: When we bought the original PeopleSoft program off the shelf software, it contained many modules. We have not implemented all of them yet. We took the payroll, accounting and some of the financial modules. This is just going on and implementing more. Some of these were actually in the original package that we purchased in the early 2000's and we have just prioritized which ones we are rolling out when as we have the time and resources to do so.

Chairman Delzer: Which one of these is your top priority?

Laurie Sterioti Hammeren, Director HRMS: At this time, actually it is interesting, HR would have prioritized Candidate Gateway as the first priority. However we worked with agencies and the DOT has a very urgent need to do the Enterprise Learning module so we have changed the order and we have a number of agencies that are interested in rolling that out first. So we are changing the order so ELM will be the first one.

Chairman Delzer: The only thing showing on the green sheet is decreases for your fiscal management carry over authority, and your 07 equity not allocated to any agency?

Sheila Peterson, OMB: As you remember from the last session I believe there was a \$10million equity package and all of that was in my budget and as we allocated it out to the agencies ours went down and the other agencies went up. This was the unspent authority.

There was \$1857 in General Fund that did not get spent and almost \$1.5million in authority of special funds that did not get spent.

Chairman Delzer: Special Funds not Federal, what happened to the Federal?

Sheila Peterson, OMB: In your definition, special funds and federal funds are other funds and you only get them at the legislative level as one number.

Chairman Delzer: The \$2,158,000?

Sheila Peterson, OMB: As you perhaps remember, because of our large technology projects that are ongoing, we have authorization to carry over the unspent money at the end of each biennium. \$2,158,000 is what we carried over for technology projects into the current biennium and we have spent that money.

Chairman Delzer: Normally in carry over we don't put it back in the budget line. Why was it in the budget line?

Sheila Peterson, OMB: You do see it in the appropriation and the way we write the appropriation bills where we start with the adjusted appropriation number. The carry over committee approved this \$2.1million so it gets added to our appropriation as passed in SB 2015 last time.

Chairman Delzer: They don't decide that carryover until the end of the biennium.

Sheila Peterson, OMB: They meet in August after all of the biennial books are closed.

Chairman Delzer: So it does not reside in the \$11,692,000 in the budget bill.

Sheila Peterson, OMB: It is in that number.

Eileen Holwegner: It is in the adjusted not the original appropriation.

Chairman Delzer: It is not the \$11,692,000 in the bill.

Lori Laschkewitsch, OMB: It is not in the original appropriations, it is just like an Emergency Commission or any of those other actions where things get added in as an adjusted appropriation. The bill reflects the original appropriation from the legislature.

Chairman Delzer: Why does it show up on the green sheet then?

Lori Laschkewitsch, OMB: It is in our expenditures and so in the budget we still have to back it out of our expenditures.

Sheila Peterson, OMB: So it is not in the first column in 1015.

Lori Laschkewitsch, OMB: That is correct.

Laurie Sterioti Hammeren, Director HRMS explained her organizational chart and testimony.

Chairman Delzer: Are you considering that student an intern?

Laurie Sterioti Hammeren, Director HRMS: That student is getting High School Co-Op credits. We do both high school co-op education programs and we try to coordinate that with state agencies as well as interns. Typically interns are college students.

Ms. Sterioti Hammeren continued her testimony.

Representative Dosch: As we are looking at all of these budgets, there seems to be, in my view anyway, a failure in the classification system in the state. We hear about compression, we hear about needing funds for equity adjustments, can you just comment on that? I am in the private sector and we never talk about compression and we never talk about equity adjustments. We evaluate people on the needs, on their performance, what they are doing for the company. That determines their raise. Is part of the problem how we have legislated these raise increases in the past by saying 5% across the board or 4% across the board. Is that creating these problems that are arising virtually in every single state agency? Is it better that raise money just be provided in one lump sum and leave it to the department heads to determine them? From a human resource management perspective, could you just comment on that?

Laurie Sterioti Hammeren, Director HRMS: In the private sector you have the flexibility to pay what you need to pay to get that person to come and work for you. In our system we are governed by a pay range for an occupational group and we need to pay within that range. Often times our salary ranges led the markets considerably and that is the situation we have found ourselves in, sometimes lagging as much as 10-15% or more. We have had difficulty recruiting at the entry level often times because we compete with, even in our local economy I noticed recently for example, that Burleigh County advertised an administrative assistant

position at a minimum salary of \$2276 per month. Our entry salary for the same job is \$1576, significant lag in the local market. Similarly we have cities and counties other places in the state that are paying 100% of market. Our goal is to maintain our salary ranges at 95% of market and we are not there. It is difficult for us. When we talk about compression, we see that because we hire people in the range sometimes higher into the range in order to get qualified individuals and that impacts existing salaries because we have not been able to move them through the range. So while our salary ranges identify a range of salaries and how to pay, it is up to the state agencies to move those employees through the ranges in accordance with certain administrative rules or policies that we have set but they have to have money in their budgets to do that.

Representative Dosch: We always keep hearing about the salaries and my question is do you take into account the benefits? I know of no other private entity out there, very few other businesses have the nice benefits that state employees enjoy and is that part of what you look at?

Laurie Sterioti Hammeren, Director HRMS: We do look at that as well. We are considered a large employer in North Dakota and so we do look at, Mr. Purty did present the compensation report to the joint appropriations committees and in his report there is a page that talks about benefits. While our benefits, and don't get me wrong I appreciate our benefits and if it wasn't for health insurance we would have an even more difficult time recruiting, we have good benefits but ours are not head and shoulders above what our competition is offering. So yes we defiantly do consider benefits along with that.

Representative Berg: My question really relates to the number of people who apply for the positions. I think that would be a pretty good indicator of what positions are below the market

and what positions are pretty good positions. Do you keep track of the number of applications you get for particular positions?

Laurie Sterioti Hammeren, Director HRMS: We assist agencies as they request them to assist them with their selection and screening process. We don't have those numbers exactly because we are not a centralized service for that. Some agencies do that on their own. The number of applicants isn't always a good indicator although we have gotten fewer applicants. We have had positions in state government that we have not been able to fill for a significant amount of time. As a matter of fact the DOT, I met with them and the engineers in the western part of the state earlier this year and they were very concerned about snow events and having persons hired to man the snow plows and so on. I think they have been able to fill those positions in Dickinson more recently. Sometimes it is geographical. For example we were looking for an engineer for the Devil's Lake area. We had a very difficult time but because of the recruitment bonus that you authorized, that gave us a little bit of a leg up because we were able to offer a recruitment bonus to a local person to take that job in Devils Lake. We do try to use all of the tools in our tool box that you have authorized for us.

Representative Berg: I am assuming that people do keep track because these positions are public and someone would open it and ask for all of the applications by a certain date. If I understand you right, an agency can do that full process themselves or they may ask central personnel to do that for them. Is that how it works?

Laurie Sterioti Hammeren, Director HRMS: That is correct. For those positions that are required to have certificates of eligible's, that is public record and they or we depending on where the position is located do maintain those records and they can identify for you the number of applicants and those that met the minimum qualifications and those that were progressed up for interviews.

Representative Berg: So if I had a question and wanted to know of the 1000 positions that came open this last two years, how many applications did they receive on each of those positions that they filled, somewhere that information would be available?

Laurie Sterioti Hammeren, Director HRMS: We would have to work with the agencies to put that together.

Representative Berg: Your understanding is that they would have that record though?

Laurie Sterioti Hammeren, Director HRMS: I would think that they would have that information. It would be a laborious process putting it together though.

Representative Berg: Do we know how many positions were filled last year?

Laurie Sterioti Hammeren, Director HRMS: Off of the top of my head I do not. That is another part of why we are asking for Candidate Gateway because that would give us more of a tracking system.

Representative Berg: We don't have time for a lot of that stuff. I guess my question is, I am not asking them to do any more work but would it be possible to say here is the positions, I don't want, I don't know if it is 1000 that we fill in a year or what it is. Could someone just get a quick look at that and again I am not asking you to go into a lot of depth.

Chairman Delzer: I have to believe that you should have those numbers.

Laurie Sterioti Hammeren, Director HRMS: I do know that on our website at any given time we have between 85 and 100 positions at any given time that we are not able to fill.

Representative Berg: So my question would be just kind of look and say ok how many positions we filled over the last six months, twelve months, whatever.

Chairman Delzer: If you have the turnover numbers you have to have the number of how many you filled.

Pam Sharp, Director of OMB: I think we should be able to get that off of PeopleSoft.

Representative Berg: My next question would be, on not all of them but a few of them, it would be interesting to know how many applications we received and so my question would be if we got people in all of the different categories, maybe we could take a look at one of those positions in one of those categories.

Chairman Delzer: Before you do that, get with Representative Berg and make sure that the category you pick to do that and the position you pick is one that he is satisfied with.

Laurie Sterioti Hammeren, Director HRMS: We would be glad to do that. I do know that regarding the various occupational groups, we may have very few applicants for some and more for others.

Representative Berg: Here is my question, my question more specifically would be some of these jobs are local in nature, some are statewide in nature and some that are national level. I would be looking for areas in those three categories.

Laurie Sterioti Hammeren, Director HRMS: OK.

Representative Dosch: Do you determine the establishment of the class spreads?

Laurie Sterioti Hammeren, Director HRMS: Yes it is.

Representative Dosch: How often are those reviewed? If you find a position that the state is way under, do you look at that once a year or how often do you make adjustments so you can hire people at the appropriate levels.

Laurie Sterioti Hammeren, Director HRMS: I think legislatively we are mandated to look at that after the legislative session at the beginning of the biennium and we are required to establish those ranges at that point.

The committee stood in recess until 2:30pm or call of the chair.

NEW JOB RECORDING 8676

Chairman Delzer called the committee back to order.

Tag Anderson, Director of Risk Management explained his testimony and the changes in his budget.

Chairman Delzer: Your contractual services of the grants that you discussed. How much of your budget is Homeland Security money?

Tag Anderson, Director of Risk Management: None.

Chairman Delzer: So what makes the \$134,800 then?

Tag Anderson, Director of Risk Management: That is money that would be coming from the Risk Management fund as well as the Workers Compensation Fund.

Chairman Delzer: What do you use it for then?

Tag Anderson, Director of Risk Management: We have web based programs. One of them is called LDRPS it is a software package that all state agencies have access to where they can have their plans built into it, part of that is a program called Notifind which allows in the case of an emergency, state agencies can use redundant systems to notify people where they should go in the event of an emergency.

Chairman Delzer: Your fees and professional services, what do they consist of?

Tag Anderson, Director of Risk Management: The primary expense that is associated in that line is actuarial review services. We have used, for the last quite a few bienniums, a company called AON Risk Services Inc. and they do the actuarial review to determine which state agencies should contribute to the Risk Management Fund. That would also be in-house

Attorney General's Office expenses would be covered in there, audit fees, routine fees, for

example if we use JA Robbins to get a second opinion on what a car is valued at should it have been in an accident and the state employee was at fault, those type of things.

Representative Dosch: Under your special funds, what are the differences between the state Risk Management Fund and the Risk Management Workers Compensation Program Fund?

Tag Anderson, Director of Risk Management: They are actually two separate funds. The Risk Management Fund has been in existence since the loss of sovereign immunity or the first legislative session after the loss of sovereign immunity in 1995. That is a fund that is designed to cover third party claims against the state where a state act or a state employee physically has done something wrong or negligently and injured someone. That fund is there to defend the lawsuits and pay the claims if they are valid. The Workers Compensation Fund is a fund that was established to handle a program that WSI has where you can have a unified single account with a large deductible. Again WSI determines what each agency should contribute in their WSI premiums. Those monies are collected by us and put into the Workers Compensation Fund. We use that money to pay the dollars that are charged on each injured worker by WSI up to \$100,000. After \$100,000 it then becomes the responsibility of WSI.

Chairman Delzer: Are there premium dollars besides what goes into that fund that goes to WSI? Or is the premium dollars paid out of this fund also? WSI obviously has to have some premium dollars for stuff over \$100,000.

Tag Anderson, Director of Risk Management: That is correct. We pay a single premium to WSI based upon the \$100,000 deductible program for all state agencies. We also pay an additional premium to have excess coverage in case there would be a catastrophic incident.

Chairman Delzer: That is not appropriated anywhere that is under the continuing appropriations so we don't know what that premium is? You would know what it is but it is not reported to the legislature.

Tag Anderson, Director of Risk Management: I don't know that it is reported specifically.

Chairman Delzer: Do you know what it is?

Tag Anderson, Director of Risk Management: I believe it is around \$800,000 after the discount for this year.

Representative Kempenich: What is the balance of those funds?

Tag Anderson, Director of Risk Management: The Risk Management Fund currently has a dollar value after reconciliation with all of the expenditures as of December 31st from PeopleSoft plus the investments with RIO, which have been mostly losses lately, of \$4,332,739. Then we have reserves established of \$804,728. The Workers Compensation side, the funds are \$5,468,007 with reserves set by WSI of \$2,186,651.

Chairman Delzer: What is your average usage out of the workers comp? You must have a certain number of claims up to the \$100,000, what is your average usage out of there every year.

Tag Anderson, Director of Risk Management: I don't have even a rough guess on the number of state employees that put in worker's comp claims. I know we probably only have one that has ever reached the \$100,000 deductible and that just happened last month.

Chairman Delzer: I understand that but it seems to me like \$5million might be kind of a high number to have in there. I can't imagine that you would use \$5million every biennium.

Tag Anderson, Director of Risk Management: The \$5million is actually \$3million after current reserves established by WSI. Because we maintain a workers' compensation claim up to the \$100,000, for the life of that worker, our reserves over time are going to continue to grow. Just recently we have engaged the services of an actuarial professional to try to get a handle on exactly what our fund levels should be, like we do for the Risk Management Fund as

it relates to the Workers Compensation Fund that we administer. His initial first impression is that we are right about where we should be.

Pam Sharp, Director of OMB: If I may clarify some things about Central Duplicating. There were some questions earlier this morning and I think if Sherry had not felt she needed to run off to her child, she would have wanted to clarify a few things about Central Duplicating. In a facility as large as the capital is and as many people as work here it really does make sense to have an in house copy shop for the convenience of everyone in the building. It really is geared towards small print jobs and quick turnaround time. All of the premium jobs do get sent out, they are not done in shop because of the statutory limitations that are in Central Duplicating. For instance we can't do any of the glossy; we are limited to just a few copies of the process color. Central Duplicating is not equipped to do large volume jobs. It is really the small jobs that we get. For instance, Sheila gave you a good example for our Budget Book. Honestly they work on Thanksgiving; they work on Sundays nights to get it done. Like next week Steve Cochran will be here from Economy.com and he will have a hand out and we will get that emailed to us either late Friday afternoon or early Monday morning and we will electronically send it down to the Print Shop and they will have all of the copies done and collated and ready to hand out. It is actually very efficient because the workers that work down there are grades four, six, seven and there might be one eight. If that was not available to agencies, we would see the agencies purchasing large copy machines again for their offices and they would be running these print jobs at a much higher cost and using probably a higher grade person to do that.

Chairman Delzer: You currently have two vacant in the print shop?

Pam Sharp, Director of OMB: That is correct.

Ms. Sharp handed out a proposed amendment for House Bill 1015.

Pam Sharp, Director of OMB: This amendment relates to the Centers of Excellence.

Yesterday during the hearing for House Bill 1483, we talked just briefly about the need for the Department of Commerce to stagger the distributions to the Centers of Excellence. Where it kind of makes for more difficult accounting is a situation this biennium where they have been authorized \$20million. They won't distribute all of that cash. It will cross bienniums. We have some borrowing authority which we will need to borrow to pay for what has already been approved for them.

Chairman Delzer: That is what you are asking for in the deficiency appropriation is it not?

Pam Sharp, Director of OMB: It is. In this amendment we are asking that we have a separate fund for the Centers of Excellence money and that that fund and after the money is appropriated be put into this fund and once it is in the fund, it has a continuing appropriation so that when the distributions carry on and cross over bienniums, the money just comes out of that fund and we don't have to go back and say we need specific carry over authority to pay out the distributions. Section eight creates the Centers of Excellence continuing appropriation. This would be in the Department of Commerce. There is one thing here that we probably want to discuss. The last interest of Section eight that establishes the fund does say interest earned on the monies in the fund must be credited to the fund and that certainly could be the General Fund because in case you just wanted the money just to have what was appropriated to it I don't think that makes too much difference. Section nine and Section ten, these are just changes we would need to make in terms of distribution of the funds. Right now we receive notification from the Centers of Excellence Commission and OMB distributes the money

because this continuing appropriation would be in Commerce then Commerce would distribute the funds to the Centers of Excellence. That is the same in all of these numbers going through number six. Going down to Section nine, that would take the amount of money that is appropriated in section one, the \$15million and allow that money to be put into this continuing appropriation fund. The transfer in section ten would take the remaining money from the current biennium's appropriation and put that into the fund.

Representative Kempenich: How much money is left to be distributed this biennium?

Pam Sharp, Director of OMB: Mr. Goettle is here and has that information.

Representative Kempenich: We are going to have to take the onetime moniker of the front of this money.

Chairman Delzer: I agree.

Pam Sharp, Director of OMB: At the very bottom is an emergency clause for this bill because the fund would need to be established this biennium to transfer the remaining funds from this biennium into the fund to distribute in the next biennium.

Shane Goettle presented his written testimony.

Chairman Delzer: In your report, the match received, how much of that is solid dollars and how much is in-kind?

Shane Goettle, Commissioner: I will get you that information.

Mr. Goettle continued his testimony with the funds distribution.

Chairman Delzer: Under current guidelines who would make that decision to determine whether to continue the distributions to a Center?

Shane Goettle, Commissioner: The Centers of Excellence Commission with recommendations from the Department of Commerce.

Mr. Goettle continued his testimony.

Chairman Delzer: How much in the next biennium and how much in the one after that?

Shane Goettle, Commissioner: I will get you that.

Mr. Goettle continued his testimony.

Representative Berg: Just kind of talking to the money. We have an amendment so the money goes over to the Department of Commerce and you would retain the interest. Why don't we have this in the Department of Commerce's budget?

Shane Goettle, Commissioner: I don't think it really matters which budget it is in. It started with OMB's budget and it has just consistently stayed there throughout the bienniums. It is entirely possible to look at this in the Department's budget.

Representative Berg: I think originally it was separated so we had Centers of Excellence in a standalone bill.

Shane Goettle, Commissioner: One of the reasons that it was separated was that the Department of Commerce did not have a formalized roll in this program when it was launched in 2005. It was University Systems that did. They asked us for help and our role grew because

they did not have the staff and we did. We have formalized that role in the last session. That is why the Department of Commerce is now kind of in the middle of the program.

Chairman Delzer: What is the role of Higher Ed now other than bringing forward the proposals? Let me rephrase that is there any money tied up in Higher Ed for Centers of Excellence?

Shane Goettle, Commissioner: Very little. Marsha Krotseng is now the person who is our interface on this program. She coordinates the process. The chancellor has asked and requested each university to send him a summary of the projects before we even get the application so that he is able to see that their projects are at least being proposed consistent with the mission of the university. That is one screen he has put on the process. I don't think that costs him anything other than the time that they are devoting in that regard. They monitor the process and they are coming to our meetings but that's it.

Representative Kempenich: Is the budget for the Commission in the Commerce budget?

Shane Goettle, Commissioner: Yes. Before we spend any of those funds, we have to have the commission's approval. If we have propose to spend something with Eide Bailey or another firm, we spent some dollars with Eide Bailey already, if we propose to bring in an auditor or an accounting firm to help us or a technology company to help us evaluate the technology associated with any center. That is the kind of things to spend it on. We would go to the Centers of Excellence Commission with the proposal to do that. They would authorize that expenditure. The way in which this is set up is the Centers of Excellence commission is really the deciding body with respect to the distribution of the funds. We are staffing the Centers of Excellence commission. That is the way I view this.

Representative Kempenich: You don't currently have a line in your budget for the Centers of Excellence commission.

Shane Goettle, Commissioner: The administrative reserve that we have proposed here is for third party expenses, maybe printing expenses and expenses of the commission itself. In the Department of Commerce budget, I have asked for an additional FTE and he is actually here today, Brian Opp to handle the on the ground work of staffing this .In addition Justin Dever has been a large part of this. We have created an office in the Department of Commerce that in part manages this. That is in my budget. I am not proposing at all to use the administrative expenses of the Commission to supplement the Department of Commerce budget. We are not transferring money from the commission to the department.

Chairman Delzer: But you are increasing the Department of Commerce's budget to support that?

Shane Goettle, Commissioner: We did last session.

Chairman Delzer: You have spent \$50,000 so far?

Shane Goettle, Commissioner: That is what we have and will have spent.

Chairman Delzer: The money you have spent, what did that go towards?

Shane Goettle, Commissioner: In part it went for the report, the printing costs associated with Centers, I mentioned we hired Eide Bailey to help us review one particular application.

Chairman Delzer: Why don't you get us a breakdown of what you have spent? You can bring that with the Commerce budget.

Shane Goettle, Commissioner: We can do that.

Representative Berg: I have a question on the Lake Region State College Center. It appeared that the award was \$850,000 and we have only received \$800,000 matched to date. Is that on hold?

Shane Goettle, Commissioner: The Devils Lake Project, for one particular project, received \$400,000 and there remains a balance of \$450,000 yet to be distributed. We are waiting for

them to meet the requirements for the additional distribution but that is actually two separate projects that they are working on. They had two separate applications.

Representative Berg: So the other half of that has not been released to them.

Shane Goettle, Commissioner: That is correct.

Representative Kempenich: That is part of that \$9million?

Shane Goettle, Commissioner: Yes. They had one application in last biennium in which it was funded at \$400,000. They met the match on that and we distributed the funds. They had a second application in this biennium which we have not distributed because we need them to meet all of the requirements before we distribute.

The committee went through the bill.

Section Two

Chairman Delzer: Section two is what was listed as one time for current biennium and the next biennium. Under Prairie Public you have \$686,000 and yet on the green sheet I think the total given to them last year was \$1million something. What was the \$686,000 for? Is that just a direct pass through?

Pam Sharp, Director of OMB: The \$686,000 was just the one time funding that they got last biennium. They also got some money for operating that was not one time. This just reflects their one time money last biennium.

Chairman Delzer: Yet your total budget for them this time is \$3million and something.

Pam Sharp, Director of OMB: That would reflect about a million dollars for operating money for them and then \$2million for their one time project.

Chairman Delzer: Yet the million dollars operating is more than they got, the \$1.3million is that the total of what they got last time?

Pam Sharp, Director of OMB: The \$1.3million is the ongoing operating. Everything else was extra one time.

Chairman Delzer: That is given to them with no direction or requirements. It is just a pass through for them.

Pam Sharp, Director of OMB: Yes.

Chairman Delzer: Why the two lines for Centers of Excellence?

Pam Sharp, Director of OMB: Lori did the bill and I am not sure why that is on two lines. It could be that the funding is different. In 07-09 biennium it was special funding coming from the Permanent Oil Trust Fund and in the proposed budget it is General Fund. So that is why it is split out.

Chairman Delzer: The administration projects?

Pam Sharp, Director of OMB: One of those is Filenet for HRMS and the other one that \$156,000, part of that is an oversight and I think we explained that last time. \$31,000 of that is not one time funding. \$30,000 is for statewide dues and \$1000 is an increase in a grant and the rest of it is the Filenet project of \$25,000 for HRMS and then the complete count committee of \$100,000.

Section Three

Pam Sharp, Director of OMB: This is the carry over provision for fiscal management. Considering that it is our responsibility to maintain many statewide systems, we have the accounting system, the payroll system, we have the budget system, we have used this carry over authority to do things in the interim that we need to do. There might be patches or upgrades or those kinds of things that we need to do.

Chairman Delzer: How much did you carry over last time? I take it this was in last time's budget bill. Now OMB's budget actually got killed last time did it not?

Pam Sharp, Director of OMB: Yes it did. We carried over about \$2million and we have spent that on upgrading our BARS system, our absence management project, our Brady Martz Consultants for our CAFER system, and various things like that.

Chairman Delzer: How much are you expending to roll over this time?

Pam Sharp, Director of OMB: \$850,000 to \$1million.

Chairman Delzer: In your budget for next time, where is that residing? Where is this carry over money coming from?

Pam Sharp, Director of OMB: It is coming from money in fiscal management that is not totally spent and primarily it is coming from the account codes that are related to ITD.

Chairman Delzer: So for 07-09 you had \$2.2million and you are going to roughly carry \$800,000 of that forward. Plus you spent \$2million of 05-07's. How could you have that much carries forward?

Pam Sharp, Director of OMB: It was cumulative carry forward.

Chairman Delzer: Why do we do that?

Pam Sharp, Director of OMB: Because with these state wide systems, if there are things that happen with those systems that we don't know might happen. If something would happen with our payroll system and we did not have money for the fix, we would not be able to do payroll.

Chairman Delzer: Why do we handle it in that form? You would think we would have a better form of reporting what that is used for and why it was done.

Pam Sharp, Director of OMB: We do have a good method of reporting. We have a separate line that is carry over authority and we have cost centers in there. We can give you exact detail on how the money is spent each biennium.

Chairman Delzer: I would like to see what you spent it on.

Pam Sharp, Director of OMB: We will get that for you.

Chairman Delzer: Is it all fixes or is it upgrades too that you are spending this on?

Pam Sharp, Director of OMB: It could be a combination of upgrades and fixes.

Chairman Delzer: Is there any time when you have upgraded something that you asked the legislature for and they denied?

Pam Sharp, Director of OMB: No. When I say upgrades, I am not talking about like a new program but in PeopleSoft, their financial and their HR application, they will go from like 8.9 to version 9.0 and then they will go to 9.1. Then they make these upgrades available and that takes a great amount of time, coordination and staff and development work and we have to coordinate with Higher Ed so it is kind of a timing thing too. We have to do these upgrades because at a certain date, they discontinue supporting the lower versions. We don't have to do every one that comes but we have to do at least every other upgrade that comes along.

Section 4

Pam Sharp, Director of OMB: These grants have pretty much stayed the same. The Boys and Girls Club work, \$500 goes out to each county each year of the biennium and it is basically for 4-H clubs. \$700 for the state contingencies, we talked about our state memberships and related expenses. Then I think we also talked about the unemployment insurance and then there is \$25,000 here for the Capital Grounds Planning Commission. This \$25,000 comes out of the Capital Buildings fund and this can be used for administrative expenses for that committee.

Chairman Delzer: Why are these not listed as grants in the budget part of the bill? The contingencies wouldn't I guess. Is the \$55,000 in grants, is that the \$53,000 for the Boys and Girls Club work or is that a different \$55,000?

Pam Sharp, Director of OMB: \$1,000 of that would be we that we increased the grants to Council of State Employees. They asked if they could have another \$1,000 for printing and then \$53,000 would be for the Boys and Girls Club.

Chairman Delzer: In line 18 on the bill on the first page of the bill.

Pam Sharp, Director of OMB: Oh, I am thinking in the base level that \$54,000, I am thinking that COES is already getting a thousand and we gave them another thousand dollars so now they are getting \$2,000.

Section 6

Pam Sharp, Director of OMB: This relates to the equity increases and giving agencies authority to transfer between line items in the cases of agencies that have special lines such as Department of Human Services.

Chairman Delzer: What do you mean?

Pam Sharp, Director of OMB: This relates to the equity package that is in each budget. It is in one lump sum. Like for DHS, they are going to need to split it up and put some at the hospital and some at the developmental center. They will have to split it up between their line items. There are a few agencies that are like that.

Chairman Delzer: Wouldn't it be almost all of them.

Pam Sharp, Director of OMB: For most agencies it would just stay in the salary line item but for agencies that have special lines like the Department of Human Services, it also needs to move between those different divisions.

Chairman Delzer: Why was that not put in their budget bills?

Pam Sharp, Director of OMB: Because we do not have that detail.

Chairman Delzer: So this basically covers every agency.

Pam Sharp, Director of OMB: If they need that authority but most agencies would not need that authority.

Sections eight, eleven and twelve were removed from the bill and made as standalone bills 1483, 1486 and 1485 respectively.

Chairman Delzer: Becky, these even if something happens with those other bills, those sections still reside in here so the final amendment will have to take them out?

Becky Keller, Legislative Council: Yes.

Shane Goettle, Commissioner: I can respond to the question on what we plan to distribute to the centers this biennium, next biennium and any future bienniums. For this biennium, if we stay on the distribution plans we have on file with the department, we would distribute \$9,704,568. In the next biennium from the current awards we would distribute \$8,741,543. Then in the biennium beyond that for the current awards we would distribute \$1,003,889.

Representative Kaldor: That would be the last installment?

Shane Goettle, Commissioner: Of the currently awarded projects that have not received their distributions. I think there has been some confusion based on the conversations I have had with members of both House and Senate. I want to make clear that there were two projects on the list that you have from Legislative Council you have all of the awards. There were two projects that were awarded funds, Minot State University's Great Plains Knowledge and Data

Center for \$2.1million and the UND Biomedical Device Research Development

Commercialization Center for \$2.5million that were awarded funds but those projects ended up not meeting the criteria or not able to come up with the match and those applications were withdrawn so those two projects were dead.

Chairman Delzer: Are the dollars for those in here?

Shane Goettle, Commissioner: What we did was, those funds became available again before the 2008 round and so they were available for awards in the 2008 round. So they were re awarded but I think there is a tendency to count that twice if you don't understand that those applications were withdrawn. It was redeployed in the numbers I just gave you.

Chairman Delzer closed the hearing.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1015

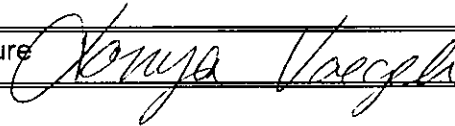
House Appropriations Committee
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 2/4/09

Recorder Job Number: 8677

Committee Clerk Signature



Minutes:

Chairman Delzer opened the discussion regarding amendments for OMB (House Bill 1015).

Chairman Delzer explained how the committee will do the amendments.

Chairman Delzer: When I look at OMB, I see quite a few vacant FTEs that I had some problems with. First there is the one that they currently have filled with a temporary. I think that is fine to do it with a temporary. I am not sure I agree with funding it at the level that we are. First off I guess you can put down this one that Pam asked for. I am not going to support it but she asked to have it considered so we need to put it on the list. .

Representative Kempenich: I think we need to take the one time funding off of the Centers of Excellence.

Chairman Delzer: I am also going to ask for an amendment for the \$15million for Centers of Excellence. It is not saying that there should not be any in there. As a matter of fact I think at the very least somehow we need to appropriate the \$8,741,000 for next biennium that is required for the awarded ones. I think this, needs to be in the Commerce Budget not OMB.

That is at least one of the reasons for moving it out of here. That gives us the chance when we

get the Commerce budget in the second half, to work with this again. I know there is also an amendment I was going to offer for reporting requirements for this. I think there is quite a bit of concern about that. But again, to me that belongs in the Commerce Budget not OMB. Those bills that we removed, even if they pass, we need to remove those sections out of the budget for OMB because they are stand alone bills.

Becky Keller, Legislative Council: In the full committee, you did adopt the amendment that does that so that will just be incorporated unless, what we did with another agency, we did incorporate that into the final set of amendments that we presented to the subdivision.

Chairman Delzer: It has to be part of the final set.

Representative Kempenich: I think I understand what he has done. It looks like we are going to have to appropriate what they have already committed for this year. Where did the \$9.5million come from?

Chairman Delzer: That is what they are going to spend the current biennium.

Representative Kempenich: That is carry over?

Chairman Delzer: No, that is not carry over. That is before July of this year that they will spend that.

Representative Kempenich: The way he was talking was that he needed the authority to carry these through.

Chairman Delzer: Not all three of them just the second one.

Representative Berg: I am wondering if we shouldn't just leave that old stuff in OMB's budget.

Chairman Delzer: That is possible. Becky, go ahead and change number from \$15million to \$8,741,543.

Representative Berg: That takes out the new money for the next biennium.

Chairman Delzer: That would give them authority to spend the stuff they said they were going to spend in the next biennium.

Representative Dosch: Well it has already been committed to.

Chairman Delzer: It has been committed to but if they are not going to appropriate it next time we should not appropriate it until the time after. None of this is over of course.

Representative Berg: All of the stuff that they have approved up to this point, that we kind of allowed them to do last session, we should leave that amount of money in OMB. They have got \$15million of new money, do they not?

Chairman Delzer: Right.

Representative Berg: For next biennium. So do we not just take that \$15million out?

Chairman Delzer: You would take the \$15million out and then we should probably rename something like awarded Centers of Excellence for the next biennium.

Representative Berg: Why did you say \$8.7million?

Chairman Delzer: Because that is what they said they would need next biennium.

Representative Kaldor: As I understand it, that is the money they need to do or complete what they have already awarded. So the \$15million would be new projects going forward. So in a sense they need \$15million plus.

Chairman Delzer: Right. Part of the problem is that this was appropriated this time. There is no mechanism to have it next time. So if we appropriate it for next time and do nothing for carry forward, they have to turn it back to the General Fund. Is that correct, Becky?

Becky Keller, Legislative Council: Yes.

Representative Berg: So we will have an amendment that eliminates the funding from the OMB budget for 2009-2011 of the new money but we will take care of what our commitments have been in the current biennium.

Chairman Delzer: Becky, I think you need to write those amendments, one that removes the \$15million for the Centers of Excellence and then a new line that puts in there "awarded Centers of Excellence ". So that in essence we are saying we are going to cover what is awarded.

Representative Dosch: The awarded stays in OMB?

Chairman Delzer: Yes.

Becky Keller, Legislative Council: Do you still want the funds to come out of the Permanent Oil Trust Fund?

Chairman Delzer: For the current biennium? That money has already been transferred has it not?

Allen Knudson, Legislative Council: They spend it directly out of the Permanent Oil Trust Fund.

Chairman Delzer: Draw the amendment coming out of the Permanent Oil Trust Fund and we will talk about that.

The committee took a brief recess to have Allen Knudson, Legislative Council, explain the Budget Stabilization Fund.

Chairman Delzer called the committee back to order.

Chairman Delzer: Under the OMB vacant FTEs. I would like to request 158 and 155 to be removed. Their mostly special funded. I don't see that that special fund would reduce because it is printing costs. So I would suggest we take the special funds and move them to the

operating line and reduce the operating line to the like amount of General Fund. The issue is that there are not any jobs that are not being done in the print shop.

Sandy Deis, OMB: I was not here for the previous testimony but I would assume that.

Chairman Delzer: There is also a position that Pam is going to get me some numbers for regarding the Facilities Planner position. This is a position that was put in, in the 1997 legislative session to come up with plans for proposals for buildings. The reason I would like to have the discussion about removing it is because I don't see it doing what the legislature put it in there to do. She was going to get the position numbers and the dollar amount for that. What about number 72, the half time administrative assistant, do we have any discussion on that? It is the one where they are using a high school student and filling it with temporary. The money is under full time.

Representative Berg: How many positions do they have in OMB?

Chairman Delzer: 132.5 and they are asking for one new one.

Representative Berg: Part of my question would be would we have to specify the position that we are removing?

Chairman Delzer: I don't know that we need to specify the position at all. It is just the dollars.

Representative Berg: From my perspective when we look at facilities management, I kid you not. The fact, that we are spending \$20/square foot for management and overhead, to me, it is kind of ridiculous. When I look at that the bulk of that is in salaries and wages. The challenge there is that a lot of those things could be done at a lower cost to the state if they were contracted out. I am just saying that if we want to remove some positions in that arena, we could do that and encourage them to, if there is people close to retirement or something like that, not rid them but not replace them. I look at the one with regards, they have three painting positions. This may not be a good analogy but, we don't employ any painters in our company

and we have probably a hundred apartments that need to all be painted one day of the month. I am just saying that in some of those things where we have a bunch of painters in Bismarck that could do those jobs on a contract basis, I don't know if we are really saving money on hiring them full time. I don't want to get into the minutia of it but at least in the Facilities Management arena I think there would be a lot of ways they could reduce positions and save a ton of money. Getting back to your point, I think it is good they are using temp people, part time people and students. I feel somewhat the same about the printing office and some of these other things and I think there is a need for them and yet with the technology and things that have evolved, do we still need eleven people? I am not in a position to make that determination but I think that OMB if they were challenged a little bit would figure out how to be more efficient.

Chairman Delzer: I think those two positions are funded but vacant.

Representative Berg: I think they are mostly federal funds.

Chairman Delzer: They are special funds.

Representative Berg: It is General Funds that other agencies might be paying.

Chairman Delzer: They are going to pay it anyway because; it is not going to be a reduction in special funds to the agency because they are being paid for print jobs. These two positions are vacant already and the jobs are being done. So that money is still going to be there. That's why I said move it over to operating and reduce the operating General Fund by that much.

Representative Dosch: I think we should remove position 104 as well. That has been vacant 16 months. If they need it they can justify it next go-round.

Representative Berg: Maybe the question is can we allocate some funds for temporary help without a position. If we have \$60,000/year for this one full time position and they are doing it half time and temporary can we give them a line item that gives them \$30,000-40,000 for temp.

Chairman Delzer: Becky, draw up an amendment that says if these four positions are removed, we authorize \$50,000 in temporary salaries.

Representative Dosch: They are already showing \$194,000 budgeted for temporaries.

Chairman Delzer: I understand we do. We went through that. They claimed it was needed.

Representative Dosch: They are already showing \$195,000 or so for temporary salaries. So they already have a budget for that. I think like Representative Berg said, they can find that.

The committee reviewed the green sheets.

Number 3

Chairman Delzer: I would like to have an amendment offered that would reduce that by \$100,000 and have reporting requirements on it. I agree with the idea of an internship program but I don't know that we have set any criteria for what we want there.

Representative Berg: I will put in a plug for the Internship program. I think we have a real aging workforce in state government. Quite frankly, I think they need to get more people plugged in. I am sure a lot of these agencies are not going to hire an intern or even try one because of the cost. I think it's almost like a recruitment tool for bringing new people in. If we need another \$100,000 let's find it in the budget but I do think that is possibly the signal that we do not want to send.

Representative Dosch: Can we go back to the IT area? It just amazes me as we are going through these budgets the funding for IT. I will be real curious to see that budget. Even if we cut that in half, again you look at what they have budgeted for their IT data processing it is still \$3.6million, IT communications \$133,000, IT contractual services \$1.4million.

Chairman Delzer: I think the contractual is where this one million resides. The IT data processing and the other one would be the ports and things that way that are required by ITD to have.

Representative Dosch: You said the IT data processing? That is a 39% increase.

Chairman Delzer: That is one place where I think we need to really get into the ITD budget when it comes because they really raised those ports up. I know in the legislative assembly budget we are going to be just shocked because we pay 24 months for the three months that we use it.

Representative Dosch: If we don't start cutting off at the agency level they are going to keep charging whatever they want.

Representative Berg: One of my perspectives in IT is prior to 2003; every agency did its own thing. They had their own contractors and they were all over the world and they had all kinds of different programs that were not compatible. We kind of pulled them all together and now there are pulled together and ITD is kind of the only game in town. They have to use ITD. Having said that long term I think the approach should be that we allow agencies to farm that out. I think there are probably businesses that are in the IT area that we can help some of those private sector businesses by providing those services now that we have a standard kind of format. I don't think that the intention was to have this huge industry of ITD running in state government but to get everyone kind of in the same software and page and then encourage it to be done by the private sector. In fact what would be ideal is if we broke off some of these components of ITD and did an RFP for a big component and told the private sector that this is a five year contract. I and told them in five years you will no longer have this contract. What I think it would do is people would build up a business to do that and as they got to the end of their five year contract they would be looking for other business and other things and we would

actually, through no extra expense and probably a savings to state government encourage several more IT businesses private sector and encourage their growth.

Chairman Delzer: I agree with you but I think it belongs in the ITD budget. The \$1million, Representative Dosch did you want to have the opportunity to reduce that PeopleSoft money?

Representative Dosch: Yes.

Chairman Delzer: OK.

Representative Kaldor: If I could comment on that. I don't remember who talked about the PeopleSoft modules. I am not so sure that they have to be done by ITD. I question that. I think that there is a possibility that they could actually go to the private sector for the development of those modules at this point. I don't know that. I would like to find that out. I have some real concerns about PeopleSoft on just a primary basis but I think they are going to need those modules.

Chairman Delzer: This is just the PeopleSoft module that we are talking about here. Those other two, the interface modules, will be coming up in a different amendment further down. That is not this \$1million. This is just the PeopleSoft update.

Representative Kaldor: OK. It would be helpful to hear from OMB on what the effect would be.

Representative Kempenich: I think the big thing with IT. We needed a world view of technology and state and we needed it to go somewhere. A lot of agencies have gone to ITD with especially their big projects. It has become kind of the only game in town as far as state government goes.

Chairman Delzer: It's not only state government it is that we are charging this out at the Veteran's Home and everywhere else. I think that discussion is for the ITD budget. Pam, we

are kind of going through the green sheet and we may have some questions for you. The \$1million that you have for ConnectND, is that what that is for?

Pam Sharp, Director of OMB: Yes that is primarily ConnectND but not all. It is also increased costs as a result of the business intelligence data warehouse. A system that we are implementing and the costs to maintain that next biennium and increased ITD rates.

Representative Dosch: What is the percent of increased ITD costs?

Pam Sharp, Director of OMB: Of this million I am thinking it is between \$300,000-400,000 that would be attributed to the rate increases.

Representative Dosch: I understand that and the bottom line is still the overall operating costs are increased 23 almost 24%. As we look at where we want to be for overall budget increases, something is going to have to be done.

Chairman Delzer: When you are looking at that, are you talking just on the IT side or are you talking overall operating costs for the whole agency.

Representative Dosch: Overall.

Chairman Delzer: Number 5 there is the \$2million for Prairie Public, Mr. Hirsch came back and gave us a list of the five or six items that they want to do. He was going to refine it some more. The total cost was roughly twice that. I think they may have some federal dollars available.

Vice Chairman Thoreson: This afternoon the US House did vote to delay the conversion to digital to June 12th. The President has indicated that he will sign the bill today. One of the reasons for that is that the Obama Administration is saying that they would like to include federal stimulus dollars for stations to convert to digital. I am just wondering if somehow that may impact what is going to happen and if we would see some of those dollars coming to us.

Chairman Delzer: I want an amendment to remove that whole \$2.16million. There is on top of that, \$1.3million in the budget besides that?

Pam Sharp, Director of OMB: That is for operating.

Chairman Delzer: Here is another one for the PeopleSoft modules.

Pam Sharp, Director of OMB: This is one time funding. We would probably need a little bit of this money to complete the rest of our data warehouse business intelligence and then it would be for E-learning management and Candidate Gateway.

Chairman Delzer: I would like an amendment that states that we remove half of that. I think they said they were roughly 50/50. I think E-learning is the one that I think they said was a higher priority.

Pam Sharp, Director of OMB: It is a high priority with several of the other agencies.

Chairman Delzer: We have never funded a complete count on the census committee before.

Pam Sharp, Director of OMB: That is correct.

Facilities Management

Chairman Delzer: The parking lot repairs we have a breakdown of that somewhere. What scares me about that, I said at that time, is I am a little concerned of putting our stamp of wanting to spend what we may be able to create and use some of the federal stimulus money if we get it. The parking lots to me seem to be something we could do with that.

Representative Berg: We have \$4.8million in extraordinary repairs.

Pam Sharp, Director of OMB: Some of that is special funded too, I believe.

Representative Berg: I see that we have capital payments of \$665,000, we have extraordinary repairs of \$4,870,000, we have equipment over \$5000 at \$118,000.

Chairman Delzer: I think the \$665,000 was bond payments.

Representative Berg: We can't do anything with that. I guess my point is if our strategy is if those things would be eligible for federal dollars, we should probably remove those.

Chairman Delzer: I don't think we should put our stamp that we want them appropriated out of our money if we are going to get federal dollars.

Representative Berg: The federal government doesn't want to fund something that we want to do. If we pass \$350million in one time money then does that not qualify for the federal stimulus? Well if there is a chance that may happen, then these onetime capital expenditures at this stage of the session we maybe shouldn't pass those. I think it is a bigger question that we need to talk about.

Chairman Delzer: That is my thought. I am concerned with us putting our stamp, even if we have only done it in one house, of putting our stamp on it.

Representative Berg: Who knows but to be safe it wouldn't be so dumb to take it out.

Chairman Delzer: Becky, go ahead and draft that.

Representative Berg: I don't think we should pick on OMB if we are not doing it on everything. That could probably be done with an amendment.

Chairman Delzer: An overall amendment for all of them.

Representative Berg: I guess I would defer to Council on how we might unwind that.

Chairman Delzer: Becky, will you have a discussion with Allen about that.

Becky Keller, Legislative Council: Yes.

Representative Meyer: I am sure that we are going to be getting some stimulus dollars and I am just so new to this process but so basically you are saying we are not going to really fund anything at all until cross over and that was my concern when we had that bill up. If this money doesn't happen until we are out of session.

Chairman Delzer: If that is the case by the end of the session we would have to make the decision and if we wanted to go ahead with them we would have to fund them. We could not put them in the bill to be funded with stimulus dollars. If, that has not happened by then. The problem would be is if we passed it even from one house to another and the federal government decided that they see that as appropriating them and had a problem with us supplanting them between that. Does that make sense?

Representative Meyer: Yes, but when you read through the stimulus dollars I just don't think there is going to be the case of where capitol repairs, such as the parking lot on the capitol grounds is going to be something that would be considered with the stimulus package. It talks about roads, infrastructure and bridges.

Chairman Delzer: It is part of roads. The capitol improvements I am not so sure about and maybe I understand it wrong, with most of the stimulus is stuff that you can hire people and get work done. That would certainly fall under that. That is a discussion that we will have to have.

Representative Dosch: I think we still should identify these various things as we go along, as amendments and then at least we have them identified.

Chairman Delzer: We are not adopting any of these. We are just putting things that we are going to talk about out there. Then we have the onetime on the equipment. Does anybody have any desire to discuss any of those?

Representative Dosch: I think that is where we need a definition on one time funding and what is normal course of business? If I have to replace a boiler now and then, that is normal course of business, it is not one time. That is the problem that we are going to be faced with.

Chairman Delzer: Do these fit in your operating costs or do they fit in your extraordinary repairs or where are they in your budget line?

Pam Sharp, Director of OMB: These would be in the extraordinary repairs line and the equipment over \$5000 in the capital asset line.

Representative Berg: How do you define capital assets?

Lori Laschkewitsch, OMB: Capitol projects, equipment over \$5000, land and buildings and extraordinary repairs.

Representative Berg: So any equipment over \$5000 even if it's used up in a short period of time?

Lori Laschkewitsch, OMB: Any equipment over \$5,000 would fall under capital assets.

Representative Berg: Just for information purposes, we have that bill in on one time spending and I think we will try and either define that there or define that in your budget but just for your information, the idea is not to complicate things this biennium or this budgeting cycle but just simply say as we get to the end of the biennium, OMB would segregate those funds. So we are trying to put that definition together on one time spending. So it would be really helpful if you could look at that and let us know is this easy to define just how you are defining the one time spending.

Chairman Delzer: Did anyone want to have an offer on any of the projects out of number four? They all reside in line seventeen of the bill under capital assets, correct?

Pam Sharp, Director of OMB: Yes.

Chairman Delzer: The study on repairs of the capitol exterior, what exactly are you going to get for the \$150,000? Has John said?

Pam Sharp, Director of OMB: I think what John said is they need to get people up there to actually look into the brackets and see what kind of damage had been done to the limestone. I think it is physically get up there and we take a look and then figure out what needs to be done to fix it.

Chairman Delzer: It seems like a lot of money but I don't know that I would want to hang up there for \$150,000 either. Becky I would like us to have a discussion about the FTE in HRMS. Pam, while you are here, have we got any information of what other states are doing with these dues and things? Are they all funding CSGs and the National Governor's Associations and are we hearing of any of them dropping out of them?

Pam Sharp, Director of OMB: I have not heard of any at all. I do know sometimes when states have real budget problems, and we have done it ourselves, we have negotiated dues and said this is all we can pay, take it or leave it. I don't know if other states are doing that right now.

Chairman Delzer: I know from experience, I did go to the fall CSG meeting in Omaha and they were way down in numbers because some states had imposed travel restrictions already.

The committee began reviewing the bill.

Chairman Delzer: Becky you said eight, eleven and twelve will be out because we have already done that down in full committee.

Becky Keller, Legislative Council: Yes.

Chairman Delzer: Any comments on section nine or ten from the committee? If you have not had a chance to look at it, I think we should look at it and see if everybody agrees that that is the way they should go out. For informational purposes like in section ten, it is a minimum of a hundred. I have asked for some numbers on some maximums. If we put a maximum of \$300 it would affect people making \$72,000 and above. So they would get \$300/month. It would change the General Fund portion of that is \$700,000. I have asked for \$250 but I have not received those numbers yet of where it hits. Part of my reasoning on asking for that was the discussion that we have had in the past about the fact that when you do a 5 & 5, somebody

making \$100,000 gets so much more than somebody making \$70,000. That is a global discussion but we do have that minimum number in here. The minimum number affects people making \$24,000 and less.

Representative Dosch: As I understand section ten is not an across the board increase. It is based on performance is that correct?

Pam Sharp, Director of OMB: That is correct.

Chairman Delzer: The only thing in there is that minimum of \$100 if you qualify, if you are not on probation or working substandard.

Representative Kempenich: This isn't like last biennium. Last biennium we had 4 & 4 but 2% was across the board. It was 2&2 across the board and the remaining 2 & 2 was for merit and equity. This is just a flat rate.

Chairman Delzer: The way it is worded it looks like it is just 5%.

Pam Sharp, Director of OMB: The minimum is \$100.

Chairman Delzer: 5% to the agency with their discretion with a minimum of \$100.

Pam Sharp, Director of OMB: The agency gets a total of 5%. The minimum is \$100 but the intent is based on documented performance and equity. It is on lines 11-13. So everyone has to get \$100 but everything else has to be based on performance and equity.

Representative Kaldor: I am not sure I heard you right; I think you said that they would get the \$100. What you meant to say if I am reading this right, is they have to meet the documented performance standards before they would be eligible for the \$100 increase. Is that correct?

Pam Sharp, Director of OMB: Yes.

Representative Kaldor: Then I have a question for the chairman. Will the maximum have an effect on equity? Or is that your intention?

Chairman Delzer: This is just concerning the 5 & 5 that you have got in. The equity is over and above that. Section nine does the equity. So if you did the \$300 it would not do the equity it would just do the maximum, if you put a maximum on there it would just do it off of the overall pay raise not the equity part.

Pam Sharp, Director of OMB: I think what you are talking about is compression. People at the lower levels are getting more of an increase than at the higher levels so eventually it squishes down.

Chairman Delzer: Yes, but when you are talking busting that line at \$62,000 there is not much compression happening up at that level. The compression is happening at the lower levels.

Representative Kempenich: Where you are really talking about compression you are talking about grades 7, 8, 9, and 10. We were talking earlier about some of these hiring bonuses that come into play, that is where you start running into compression. It is in the middle levels where most of the employees are that we run into compression issues.

Chairman Delzer: I am not offering any amendments; I just gave that for information.

Representative Kaldor: The reason I asked that question is because I want to have a clarification, and maybe Council can clarify this, is the effect when you put a maximum in section ten. Does it have any bearing on section nine?

Representative Berg: I think whenever you put a minimum and maximum you will run into compression. Over the years we have always had a minimum because quite frankly there has not been much for salary increases. I think we are at a different stage today than where we were four or six years ago and so my inclination in this whole thing would be call it all equity money and let managers manage their people. I think we get in trouble with this perception that everyone gets a 5&5 regardless and I think that is what causes our inability to overcome the inequity is the only dollars they have to move sectors around is what shows up as equity

dollars. Quite frankly the 5 & 5 is really a 15% increase because it is one 5% and the next year it is that 5% plus 5% more. Quite frankly I would rather give them a 15% increase based on their current salary schedule and let them figure out how they are going to do it over the next two years and dictate a percent increase to them. I know the politics of it is really difficult but if we could get that message through and if there is some percent that everyone should have but give them all of the money I think it would move us away from this compression problem that we have got in state government. I don't know how to get at that with amendments to this bill but I guess I would like to know how we could take it a little further.

Pam Sharp, Director of OMB: I think this somewhat does address that because everyone, as long as they are not on probation.

Representative Berg: The problem is that everyone reads this and assumes they are getting a 5 and a 5.

Pam Sharp, Director of OMB: maybe we need to emphasize lines 11 and 13 where it says to be based on documented performance and equity. Really over the \$100 it is not supposed to be across the board. It is supposed to be doled out based on equity and performance.

Chairman Delzer: What is wrong with putting the word merit in there?

Pam Sharp, Director of OMB: There is nothing wrong with merit.

Chairman Delzer: That basically gives the manager more reason to decide who gets it and who doesn't too.

Representative Dosch: Isn't that basically performance though, when you talk performance and equity. I have no trouble putting merit in there.

Chairman Delzer: What is the definition of equity too?

Representative Dosch: If that is the case do we really need section nine in the bill then?

Chairman Delzer: Section nine deals with just the equity money that is separated throughout all of the different agencies, is it not?

Pam Sharp, Director of OMB: That is correct.

Chairman Delzer: The question is, if you are doing it, but it is a different pool of money that you are talking about is what you are saying.

Pam Sharp, Director of OMB: Right.

Representative Kempenich: But it wouldn't have to be.

Chairman Delzer: Right it would not have to be. If you were just doing it as one lump sum then you would need to combine those two or just use section ten.

Pam Sharp, Director of OMB: Yes.

Representative Berg: So what you are saying is that we are going to give everyone a \$100 increase as long as they are performing. Then the rest of the money is going to be based on performance and equity.

Pam Sharp, Director of OMB: The amount determined by agency is 5% of their salary line. So they get that lump sum.

Chairman Delzer: That is what is in section 10. If pooled it and changed that number.

Representative Berg: What would be wrong if we pooled the equity in to that and said here is the deal, we are giving a \$100 minimum for every state employee and the rest is going to be based on equalization?

Chairman Delzer: Part of the problem there is if you pool it all, then all agencies would get an equal amount somehow would they not?

Pam Sharp, Director of OMB: You would have to figure out how much to put in to each agency's budget.

Representative Kempenich: They already have that broke out we have not done anything to these budgets yet. We could do that because it is already broke out. All we would have to do is put that number in.

Representative Berg: It wouldn't hurt to make a statement like that early on in the session so people understand.

Chairman Delzer: Anything further?

Chairman Delzer adjourned the committee.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1015

House Appropriations Committee
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 2/12/09

Recorder Job Number: 9292

Committee Clerk Signature

Tanya Vaughn

Minutes:

Chairman Delzer opened the discussion of amendments for House Bill 1015. Roll call was taken.

Chairman Delzer: What we are going to do this morning is discuss amendments for OMB. We have House Bill 1306 that we do have some amendments drafted for that we need to go through and adopt. Then we need to start looking at, we have most of the finished amendments back. If we can get through some of those we need to go ahead and do that. With that we will go ahead and start if everybody has the list. Lori, tell me something, when you put the \$100 minimum in there, is it five percent of the salary line item plus the money it would take to make the \$100 minimum or is it just 5% of the salary line.

Lori Laschkewitsch, OMB: It is all of the salaries actually get calculated at 5% or the \$100 whichever is the greatest.

Chairman Delzer: Do you know how much money that was to do the \$100?

Lori Laschkewitsch, OMB: Statewide, how many people?

Chairman Delzer: Over and above just the 5%.

Lori Laschkewitsch, OMB: No I do not know that amount.

Chairman Delzer: That is actual 5 & 5 language does not need to be in that section of the code does it?

Lori Laschkewitsch, OMB: That language is not on any of the budgets so that is the intent language that need to be there to direct the agencies on how to distribute the money and the fact that it does not apply to probationary.

Chairman Delzer: I understand that but the actual reference to the 5% of the salary line. It does not say 5&5 it says 5% of the salary line.

Lori Laschkewitsch, OMB: That language needs to be somewhere.

Chairman Delzer: Each agency appropriation is increased by 5% of the first year and 5% of the second year but that particular line does not do anything because that is what is in the budgets. We will take that up in a bit but if you would look at that Lori while we are doing this.

Lori Laschkewitsch, OMB: What line are you looking at?

Chairman Delzer: It would be section ten of the bill, lines 15 and 16. OK, committee members, does everybody have their list. I think we will start down at the bottom of that. The proposed amendment for Centers of Excellence appropriations and transfers, Brady do you want to explain, were we going to take that out?

Brady Larson, Legislative Council: This amendment was proposed by OMB and it would provide a continuing appropriation for a Centers of Excellence fund.

Chairman Delzer: If we do what we are talking about up above we don't need that.

Brady Larson, Legislative Council: That is correct.

Chairman Delzer: The other one, section two one-time funding that was just something we were saying. The \$30,000 as administration projects was listed as one time but it is not.

Brady Larson, Legislative Council: That is correct. I believe that refers to an increase in statewide dues that was inadvertently put into the one-time funding information in the section of the bill.

Chairman Delzer: Do we need to take that out? Where is it under?

Brady Larson, Legislative Council: Yes. I believe that is correct.

Chairman Delzer: OK so we need to reduce the administration projects list of \$156,041 by \$30,000. The one right above that is to provide funding and set up, committee members, I think what we wanted to do there, the current Centers of Excellence money, and we might as well deal with all of that right now, the \$15million that is in here right now, under line 21 of the front page of the bill, we are going to want to zero that out and we are going to want to change that to language that says awarded Centers of Excellence. The funding for that will be that \$8,741,543 that we have been told that they are going to need for the next biennium to cover the currently awarded ones. The funding source on that would be the rest of the General Fund to go through the \$15million that is in this current budget plus the Permanent Oil Trust Fund money to do the rest of that. That covers what amounts to the funding for this biennium, the \$15million plus the \$5million that they wanted. Then we will also need to take the \$5million out of the deficiency appropriation. This covers that for next biennium for the stuff that was awarded from the information we have been given.

Representative Berg: Just to be clear, in this bill when we pass it we will pay for the \$8.5million which was obligated last biennium.

Chairman Delzer: The biennium we are currently in.

Representative Berg: So that would offset that \$5million loan that was in the current biennium Centers of Excellence.

Chairman Delzer: Correct, that they are requesting to cover in the deficiency appropriation but my understanding is that they have not actually borrowed the money yet but this would cover that.

Representative Berg: The funding for the 09-11 is \$15million cash and the \$5million borrowing authority. So we are going to remove the \$15million in this biennium.

Chairman Delzer: For the next biennium because we figured it should be in the Commerce.

Representative Berg: In the Senate so we have the money and the bill together.

Chairman Delzer: Right that is the proposal in the way I remember us talking about it.

Representative Berg: And then the \$5million borrowing for the 09-11 biennium we would eliminate.

Chairman Delzer: We did that in Full Committee.

Representative Berg: Wasn't that in this budget as well?

Chairman Delzer: It was pulled out of this budget and put into one of those stand alone bills.

Brady Larson, Legislative Council: I believe that the sections that referred to the borrowing authority were removed but I believe that the actual \$5million of special funds is still contained in here.

Chairman Delzer: That would need to be part of the proposal.

Representative Kaldor: Is that in section eight?

Chairman Delzer: It would actually just be residing in the Centers of Excellence line.

Representative Berg: Brady, we will need to clean that up.

Lori Laschkewitsch, OMB: It is in line 21.

Chairman Delzer: So it is in the Centers of Excellence line.

Lori Laschkewitsch, OMB: Correct.

Representative Kempenich: So what do you want to do with the onetime funding?

Chairman Delzer: I would say that if everyone agrees on what we have here we could take these four as one motion and cover all of these.

Representative Kaldor: I am curious about the borrowing authority, I understand where the line item is but the language that authorizes the borrowing authority is that section eight of the bill?

Chairman Delzer: Yes.

Representative Kaldor: So is that what we would be eliminating then?

Chairman Delzer: That we have actually removed in Full Committee already so it is still physically in the bill but it is not in the bill.

Representative Kempenich: I don't have a problem doing this I guess what frustrates me is like yesterday we got something associated with the Higher Ed looking for \$5million. You start to question what we are doing here especially when all of the university presidents come trotting down and supporting it. We are appropriating money out side of it. That is a glove fit for what these Centers are for other than the direct involvement with the Higher Ed. I think this whole program needs to be looked at a little tighter than we are.

Chairman Delzer: We will have the Commerce Department in the second half and that is when I feel we should really get into the Centers of Excellence and talk about the programs and things that way at that time.

Representative Kempenich: It is just like now if we are going to go ahead with that other project.

Chairman Delzer: What are your wishes?

Representative Kempenich: I will move that we remove this.

Representative Berg: Second.

Chairman Delzer: To recap we will remove the \$15million for the 09-11 biennium. That removes basically line 21 on page one of the bill.

Representative Berg: The motion relates to the Centers of Excellence that we have been talking about?

Chairman Delzer: And two other issues.

Representative Berg: Which other two?

Chairman Delzer: The other two issues are the \$30,000 of the one-time and then the other issues is that funding creating the line on line 21 that says awarded Centers of Excellence and funding for the balance for next biennium. The reason we want to put that in OMB and take the new money away is the new money belongs in Commerce where it is actually with the program. Keeping this here kind of separates that so it can be seen. This has already been awarded.

Representative Berg: Where is the \$30,000?

Chairman Delzer: The \$30,000 resides on page two of the bill in line 17 and it does not belong in there.

Representative Berg: Why is it not an impact on the General Fund only special funds?

Brady Larson, Legislative Council: It is because it is just being classified as ongoing instead of one-time.

Chairman Delzer: It is in the actual budget on page number one, probably in the right spot but we listed it as one time and it should not be listed as one time. Section two is not an appropriation it is just a list of what is considered onetime.

Lori Laschkewitsch, OMB: That is correct.

Representative Glassheim: So it is in operating you think?

Lori Laschkewitsch, OMB: It is in operating on page one of the budget. So removing the \$30,000 from section two on page two is only removing it from the intent language that it is one-time funding and puts it back in to ongoing funding.

Representative Berg: I know this is just a small thing; I am just trying to understand the tracking. So you are saying removing it from section two to section one?

Chairman Delzer: No.

Lori Laschkewitsch, OMB: No. It just removes it period.

Chairman Delzer: We are not moving it all. It already exists in line 16 of page one. But they also listed it as part of line 17 on page two and it should not have been listed as part of that because it is not one time funding. Section two there that is just the listing of the one time funding. That is not any appropriations.

Chairman Delzer: Discussion on the proposed amendment which is removing the \$15million, adding \$3,996,111 of General Fund and \$4,745,432 of Permanent Oil Trust Fund money and then removing \$30,000 from line 17 of page two section two.

A motion was made by Representative Kempenich, seconded by Representative Berg for an amendment to remove the \$15million, adding \$3,996,111 of General Fund and \$4,745,432 of Permanent Oil Trust Fund money and then removing \$30,000 from line 17 of page two section two. Amendment was adopted by voice vote.

Chairman Delzer: OK, then we have some FTE issues that we talked about. We have remove two vacant FTE positions and printer equipment. I think we looked at that vacant FTE list and they have been vacant for quite a while. I think we will take all of these FTE amendments separate. Does anyone wish to make a motion?

Representative Dosch: I will make that motion.

Vice Chairman Thoreson: Second.

Chairman Delzer: The motion was made that we remove those two positions and \$164,200 of General Fund. Discussion?

A motion was made by Representative Dosch, seconded by Vice Chairman Thoreson for an amendment removing the two vacant FTE positions in the Print Shop as well as \$164,200. Amendment was adopted by voice vote.

Chairman Delzer: Then we have remove vacant custodian position \$66,810. I think one of those has been vacant for a while. I think two have been vacant for a short time. What does the committee want to do with that position?

Vice Chairman Thoreson: I will move the removal of that position.

Representative Dosch: Second.

Chairman Delzer: We have a motion and a second, any discussion?

Representative Kaldor: The only concern I have is that they are already advertising to fill the position. Are we talking about the supervisor?

Chairman Delzer: I think what the actual discussion was if I remember right, there is one of them that have been vacant for like 16 months and one was vacant for nine months. I think they filled one of them. I don't know if they filled the lower or the upper one. If I remember they said they were having somewhat of a problem of keeping them full at those levels. I don't know that I have major heartburn either way about that one. It is about what everybody wants to do.

Representative Kaldor: I don't feel in a position really to be able to tell them how many custodians they need. If they feel they need them and they are in the process of trying to fill them.

Chairman Delzer: Are both positions listed as advertising or just one of them?

Representative Kaldor: The two custodial positions, the one that was vacant for 16 months they are currently advertising to fill that position. The one that was open for three months, they are currently advertising to fill that position. Then they have a custodial supervisor which has been vacant for 1.5 months and they are about to advertise to fill that position. So 16 months is the one that they can maybe live without but I guess I kind feel like that is their judgment call. I don't feel qualified to decide that.

A motion was made by Vice Chairman Thoreson, seconded by Representative Dosch to remove the vacant custodial position.

Representative Berg: I have no problem reducing the FTEs at OMB but I think we should allow them go in and pick and decide which ones they are taking out.

Representative Kaldor: That is probably my point. They are advertising for a position right now and who knows they might be standing out in the hallway or waiting for us.

Chairman Delzer: We will say that one went four to four and leave it for right now and come back to it if we want.

Representative Berg: What are we talking for total FTEs here that we are eliminating?

Chairman Delzer: We have reduced two so far, the vacant ones at the Print Shop. There are two more that we need to discuss. One is the new HRMS FTE and I don't remember the detail on that but that is obviously a new position that they want to fill.

Representative Berg: So that is \$157,000 right?

Chairman Delzer: \$157,119.

Representative Berg: Then the custodial is \$66,000 and that is what we just voted on?

Chairman Delzer: Right.

Representative Berg: What else are we looking at?

Chairman Delzer: The \$164,200 we amended, we took those two positions.

Representative Berg: I would suggest, if those are the only positions, then there is the Facilities Planner. Did you want to remove that position?

Chairman Delzer: That is the one that is currently a filled position. It is the one that some people have called the State Architect. John Dorso put in that one in '97. The idea when they put it in from my recollection was to have somebody on staff that when colleges or anybody wanted to build a new building they could cheaply design so that the legislature would have some idea on what the building would look like and actually cost. I have never seen that position do that job. That is why I do not like that position. That is just my take. It is a filled position with somebody doing work in it.

Representative Berg: That is clearly a position that you have a concern with a position. As it relates to the other two that total amount in General Fund is about \$224,000. Can we just reduce the FTEs and reduce that money by \$224,000 or do we need to determine which FTEs?

Chairman Delzer: The way it is set up we have always dealt with the FTEs. We could just give them and FTE number of a total FTE number. If we removed two or we wanted to remove three and they had one, and they obviously removed one themselves, which one did they remove? Their numbers are staying the same and yet there is a new FTE. Lori, which one did you remove, did you remove one?

Lori Laschkewitsch, OMB: No. It does increase by one.

Chairman Delzer: Committee members there is another thing we can do is we could remove the \$164,000 half of the position. If we had \$224,000 we could remove the \$66,000 and then leave the numbers at 131 and tell them to decide who goes where.

Representative Berg: We removed the two vacant FTEs and we did that motion. Quite frankly I do not have a problem reducing that in the printing area. Going beyond that with those other two, the HRMS FTE and the vacant custodial....

Chairman Delzer: We voted on the vacant custodial and did not remove that.

Representative Berg: I understand. What I am suggesting is that we underfund that, we underfund their salaries by \$224,000.

Chairman Delzer: We are going to have an opportunity to look at this stuff. I would like to have some discussion on how other people feel about that Facilities Planner.

Representative Kempenich: I would like to hear, what is that position doing now?

Chairman Delzer: Pam if you want to do a short synopsis of it.

Pam Sharp, Director of OMB: Joel Leapaltd fills the position. He has been on staff since 1998. Joel does many things around here. When agencies in the building need to make more space or redesign their space, he does that. He runs all of the construction jobs here on the Capitol. He was the one who ran the fire suppression project. He helps the budget staff evaluate projects that come in in budget proposals. He evaluates for instance all Higher Ed's proposals. He is familiar with Higher Ed's master plans, the purposes of all of the buildings on their campuses.

Chairman Delzer: To me the problem is that he does not do what the position was designed for. It is something I wanted to have a discussion on.

Representative Kempenich: What I have a question is about is he an architect or a planner?

Is that position paying what an architect would get? I don't know that that would even come close to what an architect would be.

Chairman Delzer: Pam what is his degree, do you have that?

Pam Sharp, Director of OMB: He is an architect. His title is planner. When you mentioned that the idea was for him to design buildings for Higher Ed, any architectural work that is over \$100,000 has to by statute be bid out.

Chairman Delzer: It has to before you are finally done but the issue was not for him to do the architectural work, it was to do a design that somebody would have the knowledge to do to get a fair market value on it. The only one that I remember him doing is the Vet's Home.

Pam Sharp, Director of OMB: He has done preliminary estimates; just cost based estimates for several building projects. Maybe not all Higher Ed but he has done some. They have to request him to do that though.

Representative Glassheim: To move things along, I will move that we retain the facilities planner position.

Chairman Delzer: I don't think we need a motion for that. I think we just not need a motion removing it. Then we have up there, starting from the top down we have our issues that we talked about with the IT projects. The second one from the top is remove one-time funding for facilities capitol parking lot repairs. I think our discussion there was about what is going to happen with stimulus money and whether or not that would be stimulus money. What are your wishes there?

Representative Kempenich: I will move.

Representative Berg: The question is are we going to find these some how so we don't lose them. If we are then I would say we remove the General Fund money but use the language that we are using in other bills to allow for...

Chairman Delzer: What does the language say? Actually I would rather we just made a list and kept it.

Representative Berg: I don't care how we do it.

Chairman Delzer: These are not going to go away. I would guess 10 to one that they will be brought up in the Senate Appropriations hearing. Because we are taking them out they will defiantly be flagged. That is just part of the system. We will look at their bills the same way.

Representative Kaldor: I think the concern I have is what is the purpose of this? If we are trying to protect that particular object in case federal stimulus dollars will fund it and so we don't want to appropriate for it, I am a little bit concerned about how that will look at crossover, if we are going to have an appropriations budget that is quite deficient of some of these repairs. I have been looking at some of this stimulus information and I don't think they are going to fix our parking lots even though it might be shovel ready. I just don't think that this is going to be one of the projects that they will cover. I think I would like to know the purpose of doing that. I think it will distort the picture of our appropriations budget if we pull some of these. There are some I can agree with but I am not so sure I am in favor of this either. I have not been necessarily persuaded but I am just concerned about Representative Berg described as how we flag these and what the picture looks like when we leave at crossover. We are going to be presenting a picture of a budget that will be really not the true picture of what is going to happen.

Chairman Delzer: I don't disagree with that but that is pretty much how it is when you go across anyway. I understand what you are saying but on the same token the finished product looks nothing like it does at crossover, anytime.

Representative Kaldor: I appreciate that and I know it is true. Unfortunately it's a very complicating to the public. There is a certain amount of transparency that does not exist when we cut something like this and then say well it will get restored at the very end. That is what our citizens get frustrated with is all of this gets done in conference committee and I think we should try to be as close to the true picture as possible. If we don't like the appropriation that is one thing but if we think we are going to stick it back in later, I really think that distorts the picture as we move forward.

Chairman Delzer: I think part of the issue to me is if we have stimulus money to cover this I may support this, if we do not I may not. That is the issue to me.

Representative Berg: I was just going to say that I would support the motion just to move us on but again as I have said before, we ought to treat them all the same. We ought to treat all of these one times the same. If our intention is as you say is that you don't want to fund this anyhow, then that is kind of a different discussion. I don't say that this is a highest priority for our one time spending but if your desire is not to fund that at all then I don't think we should take it out and say it will be part of the stimulus package. We should make a decision.

Chairman Delzer: That is not exactly what I said though. If the stimulus money would cover this, I would think that would be a good use of it and I would gladly fund it then. If it is all out of General Fund money I am not sure that I would support funding it.

Representative Kempenich: There is \$4.1million in this line right now. The biggest thing was the parking lot repair.

Chairman Delzer: Under Facilities Management on the green sheet, the parking lots is \$2.45million. Number four there I think most of those are things that I would support even under our current situation. Do we have them on the list? No we do not. The only thing that we have on the list here is the \$2.45million on the parking lots.

Representative Berg: I will support the motion to remove it if you want to just take that motion and move on but I think we, again we need to I think we need to treat all of these the same. My belief is there are certainly more priorities than parking lot repair. However if you don't take care of those, it could be \$10million down the road. I don't have a problem deferring a parking lot repair for two years or whatever.

Representative Kempenich: We have an issue with parking period in this Capitol Grounds. We are going to spend \$2.5million repaving the thing and we still have them parking on the grass, especially when we are in session. I mean we can repave the parking lot but I think there is a bigger issue. If you go out on the east side, even when we are not in session, the DOT side, you are pretty much parked out there to 83 some days. I think there is a bigger issue than paving the parking lot with this. I would like to see how it is going to cost \$2.5million to repave this.

Chairman Delzer: I believe there is a bill that has changed, I believe it was the Governor's Mansion bill that got changed to a facilities and Capitol Grounds?

Vice Chairman Thoreson: I believe the GVA committee hog housed the bill and turned it into a Capitol Complex facilities study.

Chairman Delzer: Would parking lots be part of that issue?

Vice Chairman Thoreson: I would think so.

Representative Kempenich: I think they were talking about it.

Chairman Delzer: That is something I hadn't even thought about. We also have the Historical Society building issue coming up which certainly has parking lot issues in that.

Representative Kempenich: This is going to get brought up again. I am in favor of just taking it out for now.

Chairman Delzer: I believe you made the motion did you not? We didn't have a second, is there a second?

Representative Berg: Second.

Chairman Delzer: Is there any discussion?

Vice Chairman Thoreson: I am just looking at the new language in House Bill 1403 which was the bill originally for the Governor's Mansion and it says that the Council shall study the utilization of all facilities on the state Capitol grounds. I am not certain how that would fit with parking.

Chairman Delzer: Do we need language referencing the study?

Representative Kempenich: We can.

Chairman Delzer: Is that something that people would feel more comfortable with? The study itself says all facilities, but if the study goes off the wrong way they would never touch the parking lots.

Vice Chairman Thoreson: It says it must include an evaluation of the short term and long term viability of the facilities located on the Capital Grounds including the Governor's residence but that does not specifically address this issue.

Chairman Delzer: Brady, can you put in a line or two, somewhere that would reference a study for parking. Is that acceptable to the motion?

Representative Kempenich: Yes.

Representative Berg: Yes

A motion was made by Representative Kempenich, seconded by Representative Berg for an amendment to remove the funding for the parking lot repairs. Amendment was adopted by voice vote.

Chairman Delzer: The next issue up is Prairie Public TV. We have a list from Mr. Harris here of the items that would possibly be done if that \$2million was granted. I think they are in priority order but I am not sure. Yes they are. The problem is he had given me this the day he was here and then he took it back and said he was going to see if they had federal funding found for any parts of them. I do not see any mention of federal money when I say not available but guaranteed is the word I was looking for. Personally committee I have a little problem with us putting money towards a tower for digital TV when we had in our discussions and did not do a tower for EMS. There is operating of \$1.337million besides this but this is the information of what they want if they generated the same amount of money that is here. I did ask him if we give them the money they could certainly do the lower four on there within that money and he didn't say whether they would or not but that is about what the money would cover I suppose. Committee members what are your wishes?

Representative Berg: I am a little confused. What you just handed out said the Governor requested a hold even budget. It says we understand the Governor's request for a hold even budget and we do not request continual operation funds.

Chairman Delzer: My understanding that the operational funds were in there.

Lori Laschkewitsch, OMB: That is correct. The \$1.3million is the operating funds and that is a hold even budget. The \$2.016million is additional one-time funding for these projects.

Representative Berg: But that was included in the Governor's Budget.

Lori Laschkewitsch, OMB: Yes.

Chairman Delzer: Both of them are. This was an OAR.

Representative Berg: So what this was referring to was the operational costs were hold even but what he is looking for is a one-time cost.

Chairman Delzer: Yes. That is what is in the budget is \$2,016,202. This list is what that money would go for.

Vice Chairman Thoreson: What is the line below that, the remaining funds to be generated to \$2,039,597?

Chairman Delzer: He said to do this they would have to generate that much. He said they thought they could possibly generate it from the federal government. It did not sound like it would be generated from contributions.

Vice Chairman Thoreson: It is not a match?

Chairman Delzer: No. That is not my understanding. My understanding would be whatever we give them they could use for whatever they wanted if they get the other there may be a match and there may be not but that would cover it.

Lori Laschkewitsch, OMB: That is correct. Many of the federal grants require a match. So the intention and the hope is that they would be able to find grants and this would be the matching money for that.

Chairman Delzer: This is the list that we got. The whole thing is on the amendment. Whatever anybody would want to say about any of it. I guess I would probably have a hard time supporting this when we did not put more in to the EMS than we did but everybody has to set their own priorities.

Representative Glassheim: Am I remembering right, I thought we were interested in EMS but we were holding those to see if there is stimulus money?

Chairman Delzer: I don't think it was the stimulus money as much as it was the digital roll out is two years away on the EMS stuff. We were worried that if we built them they might not be as viable as they would be after we had the answers.

Representative Glassheim: Their digital roll out is proceeding.

Chairman Delzer: This is a different digital roll out. I believe they are digital everywhere. I think this is simply a case where it would allow them to have a better broadcast system out of the Williston area.

Lori Laschkewitsch, OMB: There will be areas they will not reach once they shut off the analog up in the Williston area because of the shorter distance of the digital towers. So there will be people that will not have service.

Representative Dosch: What has been the history for this? I can understand the state providing a little operating dollars for them but has history been that we have developed and paid for their public system?

Chairman Delzer: Pam or Lori do you want to take a stab at that. It seems to me that about two sessions ago we gave them some money for digital roll out. I think that was the only time we have done that. We have however given them operating money for quite a number of years.

Lori Laschkewitsch, OMB: That is correct. They did receive some money this biennium; it was \$686,000 for to assist with the digital roll out. So this is another project. In the past they have only received the \$1.3million in operating funds. We have not given them additional funds.

Representative Berg: I guess when I look at this list and it looks like the key is in Williston. There is a little over \$2million for that project cost. If I understand how this works, there is a

50/50 match or that is what they are looking at. I guess I would maybe suggest that we pull \$1million off and leave the rest there.

Chairman Delzer: Is that a motion?

Representative Berg: Where ever we are at. Do we have a motion?

Chairman Delzer: We do not have a motion on the floor.

Representative Berg: I will not make that motion but whatever you want to do.

Chairman Delzer: It is up to the committee. I don't know that I am going to support any of it but it is entirely up to the committee. If you want to give them a million dollars that is fine. If nobody wants to make a motion to remove any of this they will get the \$2million.

Representative Dosch: To get rolling I guess, I will make a motion to remove the \$2million of one time funding.

Representative Kempenich: Second.

Chairman Delzer: We have a motion and a second. Discussion.

Representative Dosch: I guess, providing some money for operating I think is fine but now we are buying hard assets for them. Where does this stop? This is a broadcasting center. We have EMS we have all of these other entities as well. Where do we start drawing the line on this stuff?

Representative Kempenich: That is my whole point. I would just as soon put it into emergency communication if we are going to spend \$2million on something that is quasi private/public operation. That is the reason that I am going this way.

Representative Glassheim: This is a public station. It does an awful lot of work. Probably 50% of its work is on education and children. It does all kinds of arts programming, history programming, North Dakota programming. We have had it in the budget before. I don't know what percentage, I think we under 20% of their budget. There are thousands of members who

contribute to it also. They put in individual money. It is a statewide institution that the people of North Dakota generally support. Not everybody obviously listens to it but it is a statewide institution. I think we need to continue to support it.

Representative Dosch: The operating funds are still in there. We are still providing them over a million dollars worth of operating.

Representative Kaldor: I think what we probably will end up doing is this is an infrastructure thing. It is considered a one-time expenditure. If we pass this amendment I am not sure how it will affect Bismarck, Grand Forks, Fargo, Minot or anywhere, probably not that much maybe not where I live but certainly the northwestern part of the state is going to be left out. That is where the lion's share of this investment is being made. For whatever it is worth that is what appears to be the most affected area by this amendment is the Williston area.

Vice Chairman Thoreson: Am I correct with the idea with Williston, right now in Williston they are on I believe channel three. It is a different location on the dial. They still have an existing station there. What they are looking to do with this money is build out on channel eleven which is being vacated by the CBS affiliate in that market due to the digital conversion. I don't believe they will lose service in the Williston area it is that they are looking to move to a different dial position perhaps to get a broader coverage. I believe they will still have service in that part of the state.

A motion was made by Representative Dosch, seconded by Representative Kempenich for an amendment removing the \$2million in one time funding from Prairie Public. Amendment was adopted.

Chairman Delzer: Is there anything further to come before the committee on House Bill 1015?

Representative Dosch: Have we addressed the increased information technology costs?

Chairman Delzer: No we have not. Or the additional ConnectND modules. I don't know that the increased tech costs, I think come from the ITD issue. Lori is that correct?

Lori Laschkewitsch, OMB: That is the continuing operations for the BI business intelligence warehouse. Once that is implemented we will have continuing operations.

Chairman Delzer: That is the one where you were doing those two different programs?

Lori Laschkewitsch, OMB: No. Those other modules, this is the data warehouse that enables agencies to be able to pull data from their budgets. It will enable us to be able to put the information on the websites for the transparency bill that you requested. We need a data warehouse to be able to run all of those reports.

Chairman Delzer: What about the ConnectND modules?

Lori Laschkewitsch, OMB: That is the two HR modules, the one for training and the one for Candidate Gateway for applicants to be able to apply online.

Chairman Delzer: The agencies wanted the first one of those two more than they wanted the second one, correct?

Pam Sharp, Director of OMB: Yes, the ELM.

Chairman Delzer: They were both around \$250,000?

Pam Sharp, Director of OMB: No.

Chairman Delzer: Were they each \$500,000 and we requested to remove, it seemed to me that we talked about removing one of the two.

Pam Sharp, Director of OMB: ELM was at least \$500,000.

Chairman Delzer: It must have been that they were a total of \$1million. I think that is where that \$500,000 comes from is removing one of those. Committee what are your wishes? It

seems to me the tech costs we will probably need to leave. The question on the modules is before us.

Representative Dosch: Rather than being specific, would it be possible just to indicate a reduction in operating expenses by that \$500,000?

Chairman Delzer: Lori, does it reside in operating or does it reside in capital assets?

Lori Laschkewitsch, OMB: It resides in operating.

Representative Dosch: Right now they are having almost a \$2.8million increase in their operating expenses. If I could make a motion just to generalize that and just make it out of operating expenses.

Representative Kempenich: Second.

Chairman Delzer: Discussion by the committee?

Representative Kaldor: Just so I understand, you are talking about the \$500,000 that was originally slated for IT costs that would just be an operating cost reduction?

Chairman Delzer: That is correct. In essence likely what OMB would have to do to cover that is not do one of those two modules. It would be entirely up to them what they do. If somehow there was \$500,000 they could certainly do them. We are not telling them not to do one of the modules. It is just a reduction in funding. Is there any further discussion?

A motion was made by Representative Dosch, seconded by Representative Kempenich for an amendment that would reduce the operating line by \$500,000. Amendment adopted.

Chairman Delzer: That takes care of our list. Committee members I have one more amendment. There is likely to be a couple more issues that will come up on the OMB budget

when it is brought up in front of the full committee but one that I wanted to bring forward is we have had some various discussions about making sure there is some direction for the managers that the pay raise is not strictly across the board pay raise. This amendment would be one way that it could possibly be done. If you look at the bill, what it would do in section ten it changes the language on page four line 12. It currently says, for regular state employees are to be based on documented performance and equity. It would change that to read, 09-11 compensation adjustments for regular state employees are to vary based on documented performance and equity and are not to be 5% increases for each employee. What we are trying to get at here is getting the managers to manage the decision of who gets what. I guess it would keep them from doing a flat 5 & 5 to everybody without any variations but if they do any variations they would cover what they are doing here. That is the reason I asked before of whether or not we need to keep each agency appropriation increase by 5% the first year and 5% the second. I don't know if we would need to keep that language in there or not.

Lori Laschkewitsch, OMB: That language just sets forth. Without that language agencies would have no idea what the increase in their budget is.

Chairman Delzer: It is in their budget. How come they need to know that? The money is actually in the budget correct?

Lori Laschkewitsch, OMB: It is. I guess it is in their salaries lines in most cases. In other cases it is in a special line so it is just language that clarifies what the increases are.

Chairman Delzer: It is directed so just the agency gets 5%.

Lori Laschkewitsch, OMB: Correct.

Chairman Delzer: Committee members, I wanted to bring this out. I don't really care if we adopt it here or if we have the discussion down in Full Committee.

Representative Kempenich: I think we should take this to full committee.

Chairman Delzer: OK there is another issue that has not been addressed. That is that I would not mind seeing us raise that minimum from \$100 to \$115-120. That is in essence would give more money to the people making the lower amount of money. That is just something I think we should think about. We can have the discussion in Full Committee. With that is there anything further?

Chairman Delzer closed the discussion on House Bill 1015.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1015

House Appropriations Committee
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 2/16/09

Recorder Job Number: 9500

Committee Clerk Signature

Tonya Voegeli

Minutes:

Chairman Delzer opened the discussion of amendments on House Bill 1015.

Chairman Delzer reviewed the amendment.

Chairman Delzer: Did we mean to take the full \$500,000 from operating for the computer programs or did we only mean to take half of that?

Representative Kempenich: Was that those modules?

Chairman Delzer: That is those modules and I thought we were only going to take one of them. Lori, do you remember what we said there? I thought we were only going to take one of those.

Lori Laschkewitsch, OMB: You did say you were only going to take one of them.

Chairman Delzer: Did we have somewhere else where we were taking \$250,000 that just fits in the same line?

Representative Dosch: I think it was coming out of the general operating.

Lori Laschkewitsch, OMB: I don't recall any conversation about any other amount of operating that you were reducing.

Representative Dosch: I just have a note written next to that that it is general operating. I don't have the amount just next to the \$500,000.

Chairman Delzer: Well it must have been \$250,000 of general operating and \$250,000 for the module. I think it was only one module.

Chairman Delzer continued reviewing the amendment.

Chairman Delzer: I think that we are still going to get some of that information on the parking lot situation before the end of the session.

Representative Kempenich: We were talking to some people on Friday. It was just general discussion and I think this whole thing, instead of spending \$2.5million on parking lot we need parking period. I can't see putting this kind of money out right now. We are going to have to look at some type of ramp or something because we have people parking on the grass. They are scattered in the trees.

Chairman Delzer: I actually talked with Mr. Boyle on Friday and I asked him to gather some information on what they had about where the ramp was in the plans. What I actually asked him whether the repairs would have been on the area where their ramp is in the master plan. He said he would put together some numbers. I think that is an issue that we need to look at. It doesn't make sense to me either if we were going to put \$2.5million into a parking lot and then build a ramp on it in five or ten years. Parking is certainly a problem. What we were talking about is on the north side where the parking lot currently exists.

Representative Glassheim: Is it our intention to look at Centers of Excellence and Prairie Public in the second half and restore those in different fashions?

Chairman Delzer: Centers of Excellence will certainly be a discussion in the Commerce.

Prairie Public, I am not sure what will happen. It depends on what will happen on the other side. I don't know that we would have another shot at Prairie Public. It will be part of the final conference committee. I don't know that there would be stimulus money out there for something like this. I don't know that that would ever fit.

Representative Glassheim: It will be up to the Senate to put it back in if they want to restore it and then we will have conversation. It is not really waiting for stimulus it is just whether we want it or not.

Chairman Delzer: Right.

Representative Glassheim: It would go on OMB if it were going to go anywhere.

Chairman Delzer: It would be in OMB.

Vice Chairman Thoreson: I think as we have all learned 1015 is going to come back to us at some point looking vastly different than what we do to it here anyway. Unless the Senate chooses to do what they did with it last session and just put it to sleep but otherwise I think we will see many things that may have been removed back in.

A motion was made by Vice Chairman Thoreson, seconded by Representative Kempenich to adopt amendment 98048.0115 to House Bill 1015. The amendment was adopted by voice vote.

A motion was made by Vice Chairman Thoreson, seconded by Representative Kempenich for a DO PASS AS AMENDED recommendation for House Bill 1015 to the House Appropriations Full Committee. The vote was 4 yeas, 3 nays and 1 absent and not voting. The carrier will be Chairman Delzer.

2009 HOUSE STANDING COMMITTEE MINUTES

HB 1015

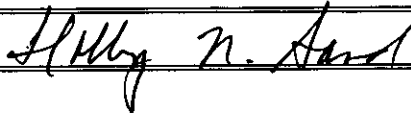
House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 17, 2009

Recorder Job Number: 9647, 9648

Committee Clerk Signature



Minutes:

Chm. Svedjan turned the discussion to HB 1015. There are three sets of amendments. We will take the amendments on the budget first (Attachment A).

Rep. Delzer explained .0115 (See Attachment A). The amendment removes vacant FTE positions, reduces operating expenses, removal of 911 Centers of Excellence funding which the committee felt should be with the language for Centers of Excellence (Commerce Department). The Section added a line that says "Awarded Centers of Excellence Projects." They are set up now that the funding does not all go out on the front end. It's set up to go out on schedules. The Section reduced the Capital Building projects by \$2.45 million which relates to parking lots. There was discussion of using stimulus money. We may want to look at spending a little more and build a ramp.

Rep. Delzer moved amendment .0115. **Rep. Berg** seconded the motion.

Rep. Wald: Where are the Centers of Excellence located, that are funded here?

Rep. Delzer: I can't tell you off the top of my head, but . . .

Chm. Svedjan: They are spread through the Higher Ed institutions.

Rep. Ekstrom: Footnote 2, one-time funding for Prairie Public, does this mean they will not be transmitting in digital?

Rep. Delzer: No. They wanted to do an upgrade in the Williston area. They currently have a digital broadcast out there but wanted to upgrade to better broadcast.

Rep. Thoreson: Right now in Williston they broadcast on Channel 4. Channel 11 is being vacated by the CBS affiliate there due to the digital conversion and they wish to move to that position on the dial. They do still have a signal in that area.

Rep. Delzer: We have been contributing operating money to Prairie Public over the past years. This would be the biggest amount we would have ever contributed.

Rep. Nelson: Prairie Public is able to follow through with digital conversion?

Rep. Delzer: That's my understanding. They are already transmitting in digital.

Rep. Kreidt: Regarding Section 11, didn't we pass a bill out yesterday that we're looking at studying a capitol grounds. Are they going to combine these? Or are these two different approaches?

Rep. Delzer: The bill dealt with the Governor's mansion and was turned into a capitol grounds study. I think we worded this one differently. If they are chosen, Legislative Council will meld the two.

The motion to adopt amendment .0115 carried by voice vote and the amendment was adopted.

Rep. Delzer distributed and explained amendment .0112 (Attachment B). This amendment deals with Section 10 of the bill. It will have language changes. The Section had discussions of moving the \$100 up to \$110 to try and get a little more money up to the lower paid people in

our system. There has been talk about a flat five and five. The language in Section 10 actually says if five percent of the agencies appropriation goes to the agency each year of the biennium. We are trying to make sure that the only guarantee we're giving is the \$100 minimum. Other than that it's based on performance and equity and are not to be five percent increases for each employee.

Chm. Svedjan: Salary increases could vary and the expectation is that not everybody be at five percent.

Rep. Delzer moved amendment .0112. Rep. Wald seconded the motion.

Rep. Kaldor: We talked about this in Section (Technical difficulties) and there may be an instance in a small agency and the administrator has a sum of money equal to five percent and as I read this, we are telling the administrator and the employee meets the criteria, they cannot have the five percent. I'm not sure if we are being prescriptive.

Rep. Delzer: It's more a statement of intent. You might say "are not intended" or "necessarily"

Chm. Svedjan: I'm not sure if the word "necessarily" typically shows up in code.

Rep. Delzer: I would have no problem adding that language.

The insertion of "necessarily" was added to the motion to adopt amendment .0112 and the motion carried by voice vote and the amendments were adopted.

Rep. Carlson distributed and reviewed amendment .0116 (Attachment C) which deals with the salary funding pool and salary equity pool. (Recorder stopped during testimony).

Rep. Skarphol moved amendment .0116. Rep. Kreidt seconded the motion.

Rep. Hawken: The amount of money in the equity pool is not even half of what we took out.

Where did that figure come from and could it be higher? (3:33)

Rep. Carlson: The general fund money you had in your budgets was \$7.9 million, the Special funds was \$2.9 million. I realize this is a system wide bill, but this bill will have to go to the Senate and be reconciled with what they did with their equity pools. Those numbers were derived. Is there opportunity to adjust them? Yes. It was based on the numbers of the budgets you had and then it was reduced from \$7.9 million to \$4 million but it was also significantly more on the Special Funds side.

Rep. Hawken: But there aren't any Special Funds in this.

Rep. Carlson: There are \$4 million in there.

Rep. Onstad: What is the definition of "critical" and who determines that?

Rep. Carlson: I can't answer that for sure. Human Resources could probably answer that. It's language that we use in budgets but I don't know the origin.

Chm. Svedjan: From my point of view, I think under this plan if an agency decides that they definitely need a particular position, they're going to build that into their request and I think the critical need will become a part of the approval. The agency would want to demonstrate the critical need of this position.

Rep. Carlson: That was my intention.

Rep. Wald: This would be for classified employees only? (6:10)

Rep. Carlson: The way the language is set up it deals with classified employees. Someone asked me, "what if we unclassify somebody?" I don't have an answer for that other than you could make that available to all employees if that was your wish.

Rep. Wald: The oil patch employees are no longer classified.

Rep. Carlson: That language could be adjusted if it was necessary to fit the needs of those. That is the purpose of the equity pool is to be able to get the money to those people that we need that we are not able to hire.

Rep. Kaldor: It looks as though what we talked about yesterday is quite different from this amendment. It looks to me as though what you've formulated here is a process whereby OMB is going to be able to do this without our approval or budget section's approval. Am I reading that correctly?

Rep. Carlson: I know the first sections, 9, 10, 11 are subject to budget section approval.

Rep. Kaldor: I'm wondering about Section 13 and 14.

Rep. Carlson: The intention was to . . .

Rep. Delzer: I think that goes out that first month. So I don't think there is a reason to go through the budget section but I do think OMB is going to have to do that.

Rep. Carlson: I think that's how we've always done it. If I explained it to you that we would be in the middle of equity I explained it wrong. It was more important to me on the filling of the empty positions that we have some say as to how that number grows on our FTEs. If OMB does the analysis and finds that this person is below the midpoint, a critical employee, the money is available for them to approve.

Rep. Kaldor: Yesterday when we had our discussion, this is one of the things I was concerned about and that is the process they've already gone through. And I'm not sure I know the difference in what they did, other than that we allocated those equity adjustments in each of the budgets, and what we are doing now is consolidating it into OMB, but then we expect that they are distributing it out to the agency based on their request.

Rep. Carlson: Correct. In 2007, Legislative Assembly appropriated \$5 million from the general fund and \$5 million from other funds to OMB for statewide salary equity adjustments for

classified state employees for the biennium. They allocated \$4.998 million of that and \$5 million from other funds to agencies based on classified employees positions and salary ranges. It's a standard procedure we've used in the past. I was attempting to get it back where managers review the process instead of just handing this out and next time we come look at it they say "man our mid points are all messed up again." There needs to be some coordination in how that works. In the last two years there has been in excess of \$30 million of equity money put into the system over and above our salaries. At this point in time they still tell us that we have an equity problem. I think we need to address that.

Rep. Glassheim: On p. 2, what is this plan that is supposed to be adopted? Would it be a list of what we need? What do they do to present to OMB or HR? (10:44)

Rep. Carlson: Every time they come to us with requests for money they have a plan that says this area below or this area is above and that is the plan that basically is worked off of to get to those ranges.

Rep. Glassheim: You are asking the agencies to present a plan whereas I think the plan is generally developed by HR.

Rep. Carlson: It already says in here "HR management shall provide a model base plan to each agency." They are already working from a plan that HR is giving them.

Rep. Glassheim: So it might be essentially what we have and what the original \$24 million was based on.

Rep. Carlson: It could be based on that, but it's also giving them the flexibility to say, "You know your model doesn't work for us. We can't keep this engineer out west no matter what we pay."

Rep. Glassheim: You give priority to those who are furthest from respected salary range midpoints. So that's at the bottom end of the scale – people who have not been brought up to

the midpoint – and you prioritize the money for that. That is not going to deal with the top end of professionals who we can't hire or retain because they are underpaid. I think there's a conflict. . .

Rep. Carlson: I think you are reading that wrong because it talks about their "respective salary range midpoints." The midpoints they've established are for every category, not just the bottom ones. They have a midpoint for the engineers and the doctors and the psychiatrists and those midpoints are what they're establishing throughout the system unless I have misunderstood how they have explained it to me.

Rep. Glassheim: We can deal with it later. I think some of the ones at the high end, it's not that, . . . it's that their range is too low. They are o.k. in their range but the range is too low, competitively speaking. You're saying the \$4 million and \$4 million that you're proposing, is that equivalent to the \$13 million and the \$10 million in the Governor's budget but only for those bills that are on our side?

Rep. Carlson: They are going to have to do some adjustments on the Senate side because we have no idea what they've done with those equity pools.

Rep. Glassheim: So that 4 and 4 could end up being close to the \$13 . . .

Rep. Carlson: I had to pick a number. I picked a number for the concept to go forward knowing full well that that number may very well get adjusted to whatever these two Appropriations Committees feel that equity number should be when they are all done. The most important part was that that ingredient was in the process and there was some money in that process.

Rep. Glassheim: I'm still not totally sure how this statewide critical salary pool works, but am I right in saying what once was 5 and 5 is really $2\frac{1}{2}$ and $2\frac{1}{2}$? Or is my math wrong? Because

what was 5 and 5, but you're taking 2 percent out of everybody's line item for salaries, so does that reduce it to the money available to 3 and 3? Or if not, . . .

Rep. Carlson: The 5 and 5 still goes out to everybody. But what this does do, it does not let money where there's no person in the chair, it doesn't let that money be rolled into that agency. It makes sure that everybody that's working and in that chair gets their 5 and 5 and they might even get some equity out of the deal. It does not allow that money to be rolled up unless they go ask for that empty position to be filled.

Rep. Glassheim: But you're going to fund that by taking 2 percent of the salary line regardless of how many vacancies there are.

Rep. Carlson: No.

Rep. Glassheim: If there are a certain number of people in your department you're going to take 2 percent, . . . , that's what I understood we passed the other day. You're going to take 2 percent of the salary line item from each agency to build this \$3.9 and \$4.5 . . .

Rep. Carlson: They would need to go back and get that at the end of the biennium because they have every position filled. They will have the opportunity to go to that pool and get that money to complete their salaries. I dare to wager that in most agencies, with 400 vacancies, that situation will very seldom happen and in the small agencies where it would penalize them the most, there is no deduction. It was zero. Those are the ones we tried to protect to make sure the one with five employees doesn't have some of their salary line taken away. It is 5 and 5. We could argue over the math, but it is 5 and 5.

Rep. Wald: In Section 10, when you say "critical state employee" that also includes non-classified? (16:37)

Rep. Carlson: It is silent on whether it is critical or not. I don't have an answer for that. My intention was, and I'm not sure what percentage are classified and what percentage are

unclassified, but when we give a raise, we give a raise of 5 percent to all the people with some minimums here or some maximums there. So I don't understand what language we need there if any.

Rep. Kroeber: The equity dollars have always been only for classified employees. The \$13 million General Fund, the \$10 million Special Fund, that is for classified employees only. It is not for non-classified employees and I would hope this does not change that. (17:17)

Rep. Carlson: It was never my intent to change anything other than how we had done it before. It was not to change people's classification.

Rep. Kroeber: The 5 and 5 and the equity funding is probably not going to bring everyone to midpoint. One thing on employee benefits, all the information HR has brought forward to us and that we are working off of, we received in July '08. We are predicting salaries to July '11. Those other salaries are also going to be on the increase. That makes this very difficult. The information we work off is old.

Rep. Carlson: US Bank, I understand, lowered everybody's salary 10 percent the other day to keep people working and still have a job, but they lowered their salaries. This midpoint may be a moving target with the market is around us in surrounding states. I'm not here to argue that point. I'm here to argue the philosophy of what I believe is a good policy that you passed in those budgets. If there are things that need to be worked out between classified and unclassified employees I'm more than willing for you to do whatever is necessary.

Rep. Kaldor: We've actually been going through budgets today where we can actually see how the rubber meets the road and we are underfunding salary line items by 2 percent, irrespective of the vacant FTEs in those respective budgets. Yes, there might be ample vacant FTEs in one budget and not in another but when we underfund all budgets at 2 percent, when

that agency has no vacant FTEs and they have been underfunded by 2 percent, they can't possibly give a 5 percent raise. Maybe I'm looking at this wrong. (19:08)

Rep. Carlson: When you set aside salary for an agency of \$4 million and you authorize a 5 and 5, the only time you will ever be short of money without any vacancies is going to be the last two months of the biennium, because you have authorized that, you have paid that throughout the biennium and the only time you will be underfunded, when you get to the end of the money we have allotted you and you had every position filled, then you'll have to go get that money. If you don't, it's going to stay there, if you have vacancies. There will be no question that it's a 5 and 5 because you will not run out of that appropriated amount of money and if you did it would be the very last end of the biennium.

Rep. Kaldor: Your policy doesn't follow that because unless you are restoring a critical state employee position or a critical vacant FTE you can't access those dollars under this measure.

Rep. Bellew: Doesn't Section 12 take care of that where it says "agency line item transfers." (21:11)

Rep. Carlson: It will obviously assist in that. I'm not seeing the problem. If they have no vacancies whatsoever, I suppose there's the possibility that that could arise.

Chm. Svedjan: It's most apt to happen in a very small agency where there's no adjustment anyway. But if you take a look at the turnover reports for state agencies, there's turnover in all of them. And turnover results in vacant positions even for a short while.

Rep. Ekstrom: It's a relatively small agency, but I mean it's not five people – Retirement and Investment have a total FTE of 17 with no vacant positions. (21:58)

The motion to adopt amendment .0116 carried by a voice vote and the amendment was adopted.

Rep. Delzer: In light of adopting .0116, I think Section 9 is still in the bill. I think that probably should be removed. I don't believe our original .0115 removed that section. (22:35)

Rep. Delzer moved to remove Section 9 from HB 1015 .0100. Rep. Berg seconded the motion.

Chm. Svedjan: I believe that is correct.

Brady Larson, Legislative Council: Can I get clarification on Rep. Delzer's question? The amendment .0116 does replace line . . .

Rep. Delzer: .0116 does? O.K.

Mr. Larson: On p. 4.

Rep. Thoreson: It does say "replace lines 1 through 9 with."

Chm. Svedjan: It does.

Rep. Delzer withdrew his motion to remove Section 9 from HB 1015. Rep. Berg withdrew his second.

Rep. Berg distributed and explained amendment .0109 (Attachment D). This amendment tries to organize the leasing of space. What we've heard now is that agencies are going out and leasing space and the rents they are paying are all over the board. That creates two problems: I don't think we are getting the best deal and I think it's taking time away from the agency's core function to try and become a real estate expert. This amendment would funnel the leasing of space through OMB. If a department needs additional space, they contact OMB, OMB

would identify their need and they'd find appropriate space. The department or agency would have final say.

Rep. Berg moved amendment .0109. Rep. Dosch seconded the motion. The motion carried by a voice vote and the amendment was adopted.

Rep Delzer moved a Do Pass as Amended to HB 1015. Rep. Berg seconded the motion. The motion carried by a roll call vote of 15 yeas, 8 nays and 2 absent and not voting. Rep. Delzer will carry the bill.

FISCAL NOTE
Requested by Legislative Council
02/20/2009

Amendment to: HB 1015

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

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

House amendments removed sections with fiscal impact.

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

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

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

Name:	Lori Laschkewitsch	Agency:	OMB
Phone Number:	701-328-2685	Date Prepared:	02/26/2009

FISCAL NOTE
Requested by Legislative Council
01/06/2009

Bill/Resolution No.: HB 1015

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

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$39,000,000	(\$39,000,000)	\$39,000,000	(\$39,000,000)
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

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

The fiscal impact of Section 11 could provide a decrease in the budget stabilization fund by 2.5% of the revenue shortfall. Section 12: The increase from \$71,000,000 to \$110,000,000 could provide additional revenue to the general fund and a decrease to the POTTF of \$39,000,000 per biennium beginning with the 2009-2011 biennium.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The increase from \$71,000,000 to \$110,000,000 could provide additional revenue to the general fund of \$39,000,000 per biennium beginning with the 2009-2011 biennium.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

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

Name:	Lori Laschkewitsch	Agency:	OMB
Phone Number:	701-328-2685	Date Prepared:	01/09/2009

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1015

Page 1, line 3, remove "to amend and reenact sections 54-27.2-03 and"

Page 1, remove line 4

Page 1, line 5, remove "permanent oil tax trust fund;"

Page 3, remove lines 19 through 30

Page 4, remove lines 26 through 31

Page 5, remove lines 1 through 31

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment removes Sections 8, 11, and 12 relating to contingent borrowing authority for the Centers of Excellence Commission, transfers and expenditures of the budget stabilization fund, and deposits in the permanent oil tax trust fund.

Date: 11/19/09
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98048.0101

Action Taken Adopt Amendment .0101

Motion Made By Delzer Seconded By Berg

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber	✓	
Rep. Wald	✓		Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer	✓		Rep. Glassheim	✓	
Rep. Thoreson	✓		Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer	✓	
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom	✓	
Rep. Bellew	✓		Rep. Kerzman	✓	
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 18 No 0

Absent 1

Floor Assignment _____

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

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Adopt Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Representative Kempenich: Seconded By Representative Berg:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Change line 21 to awarded Centers of Excellence.
Provide funding from the General Fund and Permanent Oil Trust Fund for 2007-09 Centers of Excellence projects that have not been paid. (General Fund 3,996,111

Remove funding from the General Fund for 2009-11 Centers of Excellence (\$15million)

One Time Funding for \$30,000 that was mistakenly put it as one time funding. Reduce administration by \$30,000

Amendment Adopted

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Adopt Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Representative Dosch: Seconded By Vice Chairman Thoreson:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Remove two vacant FTE

Amendment Adopted

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Adopt Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Vice Chairman Thoreson: Seconded By Representative Dosch:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Remove vacant custodial position

Amendment FAILED- tie

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Adopt Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Representative Kempenich: Seconded By Representative Berg:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Remove one time funding for facility management Capitol and parking lot repairs.

Amendment Adopted.

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Adopt Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Representative Dosch: Seconded By Representative Kempenich:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Remove one time funding for the Prairie Public Digital TV Conversion

Amendment Adopted

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Adopt Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Representative Dosch: Seconded By Representative Kempenich:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Reduce \$500,000 for operating

Amendment Adopted

98048.0115
Title.
Fiscal No. 1

Attachment A
2/17/09
Prepared by the Legislative Council staff for
House Appropriations - Government
Operations

February 13, 2009

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1015

Page 1, line 3, remove "to amend and reenact sections 54-27.2-03 and"

Page 1, remove line 4

Page 1, line 5, remove "permanent oil tax trust fund; and" and after "intent" insert "; and to provide for a legislative council study"

Page 1, line 15, replace "2,303,519" with "2,139,319" and replace "17,517,285" with "17,353,085"

Page 1, line 16, replace "2,796,958" with "2,296,958" and replace "14,489,094" with "13,989,094"

Page 1, line 17, replace "3,225,279" with "775,279" and replace "4,870,298" with "2,420,298"

Page 1, line 19, replace "2,016,200" with "0" and replace "3,353,338" with "1,337,138"

Page 1, line 21, replace "9,700,000" with "(10,300,000)", and replace "20,000,000" with "0"

Page 1, after line 21, insert:

"Centers of excellence - 2007-09 awarded projects"	0	8,741,543	8,741,543
---	---	-----------	-----------

Page 2, line 1, replace "(\$34,407,044)" with "(\$50,795,901)" and replace "60,485,015" with "44,096,158"

Page 2, line 2, replace "(11,453,282)" with "(11,863,215)" and replace "13,775,833" with "13,365,900"

Page 2, line 3, replace "(\$22,953,762)" with "(\$38,932,686)" and replace "46,709,182" with "30,730,258"

Page 2, line 4, replace "1.00" with "(1.00)" and replace "133.50" with "131.50"

Page 2, line 13, replace "15,000,000" with "0"

Page 2, line 14, replace "2,016,200" with "0"

Page 2, line 16, replace "3,670,000" with "1,220,000"

Page 2, line 17, replace "156,041" with "126,041"

Page 2, line 18, replace "21,842,241" with "2,346,041"

Page 2, line 20, replace "21,842,241" with "2,346,041"

Page 2, after line 24, insert:

"SECTION 3. PERMANENT OIL TAX TRUST FUND. The estimated income line item in section 1 of this Act includes \$4,745,432 from the permanent oil tax trust fund for 2007-09 centers of excellence projects that have been awarded but have not yet received funding."

Page 3, remove lines 19 through 30

Page 4, remove lines 26 through 31

Page 5, replace lines 1 through 31 with:

"SECTION 11. LEGISLATIVE COUNCIL STUDY - CAPITOL GROUNDS.
During the 2009-10 interim, the legislative council shall consider studying the capitol complex master plan, including a review of parking needs on the capitol grounds. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98048.0115 FN 1

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1015 - Office of Management and Budget - House Action**

	Executive Budget	House Changes	House Version
Salaries and wages	\$17,517,285	(\$164,200)	\$17,353,085
Operating expenses	14,489,094	(500,000)	13,989,094
Capital assets	4,870,298	(2,450,000)	2,420,298
Grants	55,000		55,000
Prairie Public Broadcasting	3,353,338	(2,016,200)	1,337,138
State student internship program	200,000		200,000
Centers of excellence	20,000,000	(20,000,000)	
Centers of excellence - 2007-09 projects		8,741,543	8,741,543
Total all funds	\$60,485,015	(\$16,388,857)	\$44,096,158
Less estimated income	13,775,833	(409,933)	13,365,900
General fund	\$46,709,182	(\$15,978,924)	\$30,730,258
FTE	133.50	(2.00)	131.50

Department No. 110 - Office of Management and Budget - Detail of House Changes

	Removes Vacant FTE Positions¹	Reduces Funding for Prairie Public Broadcasting²	Reduces Operating Expenses³	Removes 2009- 11 Centers of Excellence Funding⁴	Adds Funding for 2007-09 Centers of Excellence Awarded Projects⁵	Reduces Funding for Capitol Building Projects⁶
Salaries and wages						
Operating expenses						
Capital assets			(500,000)			
Grants						(2,450,000)
Prairie Public Broadcasting		(2,016,200)				
State student internship program						
Centers of excellence				(20,000,000)		
Centers of excellence - 2007-09 projects					8,741,543	
Total all funds	(\$164,200)	(\$2,016,200)	(\$500,000)	(\$20,000,000)	\$8,741,543	(\$2,450,000)
Less estimated income	(155,365)	0	0	(5,000,000)	4,745,432	0
General fund	(\$8,835)	(\$2,016,200)	(\$500,000)	(\$15,000,000)	\$3,996,111	(\$2,450,000)
FTE	(2.00)	0.00	0.00	0.00	0.00	0.00

	Total House Changes
Salaries and wages	(\$164,200)
Operating expenses	(500,000)
Capital assets	(2,450,000)
Grants	
Prairie Public Broadcasting	(2,016,200)
State student internship program	
Centers of excellence	(20,000,000)
Centers of excellence - 2007-09 projects	8,741,543
Total all funds	(\$16,388,857)
Less estimated income	(409,933)
General fund	(\$15,978,924)
FTE	(2.00)

¹ Two vacant FTE positions in Central Duplicating are removed.

² One-time funding for Prairie Public Broadcasting's digital conversion added in the executive budget is removed.

³ Reduces funding for operating expenses by \$500,000 from the general fund.

⁴ This amendment removes \$15,000,000 of funding from the general fund and \$5,000,000 of special funds provided in the executive budget recommendation for 2009-11 centers of excellence projects.

⁵ Funding is provided for 2007-09 centers of excellence projects that have been awarded but have not yet received funding. The \$4,745,432 of special funds is from the permanent oil tax trust fund.

⁶ One-time funding for Facility Management Division repairs and equipment is reduced to provide a total of \$1,220,000.

This amendment also:

- Provides for a Legislative Council study of the Capitol grounds, including a review of parking needs.
- Reduces the amount of one-time funding for administration projects by \$30,000 to reclassify an increase in statewide dues as an ongoing expense.
- Removes Section 11 relating to transfers from the budget stabilization fund.
- Removes Section 12 relating to oil tax revenues deposited in the general fund and permanent oil tax trust fund.

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98048.0115

Action Taken Adopt Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Vice Chairman Thoreson: Seconded By Representative Kempenich:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Amendment Attached.

Amendment Adopted

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98048.0115

Action Taken Do Pass As Amended

☐ Voice Vote

☒ Roll Call Vote

Motion Made By Vice Chairman Thoreson: Seconded By Representative Kempenich:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Glassheim		X
Vice Chairman Thoreson	X		Representative Meyer		X
Representative Kempenich	X		Representative Kaldor		X
Representative Berg	A				
Representative Dosch	X				

Total (Yes) 4 No 3

Absent 1

Floor Assignment Chairman Delzer:

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

Date: 2/17/09
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98048.0115

Action Taken Adopted 0115

Motion Made By Delzer Seconded By Berg

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Voiced Vote - carries

98048.0112
Title.

Attachment B
2/17/09
Prepared by the Legislative Council staff for
House Appropriations - Government
Operations

February 11, 2009

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1015

Page 4, line 12, replace "be" with "vary"

Page 4, line 13, after "equity" insert "and are not to be five percent annual increases for each
employee"

Renumber accordingly

Date: 2/17/09
Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 0112 08048-0100 TBD

Action Taken adopt .0112 and insert "necessity"

Motion Made By Delzer after "not" Seconded By Wald

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Voie Vote - carries

2/17/09

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1015

Page 1, line 5, after the semicolon insert "to provide appropriations for a statewide critical salary funding pool and a statewide salary equity pool; to establish a statewide critical salary funding pool and a statewide salary equity pool; to provide for transfers of appropriation authority, subject to budget section approval;"

Page 4, replace lines 1 through 9 with:

"SECTION 9. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - STATEWIDE CRITICAL SALARY FUNDING POOL. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$3,950,000, or so much of the sum as may be necessary, and from special funds, derived from federal funds or other income, the sum of \$4,500,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of providing funding for classified state employees in accordance with provisions of sections 10 and 11 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 10. STATEWIDE CRITICAL SALARY FUNDING POOL. The statewide critical salary funding pool appropriation included in section 9 of this Act may be used only for critical state employee position authorization and funding and the funding related to the filling of vacant employee positions.

SECTION 11. TRANSFERS OF STATEWIDE CRITICAL SALARY FUNDING POOL APPROPRIATION AUTHORITY - BUDGET SECTION APPROVAL. An executive branch agency or institution may submit a request to the office of management and budget for a transfer of spending authority and full-time equivalent authorization from the statewide critical salary funding pool appropriation in section 9 of this Act to the agency or institution for:

1. Restoration of a critical state employee full-time equivalent position.
2. Restoration of funding for a critical vacant full-time equivalent employee position.

The office of management and budget shall review any request and, if approved, transfer, subject to budget section approval, the amount of appropriation authority and related full-time equivalent position authorization from the statewide critical salary funding pool to the state agency or institution making the request.

SECTION 12. AGENCY LINE ITEM TRANSFERS. An executive branch agency or institution may, pursuant to section 54-16-04, request a line item transfer from another line item of the agency's or institution's budget to the salaries and wages line item to provide, if necessary, additional salaries and wages funding to restore funding for a critical full-time equivalent position, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 13. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - STATEWIDE SALARY EQUITY POOL. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$4,000,000, or so much of the sum as may be necessary, and from special funds,

derived from federal funds or other income, the sum of \$4,000,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of providing statewide salary equity adjustments for classified state employees in accordance with provisions of section 14 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 14. STATEWIDE SALARY EQUITY POOL FOR CLASSIFIED STATE EMPLOYEES. The statewide salary equity pool appropriation included in section 13 of this Act must be used for market equity compensation adjustments for classified state employees. The market equity adjustments are to begin with the month of July 2009, to be paid in August 2009. The market equity adjustments are independent of any general salary increase provided by the legislative assembly.

The market equity increases are to be prioritized based on equity for employees whose salaries are furthest from their respective salary range midpoints effective July 1, 2009.

Probationary employees are eligible for the market equity increases. Employees whose documented performance levels do not meet standards are not eligible for the market equity increases.

Human resource management services shall provide a model base plan to each agency. Agencies may adopt the model plan, adopt the model plan with exceptions, or offer an alternative plan that meets the intent outlined in this section.

Upon adoption of an appropriate plan and application to human resource management services, the fiscal management division shall transfer to each eligible agency appropriated general fund or special fund spending authority from the statewide salary equity pool appropriation contained in section 13 of this Act."

Renumber accordingly

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1015

Page 1, line 3, after "sections" insert "54-21-24, 54-21-24.1," and after "54-27.2-03" insert a comma

Page 1, line 4, after "to" insert "leasing of office space by state agencies," and after "fund" insert a comma

Page 4, after line 25, insert:

"SECTION 11. AMENDMENT. Section 54-21-24 of the North Dakota Century Code is amended and reenacted as follows:

54-21-24. Additional office space may be obtained outside state capitol. ~~In the event that~~ If office space in the state capitol building becomes insufficient to accommodate the various state departments, agencies, and boards, the director of the office of management and budget ~~may upon request of the department, agency, or board shall negotiate for, contract for, and obtain such~~ additional office space outside the state capitol in the city of Bismarck or in the Bismarck area as is necessary in order to provide accommodations for all state departments, agencies, and boards. When office space is obtained in this manner, ~~any~~ the department, agency, or board ~~which that~~ occupies ~~such the~~ office space ~~must be~~ is deemed to be located at the state capitol for purposes of statutes ~~which that~~ require that a department, agency, or board must be maintained at the state capitol, and the director shall charge an amount equal to the fair value of the office space and other services rendered to all departments ~~which that~~ receive and expend moneys from other than the general fund, except that for good cause the amounts charged may be waived by the director for a one-year period of time with ~~such the~~ waiver being subject to further annual renewals after proper application has been filed with the director. The department, agency, or board for which the office space is sought must approve the office space before the director may finalize a contract or lease for the office space.

SECTION 12. AMENDMENT. Section 54-21-24.1 of the North Dakota Century Code is amended and reenacted as follows:

54-21-24.1. Lease of additional space by state agencies, departments, offices, officers, boards, and institutions. ~~No~~ A lease or rental agreement or renewal of ~~such the~~ lease or rental agreement for the lease or rental of buildings or portions of buildings for use by ~~the state may be entered into by~~ state agencies, departments, offices, officers, boards, and institutions, other than institutions under the board of higher education, the adjutant general and department of transportation office and storage space for field engineering and maintenance crews, unless approved may be entered by the director of the office of management and budget ~~and unless the attorney general has determined~~ subject to a determination of the legal sufficiency of ~~such the~~ lease or rental agreement. To ~~assure~~ ensure economy, efficiency, and cooperation between the state and its political subdivisions, and to limit the number of locations of state offices for the convenience of ~~persons~~ individuals traveling to ~~such the~~ offices, the director shall promulgate rules ~~and regulations~~ governing the lease or rental of additional buildings or portions ~~thereof of the buildings~~ by ~~such~~ state agencies, departments, offices, officers, boards, and institutions other than those under the board of higher education, the adjutant general, and department of transportation office and storage space for field engineering and maintenance crews. The department, agency,

or board for which the office space is sought must approve the office space before the director may finalize a contract or lease for the office space."

Renumber accordingly

Date: 2/17/09
Roll Call Vote #: 3

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98048.0116

Action Taken Adopt Amendment 0116

Motion Made By Skarphol Seconded By Kreidt

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Voie Vote - carries

Date: 2/19/09
Roll Call Vote #: 4

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

Full House Appropriations Committee

☐ Check here for Conference Committee

Withdrawn

Legislative Council Amendment Number _____

Action Taken remove Section 9 of .0100 (HB 1015)

Motion Made By Delzer Seconded By Berg

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1015

Page 1, line 3, after "sections" insert "54-21-24, 54-21-24.1," and after "54-27.2-03" insert a comma

Page 1, line 4, after "to" insert "leasing of office space by state agencies," and after "fund" insert a comma

Page 4, after line 25, insert:

"SECTION 11. AMENDMENT. Section 54-21-24 of the North Dakota Century Code is amended and reenacted as follows:

54-21-24. Additional office space may be obtained outside state capitol. ~~In the event that~~ If office space in the state capitol building becomes insufficient to accommodate the various state departments, agencies, and boards, the director of the office of management and budget may upon request of the department, agency, or board shall negotiate for, contract for, and obtain such additional office space outside the state capitol in the city of Bismarck or in the Bismarck area as is necessary in order to provide accommodations for all state departments, agencies, and boards. When office space is obtained in this manner, any ~~the~~ department, agency, or board which that occupies ~~such~~ the office space must be ~~is~~ deemed to be located at the state capitol for purposes of statutes which that require that a department, agency, or board must be maintained at the state capitol, and the director shall charge an amount equal to the fair value of the office space and other services rendered to all departments which that receive and expend moneys from other than the general fund, except that for good cause the amounts charged may be waived by the director for a one-year period of time with ~~such~~ the waiver being subject to further annual renewals after proper application has been filed with the director. The department, agency, or board for which the office space is sought must approve the office space before the director may finalize a contract or lease for the office space.

SECTION 12. AMENDMENT. Section 54-21-24.1 of the North Dakota Century Code is amended and reenacted as follows:

54-21-24.1. Lease of additional space by state agencies, departments, offices, officers, boards, and institutions. ~~No~~ A lease or rental agreement or renewal of ~~such~~ the lease or rental agreement for the lease or rental of buildings or portions of buildings for use by ~~the state may be entered into by~~ state agencies, departments, offices, officers, boards, and institutions, other than institutions under the board of higher education, the adjutant general and department of transportation office and storage space for field engineering and maintenance crews, unless approved may be entered by the director of the office of management and budget ~~and unless the attorney general has determined subject to a determination of~~ the legal sufficiency of ~~such~~ the lease or rental agreement. To assure ensure economy, efficiency, and cooperation between the state and its political subdivisions, and to limit the number of locations of state offices for the convenience of ~~persons~~ individuals traveling to ~~such~~ the offices, the director shall promulgate rules ~~and regulations~~ governing the lease or rental of additional buildings or portions ~~thereof of the buildings~~ by ~~such~~ state agencies, departments, offices, officers, boards, and institutions other than those under the board of higher education, the adjutant general, and department of transportation office and storage space for field engineering and maintenance crews. The department, agency,

or board for which the office space is sought must approve the office space before the director may finalize a contract or lease for the office space."

Renumber accordingly

Date: 2/17/09
Roll Call Vote #: 5

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98048.0109

Action Taken Adopt. . 0109

Motion Made By Dug Seconded By Dosch

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Voiced Vote - carries

M. M. H. H.

VR
2/19/09
10/7

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1015

Page 1, line 3, replace "54-27.2-03 and" with "54-21-24 and 54-21-24.1 of the North Dakota Century Code, relating to leasing of office space by state agencies; to provide an appropriation for a statewide critical salary funding pool and a statewide salary equity pool; to establish a statewide critical salary funding pool and a statewide salary equity pool; to provide for transfer of appropriation authority, subject to budget section approval; to provide legislative intent; and to provide for a legislative council study."

Page 1, remove lines 4 and 5

Page 1, line 15, replace "2,303,519" with "1,433,263" and replace "17,517,285" with "16,647,029"

Page 1, line 16, replace "2,796,958" with "2,296,958" and replace "14,489,094" with "13,989,094"

Page 1, line 17, replace "3,225,279" with "775,279" and replace "4,870,298" with "2,420,298"

Page 1, line 19, replace "2,016,200" with "0" and replace "3,353,338" with "1,337,138"

Page 1, line 21, replace "9,700,000" with "(10,300,000)" and replace "20,000,000" with "0"

Page 1, after line 21, insert:

"Centers of excellence - 2007-09 awarded projects"	0	8,741,543	8,741,543
---	---	-----------	-----------

Page 2, line 1, replace "(\$34,407,044)" with "(\$51,501,957)" and replace "60,485,015" with "43,390,102"

Page 2, line 2, replace "(11,453,282)" with "(12,053,004)" and replace "13,775,833" with "13,176,111"

Page 2, line 3, replace "(\$22,953,762)" with "(\$39,448,953)" and replace "46,709,182" with "30,213,991"

Page 2, line 4, replace "1.00" with "(1.00)" and replace "133.50" with "131.50"

Page 2, remove lines 13 and 14

Page 2, line 16, replace "3,670,000" with "1,220,000"

Page 2, line 17, replace "156,041" with "126,041"

Page 2, line 18, replace "21,842,241" with "2,346,041"

Page 2, line 20, replace "21,842,241" with "2,346,041"

Page 2, after line 24, insert:

"SECTION 3. PERMANENT OIL TAX TRUST FUND. The estimated income line item in section 1 of this Act includes \$4,745,432 from the permanent oil tax trust fund for 2007-09 centers of excellence projects that have been awarded but have not yet received funding, for the biennium beginning July 1, 2009, and ending June 30, 2011."

2087

Page 3, remove lines 19 through 30

Page 4, remove lines 1 through 9

Page 4, line 12, replace "be" with "vary"

Page 4, line 13, after "equity" insert "and are not necessarily to be five percent annual increases for each employee"

Page 4, replace lines 26 through 31 with:

"SECTION 10. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - STATEWIDE CRITICAL SALARY FUNDING POOL. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$3,950,000, or so much of the sum as may be necessary, and from special funds, derived from federal funds or other income, the sum of \$4,500,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of providing funding for classified state employees in accordance with provisions of sections 11 and 12 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 11. STATEWIDE CRITICAL SALARY FUNDING POOL. The statewide critical salary funding pool appropriation included in section 10 of this Act may be used only for critical state employee position authorization and funding and the funding related to the filling of vacant employee positions.

SECTION 12. TRANSFERS OF STATEWIDE CRITICAL SALARY FUNDING POOL APPROPRIATION AUTHORITY - BUDGET SECTION APPROVAL. An executive branch agency or institution may submit a request to the office of management and budget for a transfer of spending authority and full-time equivalent authorization from the statewide critical salary funding pool appropriation in section 10 of this Act to the agency or institution for:

1. Restoration of a critical state employee full-time equivalent position.
2. Restoration of funding for a critical vacant full-time equivalent employee position.

The office of management and budget shall review any request and, if approved, transfer, subject to budget section approval, the amount of appropriation authority and related full-time equivalent position authorization from the statewide critical salary funding pool to the state agency or institution making the request.

SECTION 13. AGENCY LINE ITEM TRANSFERS. An executive branch agency or institution may, pursuant to section 54-16-04, request a line item transfer from another line item of the agency's or institution's budget to the salaries and wages line item to provide, if necessary, additional salaries and wages funding to restore funding for a critical full-time equivalent position, for the biennium beginning July 1, 2009, and ending June 30, 2011.

3067

SECTION 14. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - STATEWIDE SALARY EQUITY POOL. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$4,000,000, or so much of the sum as may be necessary, and from special funds, derived from federal funds or other income, the sum of \$4,000,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of providing statewide salary equity adjustments for classified state employees in accordance with provisions of section 15 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 15. STATEWIDE SALARY EQUITY POOL FOR CLASSIFIED STATE EMPLOYEES. The statewide salary equity pool appropriation included in section 14 of this Act must be used for market equity compensation adjustments for classified state employees. The market equity adjustments are to begin with the month of July 2009, to be paid in August 2009. The market equity adjustments are independent of any general salary increase provided by the legislative assembly.

The market equity increases are to be prioritized based on equity for employees whose salaries are furthest from their respective salary range midpoints effective July 1, 2009.

Probationary employees are eligible for the market equity increases. Employees whose documented performance levels do not meet standards are not eligible for the market equity increases.

Human resource management services shall provide a model base plan to each agency. Agencies may adopt the model plan, adopt the model plan with exceptions, or offer an alternative plan that meets the intent outlined in this section.

Upon adoption of an appropriate plan and application to human resource management services, the fiscal management division shall transfer to each eligible agency appropriated general fund or special fund spending authority from the statewide salary equity pool appropriation contained in section 14 of this Act.

SECTION 16. AMENDMENT. Section 54-21-24 of the North Dakota Century Code is amended and reenacted as follows:

54-21-24. Additional office space may be obtained outside state capitol. ~~In the event that~~ If office space in the state capitol building becomes insufficient to accommodate the various state departments, agencies, and boards, the director of the office of management and budget ~~may upon request of the department, agency, or board shall negotiate for, contract for, and obtain such~~ additional office space outside the state capitol in the city of Bismarck or in the Bismarck area as is necessary in order to provide accommodations for all state departments, agencies, and boards. When office space is obtained in this manner, ~~any the~~ department, agency, or board ~~which that~~ occupies ~~such the~~ office space ~~must be~~ is deemed to be located at the state capitol for purposes of statutes ~~which that~~ require that a department, agency, or board must be maintained at the state capitol, and the director shall charge an amount equal to the fair value of the office space and other services rendered to all departments ~~which that~~ receive and expend moneys from other than the general fund, except that for good cause the amounts charged may be waived by the director for a one-year period of time with ~~such the~~ waiver being subject to further annual renewals after proper application has been filed with the director. The department, agency, or board for which the office space is sought must approve the office space before the director may finalize a contract or lease for the office space.

SECTION 17. AMENDMENT. Section 54-21-24.1 of the North Dakota Century Code is amended and reenacted as follows:

4 of 7

54-21-24.1. Lease of additional space by state agencies, departments, offices, officers, boards, and institutions. ~~No~~ A lease or rental agreement or renewal of ~~such the~~ lease or rental agreement for the lease or rental of buildings or portions of buildings for use by ~~the state may be entered into by~~ state agencies, departments, offices, officers, boards, and institutions, other than institutions under the board of higher education, the adjutant general and department of transportation office and storage space for field engineering and maintenance crews, unless approved may be entered by the director of the office of management and budget and unless the attorney general has determined subject to a determination of the legal sufficiency of ~~such the~~ lease or rental agreement. To ~~assure~~ ensure economy, efficiency, and cooperation between the state and its political subdivisions, and to limit the number of locations of state offices for the convenience of ~~persons~~ individuals traveling to ~~such the~~ offices, the director shall promulgate rules ~~and regulations~~ governing the lease or rental of additional buildings or portions ~~thereof of the buildings by~~ such state agencies, departments, offices, officers, boards, and institutions other than those under the board of higher education, the adjutant general, and department of transportation office and storage space for field engineering and maintenance crews. The department, agency, or board for which the office space is sought must approve the office space before the director may finalize a contract or lease for the office space.

Page 5, replace lines 1 through 31 with:

"SECTION 18. LEGISLATIVE COUNCIL STUDY - CAPITOL GROUNDS.

During the 2009-10 interim, the legislative council shall consider studying the capitol complex master plan, including a review of parking needs on the capitol grounds. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98048.0117 FN 2

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1015 - Office of Management and Budget - House Action**

	Executive Budget	House Changes	House Version
Salaries and wages	\$17,517,285	(\$870,256)	\$16,647,029
Operating expenses	14,489,094	(500,000)	13,989,094
Capital assets	4,870,298	(2,450,000)	2,420,298
Grants	55,000		55,000
Prairie Public Broadcasting	3,353,338	(2,016,200)	1,337,138
State student internship program	200,000		200,000
Centers of excellence	20,000,000	(20,000,000)	
Centers of excellence - 2007-09 projects		8,741,543	8,741,543
Statewide salary equity pool		8,000,000	8,000,000
Statewide critical salary pool		8,450,000	8,450,000
Total all funds	\$60,485,015	(\$644,913)	\$59,840,102
Less estimated income	13,775,833	7,900,278	21,676,111
General fund	\$46,709,182	(\$8,545,191)	\$38,163,991
FTE	133.50	(2.00)	131.50

Department No. 110 - Office of Management and Budget - Detail of House Changes

	Removes Vacant FTE Positions¹	Reduces Funding for Prairie Public Broadcasting²	Reduces Operating Expenses³	Removes 2009- 11 Centers of Excellence Funding⁴	Adds Funding for 2007-09 Centers of Excellence Awarded Projects⁵	Reduces Funding for Capitol Building Projects⁶
Salaries and wages	(\$164,200)					
Operating expenses			(500,000)			
Capital assets						(2,450,000)
Grants						
Prairie Public Broadcasting		(2,016,200)				
State student internship program						
Centers of excellence				(20,000,000)		
Centers of excellence - 2007-09 projects					8,741,543	
Statewide salary equity pool						
Statewide critical salary pool						
Total all funds	(\$164,200)	(\$2,016,200)	(\$500,000)	(\$20,000,000)	\$8,741,543	(\$2,450,000)
Less estimated income	(155,365)	0	0	(5,000,000)	4,745,432	0
General fund	(\$8,835)	(\$2,016,200)	(\$500,000)	(\$15,000,000)	\$3,996,111	(\$2,450,000)
FTE	(2.00)	0.00	0.00	0.00	0.00	0.00

	Reduces Funding for Anticipated Salary Savings ⁷	Removes Salary Equity Funding ⁸	Provides Funding for Critical Salary Pool ⁹	Provides Funding for Salary Equity Pool ¹⁰	Total House Changes
Salaries and wages	(\$468,003)	(\$238,053)			(\$870,256)
Operating expenses					(500,000)
Capital assets					(2,450,000)
Grants					
Prairie Public Broadcasting					(2,016,200)
State student internship program					
Centers of excellence					(20,000,000)
Centers of excellence - 2007-09 projects					8,741,543
Statewide salary equity pool				8,000,000	8,000,000
Statewide critical salary pool			8,450,000		8,450,000
Total all funds	(\$468,003)	(\$238,053)	\$8,450,000	\$8,000,000	(\$644,913)
Less estimated income	(120,622)	(69,167)	4,500,000	4,000,000	7,900,278
General fund	(\$347,381)	(\$168,886)	\$3,950,000	\$4,000,000	(\$8,545,191)
FTE	0.00	0.00	0.00	0.00	(2.00)

¹ Two vacant FTE positions in Central Duplicating are removed.

² One-time funding for Prairie Public Broadcasting's digital conversion added in the executive budget is removed.

³ Funding for operating expenses is reduced by \$500,000 from the general fund.

This amendment removes \$15 million of funding from the general fund and \$5 million of special funds provided in the executive budget recommendation for 2009-11 centers of excellence projects.

⁵ Funding is provided for 2007-09 centers of excellence projects that have been awarded but have not yet received funding. The \$4,745,432 of special funds is from the permanent oil tax trust fund.

⁶ One-time funding for Facility Management Division repairs and equipment is reduced to provide a total of \$1,220,000.

⁷ This amendment reduces salaries and wages funding to recognize anticipated savings from vacant positions and employee turnover.

⁸ This amendment removes funding added in the executive budget for state employee salary equity adjustments.

⁹ This amendment provides funding for a statewide critical salary pool. Sections are added creating the statewide critical salary pool and providing for appropriation authority transfers from the pool.

¹⁰ This amendment provides funding for a statewide salary equity pool to provide equity adjustments to classified state employees. A section is added creating the statewide salary equity pool.

This amendment also:

- Provides for a Legislative Council study of the Capitol grounds, including a review of parking needs.
- Reduces the amount of one-time funding for administration projects by \$30,000 to reclassify an increase in statewide dues as an ongoing expense.
- Removes Section 11 relating to transfers from the budget stabilization fund.

- Removes Section 12 relating to oil tax revenues deposited in the general fund and permanent oil tax trust fund.
- Amends North Dakota Century Code Sections 54-21-24 and 54-21-24.1 relating to leasing of office space by state agencies.

Date: 2/17/09
Roll Call Vote #: 6

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amended

Motion Made By Delzer Seconded By Delzer

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber		✓
Rep. Wald	✓		Rep. Onstad		✓
Rep. Hawken	✓		Rep. Williams		✓
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer	✓		Rep. Glassheim		✓
Rep. Thoreson	✓		Rep. Kaldor		✓
Rep. Berg	✓		Rep. Meyer		✓
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom		✓
Rep. Bellew	✓		Rep. Kerzman		✓
Rep. Kreidt	✓		Rep. Metcalf		✓
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 15 No 8

Absent 2

Floor Assignment Delzer

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

REPORT OF STANDING COMMITTEE (MAJORITY)

HB 1015: Appropriations (Rep. K. Svedjan, Chairman) A MAJORITY of your committee (Reps. Svedjan, Kempenich, Skarphol, Wald, Hawken, Martinson, Delzer, Thoreson, Berg, Dosch, Pollert, Bellew, Kreidt, Nelson, Wieland) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS**.

Page 1, line 3, replace "54-27.2-03 and" with "54-21-24 and 54-21-24.1 of the North Dakota Century Code, relating to leasing of office space by state agencies; to provide an appropriation for a statewide critical salary funding pool and a statewide salary equity pool; to establish a statewide critical salary funding pool and a statewide salary equity pool; to provide for transfer of appropriation authority, subject to budget section approval; to provide legislative intent; and to provide for a legislative council study."

Page 1, remove lines 4 and 5

Page 1, line 15, replace "2,303,519" with "1,433,263" and replace "17,517,285" with "16,647,029"

Page 1, line 16, replace "2,796,958" with "2,296,958" and replace "14,489,094" with "13,989,094"

Page 1, line 17, replace "3,225,279" with "775,279" and replace "4,870,298" with "2,420,298"

Page 1, line 19, replace "2,016,200" with "0" and replace "3,353,338" with "1,337,138"

Page 1, line 21, replace "9,700,000" with "(10,300,000)" and replace "20,000,000" with "0"

Page 1, after line 21, insert:

"Centers of excellence - 2007-09 awarded projects"	0	8,741,543	8,741,543
---	---	-----------	-----------

Page 2, line 1, replace "(\$34,407,044)" with "(\$51,501,957)" and replace "60,485,015" with "43,390,102"

Page 2, line 2, replace "(11,453,282)" with "(12,053,004)" and replace "13,775,833" with "13,176,111"

Page 2, line 3, replace "(\$22,953,762)" with "(\$39,448,953)" and replace "46,709,182" with "30,213,991"

Page 2, line 4, replace "1.00" with "(1.00)" and replace "133.50" with "131.50"

Page 2, remove lines 13 and 14

Page 2, line 16, replace "3,670,000" with "1,220,000"

Page 2, line 17, replace "156,041" with "126,041"

Page 2, line 18, replace "21,842,241" with "2,346,041"

Page 2, line 20, replace "21,842,241" with "2,346,041"

Page 2, after line 24, insert:

"SECTION 3. PERMANENT OIL TAX TRUST FUND. The estimated income line item in section 1 of this Act includes \$4,745,432 from the permanent oil tax trust fund for 2007-09 centers of excellence projects that

have been awarded but have not yet received funding, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 3, remove lines 19 through 30

Page 4, remove lines 1 through 9

Page 4, line 12, replace "be" with "vary"

Page 4, line 13, after "equity" insert "and are not necessarily to be five percent annual increases for each employee"

Page 4, replace lines 26 through 31 with:

"SECTION 10. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - STATEWIDE CRITICAL SALARY FUNDING POOL. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$3,950,000, or so much of the sum as may be necessary, and from special funds, derived from federal funds or other income, the sum of \$4,500,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of providing funding for classified state employees in accordance with provisions of sections 11 and 12 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 11. STATEWIDE CRITICAL SALARY FUNDING POOL. The statewide critical salary funding pool appropriation included in section 10 of this Act may be used only for critical state employee position authorization and funding and the funding related to the filling of vacant employee positions.

SECTION 12. TRANSFERS OF STATEWIDE CRITICAL SALARY FUNDING POOL APPROPRIATION AUTHORITY - BUDGET SECTION APPROVAL. An executive branch agency or institution may submit a request to the office of management and budget for a transfer of spending authority and full-time equivalent authorization from the statewide critical salary funding pool appropriation in section 10 of this Act to the agency or institution for:

1. Restoration of a critical state employee full-time equivalent position.
2. Restoration of funding for a critical vacant full-time equivalent employee position.

The office of management and budget shall review any request and, if approved, transfer, subject to budget section approval, the amount of appropriation authority and related full-time equivalent position authorization from the statewide critical salary funding pool to the state agency or institution making the request.

SECTION 13. AGENCY LINE ITEM TRANSFERS. An executive branch agency or institution may, pursuant to section 54-16-04, request a line item transfer from another line item of the agency's or institution's budget to the salaries and wages line item to provide, if necessary, additional salaries and wages funding to restore funding for a critical full-time equivalent position, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 14. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - STATEWIDE SALARY EQUITY POOL. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise

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SECTION 15. STATEWIDE SALARY EQUITY POOL FOR CLASSIFIED STATE EMPLOYEES. The statewide salary equity pool appropriation included in section 14 of this Act must be used for market equity compensation adjustments for classified state employees. The market equity adjustments are to begin with the month of July 2009, to be paid in August 2009. The market equity adjustments are independent of any general salary increase provided by the legislative assembly.

The market equity increases are to be prioritized based on equity for employees whose salaries are furthest from their respective salary range midpoints effective July 1, 2009.

Probationary employees are eligible for the market equity increases. Employees whose documented performance levels do not meet standards are not eligible for the market equity increases.

Human resource management services shall provide a model base plan to each agency. Agencies may adopt the model plan, adopt the model plan with exceptions, or offer an alternative plan that meets the intent outlined in this section.

Upon adoption of an appropriate plan and application to human resource management services, the fiscal management division shall transfer to each eligible agency appropriated general fund or special fund spending authority from the statewide salary equity pool appropriation contained in section 14 of this Act.

SECTION 16. AMENDMENT. Section 54-21-24 of the North Dakota Century Code is amended and reenacted as follows:

54-21-24. Additional office space may be obtained outside state capitol. ~~In the event that~~ If office space in the state capitol building becomes insufficient to accommodate the various state departments, agencies, and boards, the director of the office of management and budget may upon request of the department, agency, or board shall negotiate for, contract for, and obtain ~~such~~ additional office space outside the state capitol in the city of Bismarck or in the Bismarck area as is necessary in order to provide accommodations for all state departments, agencies, and boards. When office space is obtained in this manner, ~~any~~ the department, agency, or board ~~which that~~ occupies ~~such~~ the office space ~~must be~~ is deemed to be located at the state capitol for purposes of statutes ~~which that~~ require that a department, agency, or board must be maintained at the state capitol, and the director shall charge an amount equal to the fair value of the office space and other services rendered to all departments ~~which that~~ receive and expend moneys from other than the general fund, except that for good cause the amounts charged may be waived by the director for a one-year period of time with ~~such~~ the waiver being subject to further annual renewals after proper application has been filed with the director. The department, agency, or board for which the office space is sought must approve

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Page 5, replace lines 1 through 31 with:

"SECTION 18. LEGISLATIVE COUNCIL STUDY - CAPITOL GROUNDS. During the 2009-10 interim, the legislative council shall consider studying the capitol complex master plan, including a review of parking needs on the capitol grounds. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98048.0117 FN 2

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

VR
2/19/09
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Minority report
PROPOSED AMENDMENTS TO HOUSE BILL NO. 1015

Page 1, line 3, replace "54-27.2-03 and" with "54-21-24 and 54-21-24.1 of the North Dakota Century Code, relating to leasing of office space by state agencies; to provide an appropriation for a statewide salary equity pool; to establish a statewide salary equity pool; to provide legislative intent; and to provide for a legislative council study."

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"Centers of excellence - 2007-09 awarded projects"	0	8,741,543	8,741,543
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During the 2009-10 interim, the legislative council shall consider studying the capitol complex master plan, including a review of parking needs on the capitol grounds. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly."

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Renumber accordingly

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Centers of excellence - 2007-09 projects		8,741,543	8,741,543
Statewide salary equity pool		8,000,000	8,000,000
Total all funds	\$60,485,015	(\$9,094,913)	\$51,390,102
Less estimated income	13,775,833	3,400,278	17,176,111
General fund	\$46,709,182	(\$12,495,191)	\$34,213,991
FTE	133.50	(2.00)	131.50

Department No. 110 - Office of Management and Budget - Detail of House Changes

	Removes Vacant FTE Positions¹	Reduces Funding for Prairie Public Broadcasting²	Reduces Operating Expenses³	Removes 2009- 11 Centers of Excellence Funding⁴	Adds Funding for 2007-09 Centers of Excellence Awarded Projects⁵	Reduces Funding for Capitol Building Projects⁶
Salaries and wages	(\$164,200)					
Operating expenses			(500,000)			
Capital assets						(2,450,000)
Grants						
Prairie Public Broadcasting		(2,016,200)				
State student internship program						
Centers of excellence				(20,000,000)		
Centers of excellence - 2007-09 projects					8,741,543	
Statewide salary equity pool						
Total all funds	(\$164,200)	(\$2,016,200)	(\$500,000)	(\$20,000,000)	\$8,741,543	(\$2,450,000)
Less estimated income	(155,365)	0	0	(5,000,000)	4,745,432	0
General fund	(\$8,835)	(\$2,016,200)	(\$500,000)	(\$15,000,000)	\$3,996,111	(\$2,450,000)
FTE	(2.00)	0.00	0.00	0.00	0.00	0.00

	Reduces Funding for Anticipated Salary Savings ⁷	Removes Salary Equity Funding ⁸	Provides Funding for Salary Equity Pool ⁹	Total House Changes
Salaries and wages	(\$468,003)	(\$238,053)		(\$870,256)
Operating expenses				(500,000)
Capital assets				(2,450,000)
Grants				
Prairie Public Broadcasting				(2,016,200)
State student internship program				
Centers of excellence				(20,000,000)
Centers of excellence - 2007-09 projects				8,741,543
Statewide salary equity pool			8,000,000	8,000,000
Total all funds	(\$468,003)	(\$238,053)	\$8,000,000	(\$9,094,913)
Less estimated income	(120,622)	(69,167)	4,000,000	3,400,278
General fund	(\$347,381)	(\$168,886)	\$4,000,000	(\$12,495,191)
FTE	0.00	0.00	0.00	(2.00)

¹ Two vacant FTE positions in Central Duplicating are removed.

² One-time funding for Prairie Public Broadcasting's digital conversion added in the executive budget is removed.

³ Funding for operating expenses is reduced by \$500,000 from the general fund.

⁴ This amendment removes \$15 million of funding from the general fund and \$5 million of special funds provided in the executive budget recommendation for 2009-11 centers of excellence projects.

⁵ Funding is provided for 2007-09 centers of excellence projects that have been awarded but have not yet received funding. The \$4,745,432 of special funds is from the permanent oil tax trust fund.

⁶ One-time funding for Facility Management Division repairs and equipment is reduced to provide a total of \$1,220,000.

⁷ This amendment reduces salaries and wages funding to recognize anticipated savings from vacant positions and employee turnover.

⁸ This amendment removes funding added in the executive budget for state employee salary equity adjustments.

⁹ This amendment provides funding for a statewide salary equity pool to provide equity adjustments to classified state employees. A section is added creating the statewide salary equity pool.

This amendment also:

- Provides for a Legislative Council study of the Capitol grounds, including a review of parking needs.
- Reduces the amount of one-time funding for administration projects by \$30,000 to reclassify an increase in statewide dues as an ongoing expense.
- Removes Section 11 relating to transfers from the budget stabilization fund.
- Removes Section 12 relating to oil tax revenues deposited in the general fund and permanent oil tax trust fund.
- Amends North Dakota Century Code Sections 54-21-24 and 54-21-24.1 relating to leasing of office space by state agencies.

REPORT OF STANDING COMMITTEE (MINORITY)

HB 1015: Appropriations (Rep. K. Svedjan, Chairman) A MINORITY of your committee (Reps. Kroeber, Onstad, Williams, Glassheim, Kaldor, S. Meyer, Ekstrom, Metcalf) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS**.

Page 1, line 3, replace "54-27.2-03 and" with "54-21-24 and 54-21-24.1 of the North Dakota Century Code, relating to leasing of office space by state agencies; to provide an appropriation for a statewide salary equity pool; to establish a statewide salary equity pool; to provide legislative intent; and to provide for a legislative council study."

Page 1, remove lines 4 and 5

Page 1, line 15, replace "2,303,519" with "1,433,263" and replace "17,517,285" with "16,647,029"

Page 1, line 16, replace "2,796,958" with "2,296,958" and replace "14,489,094" with "13,989,094"

Page 1, line 17, replace "3,225,279" with "775,279" and replace "4,870,298" with "2,420,298"

Page 1, line 19, replace "2,016,200" with "0" and replace "3,353,338" with "1,337,138"

Page 1, line 21, replace "9,700,000" with "(10,300,000)" and replace "20,000,000" with "0"

Page 1, after line 21, insert:

"Centers of excellence - 2007-09 awarded projects"	0	8,741,543	8,741,543
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Page 2, line 1, replace "(\$34,407,044)" with "(\$51,501,957)" and replace "60,485,015" with "43,390,102"

Page 2, line 2, replace "11,453,282" with "12,053,004" and replace "13,775,833" with "13,176,111"

Page 2, line 3, replace "(\$22,953,762)" with "(\$39,448,953)" and replace "46,709,182" with "30,213,991"

Page 2, line 4, replace "1.00" with "(1.00)" and replace "133.50" with "131.50"

Page 2, remove lines 13 and 14

Page 2, line 16, replace "3,670,000" with "1,220,000"

Page 2, line 17, replace "156,041" with "126,041"

Page 2, line 18, replace "21,842,241" with "2,346,041"

Page 2, line 20, replace "21,842,241" with "2,346,041"

Page 2, after line 24, insert:

"SECTION 3. PERMANENT OIL TAX TRUST FUND. The estimated income line item in section 1 of this Act includes \$4,745,432 from the permanent oil tax trust fund for 2007-09 centers of excellence projects that have been awarded but have not yet received funding, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 3, remove lines 19 through 30

Page 4, remove lines 1 through 9

Page 4, line 12, replace "be" with "vary"

Page 4, line 13, after "equity" insert "and are not necessarily to be five percent annual increases for each employee"

Page 4, replace lines 26 through 31 with:

"SECTION 10. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - STATEWIDE SALARY EQUITY POOL. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$4,000,000, or so much of the sum as may be necessary, and from special funds, derived from federal funds or other income, the sum of \$4,000,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of providing statewide salary equity adjustments for classified state employees in accordance with provisions of section 11 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 11. STATEWIDE SALARY EQUITY POOL FOR CLASSIFIED STATE EMPLOYEES. The statewide salary equity pool appropriation included in section 14 of this Act must be used for market equity compensation adjustments for classified state employees. The market equity adjustments are to begin with the month of July 2009, to be paid in August 2009. The market equity adjustments are independent of any general salary increase provided by the legislative assembly.

The market equity increases are to be prioritized based on equity for employees whose salaries are furthest from their respective salary range midpoints effective July 1, 2009.

Probationary employees are eligible for the market equity increases. Employees whose documented performance levels do not meet standards are not eligible for the market equity increases.

Human resource management services shall provide a model base plan to each agency. Agencies may adopt the model plan, adopt the model plan with exceptions, or offer an alternative plan that meets the intent outlined in this section.

Upon adoption of an appropriate plan and application to human resource management services, the fiscal management division shall transfer to each eligible agency appropriated general fund or special fund spending authority from the statewide salary equity pool appropriation contained in section 10 of this Act.

SECTION 12. AMENDMENT. Section 54-21-24 of the North Dakota Century Code is amended and reenacted as follows:

54-21-24. Additional office space may be obtained outside state capitol. ~~In the event that~~ If office space in the state capitol building becomes insufficient to accommodate the various state departments, agencies, and boards, the director of the office of management and budget ~~may upon request~~

of the department, agency, or board shall negotiate for, contract for, and obtain such additional office space outside the state capitol in the city of Bismarck or in the Bismarck area as is necessary in order to provide accommodations for all state departments, agencies, and boards. When office space is obtained in this manner, any the department, agency, or board which that occupies such the office space must be is deemed to be located at the state capitol for purposes of statutes which that require that a department, agency, or board must be maintained at the state capitol, and the director shall charge an amount equal to the fair value of the office space and other services rendered to all departments which that receive and expend moneys from other than the general fund, except that for good cause the amounts charged may be waived by the director for a one-year period of time with such the waiver being subject to further annual renewals after proper application has been filed with the director. The department, agency, or board for which the office space is sought must approve the office space before the director may finalize a contract or lease for the office space.

SECTION 13. AMENDMENT. Section 54-21-24.1 of the North Dakota Century Code is amended and reenacted as follows:

54-21-24.1. Lease of additional space by state agencies, departments, offices, officers, boards, and institutions. ~~No~~ A lease or rental agreement or renewal of ~~such the~~ lease or rental agreement for the lease or rental of buildings or portions of buildings for use by ~~the state may be entered into by~~ state agencies, departments, offices, officers, boards, and institutions, other than institutions under the board of higher education, the adjutant general and department of transportation office and storage space for field engineering and maintenance crews, unless approved may be entered by the director of the office of management and budget ~~and unless the attorney general has determined~~ subject to a determination of the legal sufficiency of such the lease or rental agreement. To ~~assure~~ ensure economy, efficiency, and cooperation between the state and its political subdivisions, and to limit the number of locations of state offices for the convenience of ~~persons~~ individuals traveling to ~~such the~~ offices, the director shall promulgate rules ~~and regulations~~ governing the lease or rental of additional buildings or portions ~~thereof of the buildings~~ by ~~such~~ state agencies, departments, offices, officers, boards, and institutions other than those under the board of higher education, the adjutant general, and department of transportation office and storage space for field engineering and maintenance crews. The department, agency, or board for which the office space is sought must approve the office space before the director may finalize a contract or lease for the office space.

SECTION 14. LEGISLATIVE COUNCIL STUDY - CAPITOL GROUNDS. During the 2009-10 interim, the legislative council shall consider studying the capitol complex master plan, including a review of parking needs on the capitol grounds. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly."

Page 5, remove lines 1 through 31

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98048.0118 FN 3

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

The reports of the majority and the minority were placed on the Seventh order of business on the calendar for the succeeding legislative day.

2009 SENATE APPROPRIATIONS

HB 1015

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1015

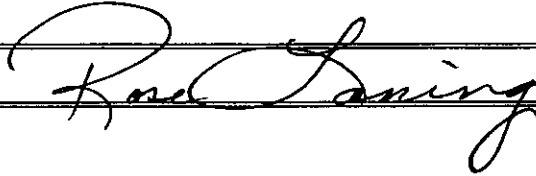
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: March 2, 2009

Recorder Job Number: 9886

Committee Clerk Signature



Minutes:

Chairman Holmberg called the committee hearing to order on HB 1015 which is an appropriation for the expenses of the OMB. Roll call was taken. All committee members were present.

Chairman Holmberg reminded everyone that the Senate has already stated its position on equity and salaries at a funded five and five, so there is no need to talk about that because the committee will be doing their work on all budgets.

Pam Sharp, Director, Office of Management and Budget.

Written attached testimony # 1.

Pam Sharp covered the major general fund increases and also went of the changes the House Appropriations committee made to the request.

Senator Christmann: When you say "you requested", does that means it was in the governor's budget?

Pam Sharp: Yes.

Senator Warner: Isn't that an enormous burden to monitor special funds? They're generated within an agency and then have to be re-allocated back to that same agency, don't they?

Pam Sharp: That's the way we did it in the current biennium. There's a certain amount of special fund authority and a certain amount of general fund authority. We have to limit the

equity dollars even for special funds and then figure out a way to distribute it among all those agencies. It's a totally different way than what we had proposed.

Chairman Holmberg: Could one argue that if OMB has to have the say in this whole process of equity that the managers of the various agencies are kind of off the hook if things go wrong.

Pam Sharp: There is a formula that they put into statute in their section saying how it would be distributed, so yes, they'd be off the hook because they would have no choice as to where the equity dollars go.

Chairman Holmberg: Are we going down the road where the budget section is setting salaries rather than the legislature then because they control over whether money is going to be released.

Pam Sharp: They could argue that because it would have to go before budget section to fill a vacant position. They'd have to say this is why we need the position. This is how much money we need out of this critical salary pool. They would certainly be very involved in the process.

Senator Fischer: It may be a matter of checks and balances. So that salaries and equity are not being abused.

Pam Sharp: The budget section only meets quarterly and if you have a vacancy that needs to be filled, it may be three months before that is filled.

Senator Christmann: Besides the process, what's the dollar amount difference if you totaled up all the agencies that got equity money?

Pam Sharp: We had proposed about \$13 M in general funds for equity among the state agencies and this takes it down to \$4 M in general funds. I can't remember what we had for special funds but it was certainly more than \$4 M.

V. Chair Grindberg asked about the money that was taken out of the budget for capitol grounds and if John was going to speak to that aspect and the answer is yes.

Senator Wardner: The roll up dollars - I can understand where you may concede that you need dollars for bonuses, vacancies and sick leave, but when you said you needed the vacancies to pay more dollars to get some of the positions closer to their medium. Are we appropriating that final line of revenue to state agencies for salaries that things are that tight?

Pam Sharp: We are talking about two things here. We're talking about the critical salary pool that agencies have to go to to get money to fill vacant positions. And then we're talking about a salary equity pool that will distribute equity money based on employees that are furthest from the midpoint of their salary range.

(23:10)

John Boyle, Director, Facility Management Division, OMB

Written attached testimony # 1 – page 4.

Senator Robinson asked what the balance in the trust fund and asked about capitol grounds.

John Boyle said that the balance at the end of this current biennium is projected to be \$1.5 M.

Senator Robinson asked if it was an all time high or if it had been there before.

John Boyle said it is not an all time high. The fund grew in the early 80s and then a large portion of the money was used to renovate a building on SE section of capitol grounds.

Discussed the oil and gas lease on the grounds which is funded by a lease in the NW part of the state.

Senator Krauter asked for a copy of state lands.

Senator Robinson had questions about the security cameras and wondered if it fell under his jurisdiction.

John Boyle said that security was their responsibility 7 years ago, but now it belongs to

Highway Patrol.

Senator Robinson asked for definition of Facility Management duties.

Senator Christmann: The capitol building fund, is that the one that is supposed to be set aside for legislative improvements?

John Boyle: That's the fund that is set aside for the capitol grounds planning commission to use any way they feel directed.

Senator Seymour: For example, if the Agriculture Department wanted to move out of the capitol building, would you have any input on that?

John Boyle: Yes, as with the leasing question, if an agency asked us for our assistance, we would help them. Then he explained the procedures that they go through.

V. Chair Grindberg asked him to comment on \$2.45 M for parking lots.

John Boyle: The east parking lot was going to be re-done (east of judicial wing). North lot would be re-configured all the way to Fourth Street to add more parking spaces. They asked that we consider putting a parking garage on the north side which would give them 360 more parking spaces, but then the House took the money out.

V. Chair Grindberg asked how long this has been in the master plan and John Boyle answered since the 2000 master plan was established.

Senator Krauter: Comment on Section 6 where it talks about giving the \$800,000 authority. Is there any detail on what the capitol grounds organization is planning to do with that money?

John Boyle: That \$800,000 will be used to restore the Terrazzo floors in all the towers and then the judicial wing.

Senator Fischer asked for a spread sheet on square footage for rental rates. Department of Human Services needed to make some office moves and was shopping around. Are you involved when they do those kinds of leases?

John Boyle: I am involved if they request my help. Human Services did not ask for our assistance. We have done work for the highway patrol.

Senator Krauter said there are a lot of inquiries about square footage and leases. Do we have a need for finding more space or do we have room to breathe?

John Boyle: It seems like there are a lot more requests. (Discussed leases and rental spaces for office space). The cost to build is much greater than leasing.

Senator Krauter: You're talking a greater return on some money if we're spending \$7 M a year on leases in Bismarck, and if you reduce that by half, that's \$3.5 M, so in 10 years you've probably got something paid for. From an expense point of view, that's another approach too.

John Boyle: That's a very good point, except the problem is that those leases are at \$13 or \$14 a square foot that are in the market. And you're going to have to increase their rate to \$24. So they are all going to be asking for a lot more rent money and operating expenses to pay the rent back to the Land Department. It's interesting that this comes up because in the House, they complain about how much it costs per square foot for us to maintain the buildings here. Now there's an argument that we should lease all places out. If it costs \$24 a square foot for brand new here, but we already have the building so that doesn't make sense. To bring people back on the grounds and build new buildings, it would be substantially higher than rent than what they are paying right now.

Senator Robinson: We can make it work with Workforce Safety and Commerce building. Could we get a list of the rental properties, who we are renting from, what we are paying for and the length of the lease? That would be helpful.

Senator Warner: Could we get a list of all the buildings that the state owns?

John Boyle: That's not under my jurisdiction, but I can work on that and OMB has that.
(44:30)

Tag Anderson, Director, Risk Management Division, OMB

Written attached testimony # 1 – page 5.

The Division was established to address the State's exposure to tort liability.

Senator Fischer: Wondering about the liability of the political subdivisions in the state. In certain areas where there is cost share between the state and the political subdivisions, risk management is asking that the political subdivisions be responsible for not only the decisions made by the political subdivisions, but the decisions that were made by the state. In SB 2226, it takes out the language from the code, and that seems to be where the state is hanging their hat. If that bill does not pass, you can't buy policy that removes liability for everything forever, so does that mean that there will be no need to fund agencies because we can't cost share with the DOT or water commission or other. If it does pass, does that satisfy the concern that the state should be responsible for decisions that they make and the political subdivisions be responsible for theirs.

Tag Anderson: Risk management is not requiring those types of indemnifications. The Risk Management Division by statute has the authority to set guidelines and general policy as to what contracts, whether they are a state agency or private vendor, or political subdivision, but we do not have the statutory authority to dictate to the agency as to exactly what they should do. Each individual agency has to make those decisions. If you want to take issue with some of the agencies blindly following general guidelines that are in the risk management manual, I would tend to agree that there are agencies that sometimes put indemnifications in contracts when there is no need to do so.

(51:33)

Laurie Sterioti Hammeren, Director, Human Resource Management Services, OMB

Written attached testimony # 1 – page 8.

The division establishes and maintains classification and compensation plans as well as general policies and rules.

Senator Krauter: The student internship program - If you had an oil & gas division office in Dickinson and there just happens to be some high school, 1st year college students looking to do an internship there, would they qualify for that or does it have to be in the capital city?

Laurie Sterioti Hammeren: No, absolutely not. We would place them. We have placed interns throughout the state.

(56:35)

Sherry Neas, Director, Central Services Division, OMB

Written attached testimony # 1 – page 10.

The division handles procurement, vendor database and purchasing, central printing, office supplies, and state surplus property.

(59:53)

Sheila Peterson, Director, Fiscal Management Division, OMB

Written attached testimony # 1 – page 11.

Four areas of responsibility: budget, accounting, payroll, and financial reporting.

Senator Robinson: What do we pay consultants on a biennial basis to Economy.com for the services they provide?

Sheila Peterson: \$50,000 per biennium

Senator Fischer: Get me the percentage rate of increase for ITD – or do you have the percentage increases for all the agencies and Sheila Peterson will supply that information.

Shane Goettle, Commissioner, ND Department of Commerce

Written attached testimony # 2.

John Harris, President and CEO, Prairie Public Transmitting

Written attached testimony # 3.

Chairman Holmberg closed the hearing on HB 1015.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1015

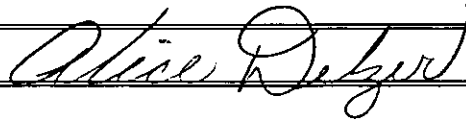
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 04-013-09

Recorder Job Number: 11842 (Job for this bill starts at 32.01) (General Discussion is recorded earlier on this job and at the end of the job starting at (38.29)

Committee Clerk Signature



Minutes:(**START AT 32.01 AND END AT 38.29**)

Chairman Holmberg called the committee to order in reference to HB 1015 in regards to the Office of Management and Budget (OMB). I am going to run through and tell you what we have talked about in the subcommittee. (32.01) and give you the changes in the OMB budget, we did the restoration for funding for salaries and equity. We restored funding removed by the House for capitol building projects. They really cut back and this was parking lots. It seems like a ton of those parking lots, particularly the ones out East is in pretty bad shape. And one of the suggestions is that we delay actually doing much, and think about a parking ramp but we restored that, talking about restoring it. We added funding from the general fund for capitol restoration project and removed money for projects provided by the capitol building fund and I am going to ask Lori does that include the issue of the marble falling off the judicial wing? She told him yes. So we are having a problem of that falling off. We restored funding removed by the House for Prairie Public Broadcasting and this had to do with the final area of the state and the digital conversion and because this money would be matched with the same amount to be raised so it's half of what is necessary and half of all that money goes to the northeast corner of the state. So what we did, we did a shift to see if this would be more palpable to the House. We did funds from the general fund and the same amount from the permanent oil trust fund.

We restored a central services administrative assistant position. There were two positions, we restored one of them.

Senator Fischer Wasn't that in the northwest part of the state?

Chairman Holmberg Yes it is northwest. It's the Williston towers. We restored funding removed by the House for operating expenses. We added unallocated fiscal stimulus funding which is the same thing we did in the department of public instruction's budget for information tech accounting and verification for OMB monitoring of the stimulus. And then an interesting one that, I believe it was Senator Christmann put in, that we all applauded require OMB to select two agencies in 2011 to present their entire budget testimony, etc, electronically and another suggestion that was made was that they present to the same House at the beginning so that if they start in the Senate we would have two budgets that would be totally electronic so that we could make sure that if we didn't have other computers down here we could bring our computers and do those budgets because in the future that is what will be happening so we are trying to push it. Those are the amendments that we talked about plus an amendment we are going to see later on Great Plains, etc.

Senator Warner On the budgets I would like to see some kind of searchability capacity where you could actually type in key words and have them come up. Human Services comes to mind.

Chairman Holmberg A huge budget like that might have to wait until the new legislative system is in place which wouldn't be totally done by the next session.

Senator Krauter I also have an amendment drafted whereby we would appropriate money out of the permanent oil trust fund in assistance to match the money the governor's going to receive for aid for ranchers who have experienced situations now where livestock can't be fed because of the problems with roads and snow. The governor had addressed the issue with US Secretary and he was able to find monies that would be made available and I have an

amendment drafted that we would match up to \$250,000 so it will go up to a million dollars.

There was a delayed bill that was introduced urging the Secretary to get the rules written for the livestock indemnity program , the livestock assistance program, and that was signed back in May of 2008, but the rules aren't completed yet but this would be a situation where we would provide money to match the other amount for assistance in feeding, buying hay, it wouldn't be for livestock in general just be for the assistance. The new commissioner is putting together some rules, I think it is time for the state to step up and match some of those dollars. It wouldn't be coming from the general fund, it would be coming from the permanent oil trust fund so I have the amendments for that.

Chairman Holmberg Are those amendments for the Ag budget or for OMB?

Senator Krauter They are for OMB because the dollars are coming in to the governor and being distributed that way. He keeps asking the Ag commissioner to set up a mechanism, a process to give them out, so that is why we need to do it on the Ag. Commissioner's budget.

Chairman Holmberg Could you get them to Larry so we have them for our meeting when we are meeting later because we are going to get the other amendments later. Anything else on OMB? (38.29) Discussion was closed on HB 1015.

Further discussion followed regarding several bills not related to SB 1015. (See General Discussion – 04-13-09 ad for further recorded information)

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. Salary & Equity Pool committee work

Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: April 22, 2009

Recorder Job Number: 12092

Committee Clerk Signature

Rosella M. Tanning

Minutes:

Chairman Holmberg called the committee to order on April 22, 2009 to inform them of the salary and equity agreement between the House and Senate where the two majority leaders agreed on a package. He asked **Brady Larson** and **Allen Knudson, Legislative Council** to give the committee the appropriate language for HB 1015. He then handed out proposed language to HB 1015 – see attached # 1.

Chairman Holmberg: As you all recall there are three major components of compensation changes that the legislature has looked at this year. The five and five which is in the governor's budget was supported by the Senate. That was the Senate position. In that particular issue, there were different voices from the House as to what should happen. They didn't make a big fanfare of their change of heart, but they did change and they began to leave in the five and five that we had placed back in their budget. If you recall, the original cost factor for that was \$68.5 M dollars. Another big issue that didn't become as front burner as it did last session had to do with the health insurance premium increases. That was a total of some \$36 M. I don't recall that being a big issue this time. Last time it was talked about scaling that back in the House, but this time I don't think it did.

1615

Senator Robinson: When you mentioned the five and five and mentioned \$68.5 M, that's additional above and beyond the base. And health insurance at \$36 M, that is above and beyond the base?

Chairman Holmberg: Right, that was the increase. If you recall, the executive budget had \$24.3 M in the budget for equity adjustments for selected agencies. Keep in mind that equity goes on top of the five and five. It goes as part of the base salary for individual X, Y or Z. That was \$24.3 M; \$13.7 M was general fund and \$10.6 M of special fund. The Senate put that in all the bills. The House sent us HB 1015 with \$4 M of general funds and \$4 M of special funds which is roughly equivalent to what we did two years ago on the equity issue in a pool. The House then sent us \$8 M in the OMB budget. This proposal that is being run up the flag pole, doubles that and gives \$16 M (doubles where the House was). It's still obviously \$8 M less than was in the governor's original proposal. I'm looking for that list of the monies that were placed in individual budgets. If you recall, I think you got this as some point but it indicates all of the agencies that had money within their budgets for equity and that dollar was general/special funds. Some agencies had nothing in it and some had a substantial amount of money. That totaled up to \$24.3 M. This is at \$16 M and it provides the language that is in here. The difference between this kind of language that's in here and what we did last time when we had the roughly \$8 M for equity, I know one has to do with the states.

Allen Knudson, Legislative Council: The primary difference in the language in section 12 is in the second paragraph where it starts out "the market equity increases" (reading from attachment 1). Last time the language basically said that the plan must give priority to those employees whose salaries are furthest below salary range midpoints as of July 1. The language last time, that's what was in the executive budget this time. The language is expanded in this proposal to include that second paragraph to indicate that its based on

occupations market disparities, economic growth area, recruitment and retention challenges, internal & external pay inequities for employees who are critical to the mission of the agency.

The plan must also consider pay comparisons to other ND employers and employees in Montana, South Dakota, and Wyoming.

Chairman Holmberg: There was a question that I was asked – a person was concerned that this never seems to stop, that with salaries, there seems to be this constant pressure to increase these salaries. I think an appropriate response is that you should celebrate that because that indicates that the market in the state of ND and other states is going up, and that's a good thing. We have to be able to react to that. There is a couple issues, and give you a few moments to comment, that it is twice what the House had and it's less than what was in the governor's budget.

Senator Krauter: The plan right now in the governor's budget and the way we passed it out of here, the equity money goes to agencies. And here, am I reading this right that it doesn't go to the agencies, it goes to OMB and then create that 2nd paragraph to distribute that they then?

Allen Knudson: Yes, that's correct. It would be a pool in OMB and they would transfer the appropriation authority out to the agencies based on the plan that's has accrued with the funding that's provided.

Senator Krauter: The plan approved by OMB and HR?

Allen Knudson: Right. There is language in that 2nd to the last paragraph that says that agencies can do an alternative plan with approval from OMB, so if an agency wants to do something different than the state wide plan, they can get an exception from OMB to do something a little bit different. My 2nd question is in current plan, we did it the way you said for salaries of individuals who are below midpoint, but the methodology behind establishing the minimum bid, isn't that done accordingly just the way it's written in the 2nd paragraph? Isn't that

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the way HR does it? Are we really creating something new? When HR does their analysis of salaries from the mid to lower quartile, don't they analyze the markets and other job classification of similarities or pay? Am I reading more into it or not?

Allen Knudson: I believe they do. One difference is that they look at a 10 state average. This is a more regional average with the other states.

Senator Robinson: I was thinking along the same line. How difficult it would be for OMB if this package is the deal, the final deal, to plug this into their data base with their formula and come out with a new spread sheet based on this language, based on the new amount of money on equity for the respective agency, in other words, an updated print out, just like the one you just looked at. How difficult that would be to do. I'm assuming they've done their homework. They know where they are. It's a matter of formula and changing the figures.

Maybe I'm wrong and it's much more complicated than that.

Chairman Holmberg: They made it very clear and sharp that they can do it. It's not a huge problem to do it, but it is something that would not be done and would be unable to be done. During the legislative session, there will not be a print out. So essentially what we have in part is that we will be giving them the money like we did two years ago and telling them you distribute that based upon these criteria and here's the amount of money. You know very well that this is the starting point for them because they've already done some of that work. There would not be numbers so that we would not know what the tax commissioner's office would receive by the time we left here.

Senator Robinson: The majority party had caucuses on this issue and you referenced that the majority leaders are in agreement. Are the caucuses in agreement? Our caucus obviously hasn't had the chance to discuss this, but I know where the Senate caucus might be at. The question I have is the House caucus supportive of this? We don't know.

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Chairman Holmberg: I've no idea. Our caucus was supportive of it over here.

Senator Warner: The 2nd paragraph of section 12 has three sentences, all which seem to be written with imperative language. There are two "must"s and there is an "are to be" and yet some of these are mutually exclusive. Is there a hierarchy indicated in the sequence. First you look at market conditions, and then you look at midpoints, and finally the last one of Montana, South Dakota, and Wyoming you spoke of regional averages. More than half of our state employees would probably be more affected by the MN model. Half of our population at least lives in an area that is determined by the MN market. Do you have some idea why the language or why we sectioned out those three states rather than making reference to regional average?

Allen Knudson: I'm not sure why these specific states were chosen.

Senator Warner: The question on the hierarchy – where these things are mutually exclusive, is there indication in the paragraph, indicate a hierarchy that first you do this, and then you look at this?

Allen Knudson: As I read it, the first two sentences are the priorities that it's based on market disparities, economic growth, recruitment and retention, internal and external pay. It says it may be prioritized based on the plan that considers those things. The second sentence says priorities must be given to those employees whose salaries are furthest below the range, and then the last sentence would seem to be the least in the hierarchy that the plan must also consider this. It doesn't say it should be a priority to addressing that, just that it needs to consider those other states. I would say the first two sentences have priority. The last one just needs to be considered.

Chairman Holmberg: The power still resides within that agency because that agency itself is the one that determines who is critical to our mission. Anyway, I wanted you to have this

written out. I do have the actual amendments, but I think there are a few others who are not ready on HB 1015 yet. We're waiting for a few other occurrences.

Senator Robinson: On 1015, is there a chance – on our side here, there are a couple senators that have some amendments. My question is, will we have a bit of an advanced notice, and I know when you move, you move. Is that something later today or probably tomorrow or the next day?

Chairman Holmberg: No, because I don't know what's going on in the House. I do know that one of the questions that had been asked had to do with the issue of the Northwood School. That is embedded in 2018.

Senator Robinson: That's one of the issues, and there's a couple others. We'd appreciate as much notice as we can get.

Chairman Holmberg: I will give you as much noticed as I get, and as you know, you've been on both sides of the table when it comes to majority/minority and sometimes you have a lot of notice and sometimes it is "ouch".

Senator Robinson: And we are still planning, barring some big surprise, we will be working Saturday?

Chairman Holmberg: That's my understanding. You look at the schedule of conference committees and it flashes on and off. All of a sudden you got three, then I had two, then I had three. That is the intention. As we get closer to the weekend, give me know your schedule. We're all busy, then we'll have to accommodate as best we can.

Senator Warner: There is nothing in this that affects higher Ed?

Chairman Holmberg: No, and higher Ed had no equity as a salary issue. We had one meeting on higher Ed and we have the phantom employee issue that is being talked about. Then the huge difference between senate and house on what we had in higher Ed which

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\$610 M. The governor had \$614 M and they dropped to \$572, so somewhat of a difference.

They put all the money into buildings and then they killed the buildings and the money was gone then.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1015

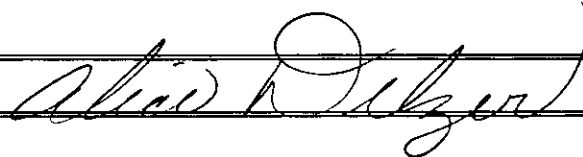
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 05-04-09

Recorder Job Number: 12475

Committee Clerk Signature



Minutes:

Chairman Holmberg called the committee to order at 4:10 pm in regards to HB 1015. Roll call was taken. All committee members were present.

Chairman Holmberg: So far so good we have gotten through most of the issues. We will be done here and we will go home. The amendments are in transit, they are not complete. You should have the language. The session goes back in at 5 but if we are making good progress they will continue and hold for us. We will first vote on a set of amendments. Brady who is always right, says they will be here within 2 minutes. I sent everyone of you the sheet Brady put together regarding Higher Ed. There was a very strong vote on Higher Ed in the house also on Commerce, those are done. What is left is the state fair, health dept, 1377 is still out there, and 1015. The AG is still out after they killed it. We have a series of proposed amendments. Allen will go through them. Then there is another set, I met with both caucuses separately, so at that time there was language that I didn't have. Item marked .0231 this is the basic document that will be added to. I had mentioned the Pam Sharp amendment.

Brady Larson OMB this is amendment #.0231. I will start with the statement of purpose.

(06.23) (he went through each item: (9.39) He then went to page # 3 I will go over some of the amendment sections that were added into this bill. (10.14)

Item # 2 on page 3 labeled Fiscal No. 4.amends the century code relating to the liability of the state when a state employee operates a vehicle from the state fleet. This was inserted at the request of the OMB.

Chairman Holmberg Had a question regarding the employees and state fleet vehicles and if this provides for when someone goes out of town on state business and has to rent a car.

Pam Sharp, OMB That amendment relates to an employee renting a car when they have to go out of state because our intent is that they would be covered.

Brady continued going through the amendments.(11.15) The next item on the list provides that OMB select an agency to present their 2011-2013 budget information electronically. This would be done in the 2011 legislative session. The next item is relating to HB 1350 relating to eh Great Plains Applied Energy Technology Center at Bismarck State college. The next item amends SB 2012 relating to transportation distributions and was just a technical item that had to be changed on this.

Chairman Holmberg Could I ask you a question on that? . That was when I visited with some folks about it and it is on page 6 of the written amendments. There was concern does this make a major change because the expression formula got some people concerned that we were doing something that the committee has to fully understand.

Allen Knudson, Legislative Council The state treasurer brought this issue forward and their concern was that the way they distribute the money is through the townships. They give the money to the counties, who in turn give it to the townships based on that formula in that section. So the concern was if you draft this formula they would have to give the money to the townships and that isn't the way the process works. (12.56)

Chairman Holmberg Does that answer your question, Senator Warner? He replied yes.

Brady the next item relates to the tribal grant program that provides assistance to tribal colleges to offset the costs associated with the enrollment of non- beneficiary students.

The next section relates to credit card fees charged by state agencies. The next item provides for a budget section report of state employee accrued leave payments and then the next item is related to that relating to vacant state employee positions. The next item provides for a limit of the number of new full-time equivalent positions to be added in the 2011-13 executive budget. (14.01)

Chairman Holmberg That is capped the budget should not go beyond 30.

Allen That relates to agencies requesting their budgets for next biennium and OMB is preparing the executive budget they are to keep the full-time equivalent positions at the same level as approved by the 09-11 legislative assembly. So if there are new positions that are going to be asked for there would have to other reductions in other agencies to make up for any new positions that are added. So the overall equity would remain the same.

Chairman Holmberg This probably is too technical a question but what happens if one of the decisions is to take into the state payroll system another group of county officials, you know county employees and this would mandate you could send somebody else back, that is what it sounds like if the balloon is only this big it is not going to expand. He was told that was correct.

Brady (15.28) A section relating to allocation of funds to certain coal producing counties.

Chairman Holmberg Could you give us a little more information on that?

Brady in Section 23.

Chairman Holmberg And that section goes into effect not into this coming biennium but the next biennium. That is correct. We will come back to that.

Brady the next item provides a transfer from the permanent oil tax trust fund to the general fund and the last note on this SPA just indicates that an emergency section was added for certain sections of the bill. (16.18)

Chairman Holmberg Allen, I am going to put you on the spot now but keep in mind things are still in a state of flux, Attorney General's budget, which is a lot of money is still floating, the health department budget is still floating that has a lot of money in it. This transfer of 140 M within 30 or 40 M what does that do for a projected ending fund balance and what does that do for the permanent oil trust fund balance; how much is in budget stabilization fund?

Allen: the transfer section, Section 5 of the bill is 140 M dollars. As you know there are a number of bills still out there. It puts the general fund balance between 25 and 35 M, the permanent oil trust fund balance at somewhere between 50 and 60 M and then the budget stabilization fund we have between 320 and 330 M. So overall you would be (inaudible).

Chairman Holmberg There is nothing in here that transfers any money from the Bank of North Dakota into this. There is nothing in here doing that. We don't get hard numbers for a few days after the session. But with all the things floating around there will be between 25 and 35 in the ending fund balance, 50 to 60 in the permanent oil and then 320 or 330 in the budget stabilization. (18.13)

Senator Warner had a question regarding the funds over the biennium.

Chairman Holmberg That is carried in a special fund just like the prison was carried last time. What's the name of it?

Allen There is a property tax relief sustainability fund in which 295 M from the permanent oil trust fund was transferred to pay for property tax relief in the 2011-13 biennium.

Senator Warner Is it appropriated in this biennium?

Allen It is appropriated out of the permanent oil tax trust fund so it's special funds.

Chairman Holmberg Does that mean then that next session if we are continuing keeping that program that we are spending special fund money and not general fund. Or we run it through the general fund again? He was told he is right. The money is there. The prison money was in special fund from last biennium. Are there any questions on these items?

Senator Christmann moved the amendment # 0231. Seconded by V. Chair Grindberg.

Senator Krauter I have some additional amendments here.

Chairman Holmberg OK. We can pass these and then amend them. Remember this is an original bill so we are not retreating from any amendments we are just adding to the bill.

All in favor say aye. The motion carried. 0231 has been adopted. (Vote #1.)

V. Chair Grindberg I have passed out Rep Uglem's amendment # 0243. It is a straight forward amendment. It provides \$250,000 in general fund money for the Northwood disaster situation. Have a handout #1 that was provided to us when we had the hearing and I think everyone is pretty much fully aware of the debate and discussion on both the Senate side I have visited with the chair of Senate Education committee who had some pretty strong positions what the Senate should be would support this as presented here. I will be honest I am not totally up to speed with all the numbers. If you look at the back page, 3 boxes, (22.28) if you look at this handout #1 the local share, as far as the school district and non-covered items. **I would move amendement # .0243. Seconded by Senator Christmann.** (23.21)

Chairman Holmberg There was one other change since this went through the Senate for was the change in the formula for payments of stimulus money, if you recall it was going out under the title 1 formula where schools like Northwood, Thompson and a number of these schools got very, very little. What was the change for Northwood school with the new formula.

Rep Uglem The change was just about 300 M for Northwood.

Chairman Holmberg You did very well at 300 M. it was corrected to \$300,000. If it was 300 M you'd be gone. (laughter in the room over this comment.)

Senator Krauter I think it is a woefully inadequate dollar amount there. We need to clarify that we need to step to the plate, I would offer an additional amount from 250,000 to 500,000 complemented by the additional 300,000 that is in HB 1400.

V. Chair Grindberg asked that the roll be taken first on the first amendment # .0243.

A Roll Call vote was taken on the amendment # .0243. Yea: 14 Nay: 0. It passed. (vote #2).

Senator Krauter moved to change the amount from \$250,000 to \$500,000 from the general fund. Seconded by Senator Robinson. (26.22)

Chairman Holmberg No problem because all you will do is just change the number.

Senator Krauter I come to a compromise rationale on this, when you look at the regional request it is for about 1.5 M dollars and now we are at 25% of that, and I can just do some quick math, we double this to 500,000 and then add the 300,000 in the title I dollars that have been redistributed we see almost 50% of that. When I look across the state how we have done in other communities, stepping to the plate to provide the state match with some federal dollars it is only fair and the right thing to do. I would ask everyone to support the motion and I would like a roll call vote.

Senator Warner We have done some crude analysis, \$1000 per capita in the larger cities. This 500,000 plus the 300,000 that would be roughly close.

V. Chair Grindberg What I offered is an approach that would support some support aid when you visit with the policy committee. That is why I offered that amount I feel they will support it. Anything higher than that would not make it on the floor.

Senator Krauter I come down on the side of the community. We have to set a precedence, these are natural disasters. To go from 250,000 to 500,000 is a small amount. The money is there to do this.

A roll call vote was taken resulting in 6 yeas, 8 nays. The motion failed. (vote #3)

Chairman Holmberg I have another amendment # .0240. It provides an appropriation of 25,000 to dept of public instruction for development of a personal finance schoolbook. We passed 1400 and it seems it makes sense to provide funding.

Senator Robinson moved amendment #.0240. Seconded by Senator Wardner.

Chairman Holmberg All in favor say aye. It passed. Vote #4. (31.44)

Senator Mathern I have an amendment .0221, which shares the opportunity we have to address the disaster issues. The material I handed out (#2) is a description of 41 counties and 3 reservations in the disaster area, the second page show programs available the front page is just a sharing of the various emails that I have. This amendment would add an additional 13 M from the state to the subdivision. the goal would be the entire match would be covered by these funds. There are many counties, cities, townships, not able to handle that match. What we want to do is make sure that political subdivision make these decisions, not if they have so that is the reason for the amendment directs the money to the grant program and the state would allocate the money based on the needs in the subdivisions.

Chairman Holmberg Any other comments. Would you call the roll on amendment #.0221?

Roll call vote was taken resulting in 6 yes, 8 no. it failed. (Vote # 5.) (30.58)

Chairman Holmberg I have amendment known as the Pam Sharp amendment. That is no longer needed. I have amendments # .0238. I call it the Warner amendment. We had a question there was an error in 1012. It changes it from 75 to 85.

Senator Warner moved the amendment. # .0238.

Senator Krauter it had 85.

Allen We discussed 1013 in the bill. In the actual statute it wasn't changed.

Chairman Holmberg called for voice vote on amendment #.0238. All in favor say aye. It carried. (Vote # 6).

Chairman Holmberg This is .0237. Is this one about the sheriff?

Brady In 2415 in the amendment they accidentally took out a sentence that allowed a local authority that is conducting a certified firearms and dangerous weapons test to charge the individual being certified. What this does is allow the local authorities to charge a fee for their services and that fee is up to \$50.00.

Senator Wardner moved the amendment # .0237. Seconded by Senator Fischer.

Chairman Holmberg called for a voice vote All in favor of amendment # .0237 say aye. It carried. (Vote # 7).

Chairman Holmberg I have one more that I am passing out and it is a change in the tax code. It is amendment # .0242 from Rep Dosch. This has to do with the long form and it is transferring these two sections to the new form and a fiscal note was prepared.

V. Chair Grindberg We don't know anything about this. What do we have next?

(no roll call vote was taken regarding this amendment #.0242)

Senator Robinson What is the next amendment?

Chairman Holmberg Could I have a motion on the bill?

V. Chair Bowman moved to pass the bill as amended. Seconded by Senator

Christmann.A ROLL CALL VOTE WAS TAKEN RESULTING IN 13 YEAS, 1 NAY, 0

ABSENT. CHAIRMAN HOLMBERG WILL CARRY THE BILL. (vote # 8.)

Chairman Holmberg: Thank-you for a good session to all of the senators on this committee. w
We are adjourned.

March 4, 2009

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1015

Page 6, line 11, after "~~that~~" insert "The office of management and budget regularly shall contact state departments, agencies, and boards to assess the needs of these entities for rented office space in this state."

Page 6, line 12, after the third comma insert "the affected department, agency, or board shall contact"

Page 6, line 13, replace "upon request of the department, agency, or board" with "and the director"

Page 6, line 29, after "~~No~~" insert "The office of management and budget regularly shall contact state agencies, departments, offices, officers, boards, and institutions to assess the needs of these entities for rented office space in this state."

Page 7, line 3, after the comma insert "may not be entered" and remove "may be entered"

Page 7, line 5, after the period insert "Before a state agency, department, office, officer, board, or institution that is subject to final approval searches for rented office space or enters negotiations for the renewal of a lease or contract for rented office space, that entity shall contact the director of the office of management and budget and the director shall negotiate for, contract for, and obtain rented office space."

Renumber accordingly

SECTION 11. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - STATEWIDE SALARY EQUITY POOL. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$9,000,000, or so much of the sum as may be necessary, and from special funds, derived from federal funds or other income, the sum of \$6,984,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of providing statewide salary equity adjustments for classified state employees in accordance with provisions of section 12 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 12. STATEWIDE SALARY EQUITY POOL FOR CLASSIFIED STATE EMPLOYEES. The statewide salary equity pool appropriation included in section 11 of this Act must be used for market equity compensation adjustments for classified state employees. The market equity adjustments are to begin with the month of July 2009, to be paid in August 2009. The market equity adjustments are independent of any general salary increase provided by the legislative assembly.

The market equity increases are to be prioritized based on a statewide plan to address occupational market disparities, economic growth areas, recruitment and retention challenges, and internal and external pay inequities for employees who are critical to the mission of the agency. The plan must give priority to those employees whose salaries are furthest below salary range midpoints as of July 1, 2009. The plan must also consider pay comparisons to similar occupational classifications of other North Dakota employers and employers in Montana, South Dakota, and Wyoming.

Probationary employees are eligible for the market equity increases. Employees whose documented performance levels do not meet standards are not eligible for the market equity increases. Human resource management services shall provide a model base plan to each agency. Agencies may adopt the model plan, adopt the model plan with exceptions, or offer an alternative plan that meets the intent outlined in this section.

Upon adoption of an appropriate plan and application to human resource management services, the fiscal management division shall transfer to each eligible agency appropriated general fund or special fund spending authority from the statewide salary equity pool appropriation contained in section 11 of this Act.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1015

Page 1, line 3, after the second semicolon insert "to create and enact a new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating to income tax credits for contributions to nonprofit private high schools or colleges;"

Page 1, line 4, after "54-21-24.1" insert "and subsections 1 and 2 of section 57-38-01.7"

Page 1, line 5, after "agencies" insert "and the income tax credit for contributions to nonprofit private high schools or colleges"

Page 1, line 8, remove "and" and after "study" insert "; and to provide an effective date"

Page 7, after line 14, insert:

"SECTION 18. AMENDMENT. Subsections 1 and 2 of section 57-38-01.7 of the North Dakota Century Code, as amended by House Bill No. 1324, as approved by the sixty-first legislative assembly, are amended and reenacted as follows:

1. At the election of the taxpayer, there must be allowed, subject to the applicable limitations provided in this subsection, as a credit against the income tax liability under section 57-38-30 or 57-38-30.3 for the taxable year, an amount equal to fifty percent of the aggregate amount of charitable contributions made by the taxpayer during the year to nonprofit private institutions of higher education located within the state or to the North Dakota independent college fund. ~~The~~ For a corporation, the amount allowable as a credit under this subsection for any taxable year may not exceed twenty percent of the corporation's total income tax under this chapter for the year, or two thousand five hundred dollars, whichever is less. For a taxpayer other than a corporation, the amount allowable as a credit under this subsection for any taxable year may not exceed forty percent of the taxpayer's total income tax under this chapter for the year, or two hundred fifty dollars, whichever is less.
2. At the election of the taxpayer, there must be allowed, subject to the applicable limitations provided in this subsection, as a credit against the income tax liability under section 57-38-30 or 57-38-30.3 for the taxable year, an amount equal to fifty percent of the aggregate amount of charitable contributions made by the taxpayer during the year directly to nonprofit private institutions of secondary education, located within the state. ~~The~~ For a corporation, the amount allowable as a credit under this subsection for any taxable year may not exceed twenty percent of the corporation's total income tax under this chapter for the year, or two thousand five hundred dollars, whichever is less. For a taxpayer other than a corporation, the amount allowable as a credit under this subsection for any taxable year may not exceed forty percent of the taxpayer's total income tax under this chapter for the year, or two hundred fifty dollars, whichever is less.

SECTION 19. A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

Contributions to nonprofit private institutions of higher education or
secondary education under section 57-38-01.7."

Page 7, after line 19, insert:

"SECTION 21. EFFECTIVE DATE. Sections 18 and 19 of this Act are effective
for taxable years beginning after December 31, 2008."

Renumber accordingly

tax code

Date:
Roll Call Vote #:

**2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.**

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 0242

Action Taken ☐ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By _____ Seconded By _____

*No
Vote*

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach			Senator Seymour		
Senator Fischer			Senator Lindaas		
Senator Wardner			Senator Robinson		
Senator Kilzer			Senator Warner		
V. Chair Bowman			Senator Krauter		
Senator Christmann			Senator Mathern		
V. Chair Grindberg					
Chairman Holmberg					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1015

Page 1, replace lines 3 through 8 with "exemption; to provide for various transfers; to create and enact section 8 to chapter 160 of the 2007 Session Laws, a new section to chapter 54-27, and paragraph 5 to subdivision b of subsection 2 of section 57-62-02 of the North Dakota Century Code, relating to contingent distributions of grant assistance money, the allocation of funds to certain coal-producing counties, and vacant state employee positions; to amend and reenact sections 18-05.1-01, 18-05.1-02, and 18-05.1-03, subdivision s of subsection 3 of section 32-12.2-02, and section 54-06-08.2 of the North Dakota Century Code, relating to payment from the firefighters death benefit fund, liability of the state, and credit card fees charged by state agencies; to amend and reenact sections 1 and 2 of House Bill No. 1350 and subsection 1 of section 3 of Senate Bill No. 2012, as approved by the sixty-first legislative assembly, relating to the Great Plains applied energy technology center and weather-related transportation funding; to provide an appropriation for a statewide salary equity pool; to establish a statewide salary equity pool; to provide for budget section reports; to provide for a transfer of appropriation authority; to limit the number of full-time equivalent positions; to provide legislative intent; to provide for a legislative council study; to provide an effective date; and to declare an emergency."

Page 1, line 18, replace "1,433,263" with "1,989,620" and replace "16,647,029" with "17,203,386"

Page 1, line 19, replace "2,296,958" with "2,796,958" and replace "13,989,094" with "14,489,094"

Page 1, line 20, replace "775,279" with "3,625,279" and replace "2,420,298" with "5,270,298"

Page 1, line 22, replace "0" with "2,016,200" and replace "1,337,138" with "3,353,338"

Page 2, remove lines 2 and 3

Page 2, line 7, replace "(\$51,501,957)" with "(\$54,320,943)" and replace "43,390,102" with "40,571,116"

Page 2, line 8, replace "(12,053,004)" with "(16,390,195)" and replace "13,176,111" with "8,838,920"

Page 2, line 9, replace "(\$39,448,953)" with "(\$37,930,748)" and replace "30,213,991" with "31,732,196"

Page 2, line 10, replace "(1.00)" with "0.00" and replace "131.50" with "132.50"

Page 2, after line 10, insert:

"SECTION 2. APPROPRIATION - FEDERAL FISCAL STABILIZATION - OTHER GOVERNMENT SERVICES FUNDS - ADDITIONAL FUNDING APPROVAL.

The funds provided in this section, or so much of the funds as may be necessary, are appropriated from federal fiscal stabilization - other government services funds made available to the governor under the federal American Recovery and Reinvestment Act of 2009, not otherwise appropriated, to the office of management and budget, for the

period beginning with the effective date of this Act and ending June 30, 2011, as follows:

Information technology, accounting, and verification	<u>\$289,494</u>
Total federal funds	\$289,494

The office of management and budget may seek emergency commission and budget section approval under chapter 54-16 for authority to spend any additional federal funds received under the federal American Recovery and Reinvestment Act of 2009 in excess of the amounts appropriated under this section, for the period beginning with the effective date of this Act and ending June 30, 2011.

Any federal funds appropriated under this section are not a part of the agency's 2011-13 base budget. Any program expenditures made with these funds will not be replaced with state funds after the federal American Recovery and Reinvestment Act of 2009 funds are no longer available.

SECTION 3. APPROPRIATION - PERMANENT OIL TAX TRUST FUND - WEATHER-RELATED ASSISTANCE. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of \$250,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of matching federal United States department of agriculture funds to assist North Dakota ranchers affected by severe winter weather and flooding, for the period beginning with the effective date of this Act and ending June 30, 2009.

SECTION 4. APPROPRIATION - TRANSFER - CENTERS OF EXCELLENCE FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$4,450,000, which the office of management and budget shall transfer to the centers of excellence fund for the purpose of providing funding for 2007-09 centers of excellence awarded projects, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 5. TRANSFER - PERMANENT OIL TAX TRUST FUND. During the biennium beginning July 1, 2009, and ending June 30, 2011, the office of management and budget shall transfer \$140,000,000 from the permanent oil tax trust fund to the general fund."

Page 2, line 17, replace "0" with "2,016,200"

Page 2, line 20, replace "1,220,000" with "2,850,000"

Page 2, line 22, replace "2,346,041" with "5,992,241"

Page 2, line 23, replace "0" with "1,008,100"

Page 2, line 24, replace "2,346,041" with "4,984,141"

Page 2, remove lines 29 and 30

Page 3, replace lines 1 and 2 with:

"SECTION 7. PERMANENT OIL TAX TRUST FUND. The estimated income line item in section 1 of this Act includes \$1,008,100 from the permanent oil tax trust fund for the prairie public broadcasting digital conversion, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 3, remove lines 15 through 23

"SECTION 12. AMENDMENT. Section 18-05.1-01 of the North Dakota Century Code is amended and reenacted as follows:

18-05.1-01. ~~Firefighters death benefit fund~~ Payments to deceased firefighter's survivor. The firefighters death benefit fund is a special fund in the state treasury. The revenue provided in section 26.1-03-17 must be deposited in the fund and is appropriated on a continuing basis to the insurance commissioner for disbursement as provided in this chapter. The insurance commissioner shall administer the fund.

SECTION 13. AMENDMENT. Section 18-05.1-02 of the North Dakota Century Code is amended and reenacted as follows:

18-05.1-02. ~~Payments from firefighters death benefit fund.~~ Payments from firefighters death benefit fund. ~~The governing body of a municipality having a paid fire department or the governing body of a city or rural fire protection district having no paid fire department may request that the insurance commissioner pay ten thousand dollars from the firefighters death benefit fund to the estate of a firefighter who dies from an injury sustained while responding to, during, or within forty-eight hours after a fire emergency or training activity. The insurance commissioner shall pay ten thousand dollars to the a deceased firefighter's estate survivor upon receipt of the a request for payment and upon receipt of evidence that the of a line of duty death occurred from an injury sustained while responding to, during, or within forty-eight hours after a fire emergency from the fire chief or the fire chief's designee of a city fire department, rural fire department, or rural fire protection district.~~

SECTION 14. AMENDMENT. Section 18-05.1-03 of the North Dakota Century Code is amended and reenacted as follows:

18-05.1-03. ~~Definition~~ Definitions. For purposes of this chapter, ~~firefighter:~~

1. "Firefighter" means an individual who is a member of a paid or volunteer fire department that is a part of or is administered by this state, any political subdivision of this state, or a rural fire protection district.
2. "Line of duty death" means a death that was due to an injury sustained while performing firefighter duties if the death occurred within forty-eight hours of participating in an emergency response or training event. Death from a heart attack or stroke is deemed to be a line of duty death if it occurs within forty-eight hours of an emergency response or training event.
3. "Survivor" means the spouse of a deceased firefighter who died in the line of duty. If there is no spouse, the term means the individual designated in writing by the deceased firefighter as beneficiary of the Public Safety Officers' Benefit Act [42 U.S.C. 3796 et seq.] death benefit, or if no beneficiary is designated, the deceased firefighter's estate.

SECTION 15. AMENDMENT. Subdivision s of subsection 3 of section 32-12.2-02 of the North Dakota Century Code is amended and reenacted as follows:

- s. A claim for liability assumed under contract, except this exclusion does not apply to liability arising from a state employee's operation of a rental vehicle if the ~~vehicle is rented for a period of thirty days or less and the~~ loss is not covered by the state employee's personal insurance or by the vehicle rental company.

SECTION 16. AMENDMENT. Section 54-06-08.2 of the North Dakota Century Code is amended and reenacted as follows:

54-06-08.2. Payment by credit or debit card or by electronic fund transfer - State credit card processor - Fees.

1. A state agency, board, or commission, the judicial branch, or any political subdivision may accept payment by credit or debit card or by electronic fund transfer of any fee, interest, penalty, tax, or other payment that is due or collectible by the agency, board, or commission. The judicial branch may accept payment by credit or debit card or by electronic fund transfer for any fees, costs, or other assessments required or imposed under state law or court rule.
2. The Bank of North Dakota is the state credit card administrator for credit card transactions of state agencies, boards, or commissions. The Bank of North Dakota shall select a credit card processor or processors to provide credit card services to state agencies, boards, and commissions. All funds from credit card transactions must be deposited in the respective entity's account in the Bank of North Dakota. ~~If on January 1, 1997, any state agency, board, or commission uses a credit card processor other than a credit card processor selected by the Bank of North Dakota, it may continue using that processor until June 30, 1999, or until transition to the state processor is available with minimal fee or penalty, whichever is earlier. The judicial branch may accept payment by credit card for any fees, costs, or other assessments required or imposed under state law or court rule.~~
3. Except as otherwise provided under section 20.1-03-32, in accordance with rules adopted by the office of management and budget, an executive branch agency may charge a fee to be added to a payment as a service charge for the acceptance of a payment made by a credit or debit card or an electronic fund transfer. The office of management and budget shall adopt rules establishing the terms under which executive agencies may charge a service fee under this subsection."

Page 5, remove lines 1 through 10

Page 5, line 13, replace "\$4,000,000" with "\$9,000,000"

Page 5, line 15, replace "\$4,000,000" with "\$6,984,000"

Page 5, line 17, remove "classified", after "employees" insert "of the executive branch", and replace "15" with "18"

Page 5, line 19, replace "CLASSIFIED" with "EXECUTIVE BRANCH"

Page 5, line 20, replace "14" with "17"

Page 5, line 21, remove "classified" and after "employees" insert "of executive branch agencies, institutions, and departments, excluding entities under the control of the state board of higher education"

Page 5, line 22, after the period insert "The market equity adjustments must be given after any July 2009 general compensation increases authorized by the sixty-first legislative assembly."

Page 5, replace lines 25 and 26 with:

"The market equity increases are to be prioritized based on a statewide plan to address occupational market disparities, economic growth areas, recruitment and retention challenges, and internal and external pay inequities for employees who are critical to the mission of the agency. The plan must give priority to employees who have been employed by the state for the greatest length of time and are furthest below their salary range midpoint. The office of management and budget, in developing the plan, shall consider employee pay comparisons to similar occupational classifications of other North Dakota employers and employers in Montana, South Dakota, and Wyoming."

Page 6, replace lines 4 through 7 with:

"Notwithstanding any other provisions of law relating to the allocation of funds from this statewide salary equity pool, the office of management and budget shall transfer appropriation authority from the statewide salary equity pool appropriation included in section 17 of this Act to eligible agencies as determined by the office of management and budget based on each agency's submission and approval by the office of management and budget of a salary equity plan for the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 7, after line 19, insert:

"SECTION 22. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Vacant state employee positions salary savings - Budget section reports - Budget section review and approval. The head of each executive branch agency, department, and institution shall report each month to the office of management and budget the number of vacant full-time equivalent employee positions and related salary and fringe benefit savings. The office of management and budget shall report at each budget section meeting on the cumulative savings resulting from the vacant positions. Agencies, departments, and institutions reporting vacant positions under this section may spend funds available as a result of these vacant positions, subject to approval by the office of management and budget in an amount that does not exceed a cumulative amount of two million dollars for a biennium for payment of accrued annual leave and sick leave balances for eligible employees upon retirement or resignation, employee workload increases, employee reclassifications, and unanticipated overtime. The office of management and budget shall report periodically to the budget section on the amounts spent for each of these purposes by agency. Agencies, departments, and institutions may not spend any remaining savings from these vacant positions without prior approval of the office of management and budget and the budget section.

SECTION 23. Paragraph 5 to subdivision b of subsection 2 of section 57-62-02 of the North Dakota Century Code is created and enacted as follows:

- (5) The state treasurer shall allocate funds provided by legislative appropriation to cities, the county general fund, and school districts within a coal-producing county according to the allocation method provided in subdivision a in an amount to offset fifty percent of the loss of that county's share of coal severance tax revenue allocated to a non-coal-producing county under this subdivision in the previous calendar year. The state treasurer shall make the allocation, within the limits of legislative appropriations, under this paragraph at the time and in the manner funds are distributed under this section. The state treasurer shall include in each biennial budget request the amounts estimated to be necessary for the biennium for

purposes of this paragraph, based on the allocations under this subdivision in the most recent calendar years.

SECTION 24. AMENDMENT. Subsection 1 of section 3 of Senate Bill No. 2012, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

1. Ten million dollars to townships in accordance with the formula provisions used to distribute funds to townships under section 54-27-19.1, except that organized townships are not required to provide matching funds to receive distributions under this section.

SECTION 25. ELECTRONIC BUDGET PRESENTATION - PILOT PROJECT.

The office of management and budget shall select two agencies to present their proposed 2011-13 budgets and related information electronically to the appropriations committees of the sixty-second legislative assembly. Each state agency selected shall use an electronic format to present and distribute any information regarding its budget, including testimony, supporting documentation, and related materials.

SECTION 26. AMENDMENT. Section 1 of House Bill No. 1350, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

SECTION 1. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing a grant for construction of a great plains applied energy ~~research~~ technology center on the Bismarck state college campus, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may spend the general fund appropriation only when the department certifies to the office of management and budget that:

1. The center has completed a detailed business plan demonstrating positive outcomes relating to the development of end-use products and the public policy required to support the products; the use of technology developed at regional research universities; and the testing, development, and application of products and technology to address problems relating to the transmission and storage of electricity;
2. Other nonstate matching funds of three dollars for each one dollar of grant funds are available for all costs of the center, a portion of which must be from the private sector;
- ~~2-~~ 3. The state will be a proportionate owner in the center based on the state's contribution percentage of all costs of the center;
- ~~3-~~ 4. The state will not be responsible for any future operational costs, including property tax, of the center; and
- ~~4-~~ 5. The center will be subject to local property tax assessments at the discretion of the local taxing authority;
6. The grant recipient is a state entity or private nonprofit entity; and
7. The department has completed an independent comprehensive commercialization study, developed a business and operational plan for the center with a clearly defined mission and objectives, and received budget section approval.

SECTION 27. AMENDMENT. Section 2 of House Bill No. 1350, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

SECTION 2. REPORT REPORTS TO THE BUDGET SECTION. The department of commerce shall present the independent comprehensive commercialization study and related business and operational plan for the center to the budget section for approval. The department shall also provide a report to the budget section at its first meeting after September 1, 2009, and at its first meeting after March 1, 2010, regarding the status of the construction of a great ~~plane~~ plains applied energy ~~research~~ technology center, including the extent to which nonstate matching funds have been made available for the project.

SECTION 28. Section 8 to chapter 160 of the 2007 Session Laws is created and enacted as follows:

SECTION 8. CONTINGENT MONEY. If any money appropriated to the state board of higher education for grant assistance to tribally controlled community colleges remains after the board complies with all statutory payment obligations imposed under this Act, the state board shall distribute a prorated amount per full-time equivalent nonbeneficiary student.

SECTION 29. STATE EMPLOYEE ACCRUED LEAVE PAYMENTS - BUDGET SECTION REPORT. The office of management and budget shall prepare and report to the budget section alternative methods of budgeting for the compensation of state employee accrued annual leave and sick leave. The information presented must include the number of employees compensated and the total amount paid by agency for the 2007-09 and 2005-07 bienniums. The office of management and budget shall present this report to the budget section at its first meeting after December 1, 2009. The budget section shall determine the method to be used for providing funding for these items in the preparation of the 2011-13 executive budget.

SECTION 30. 2011-13 BIENNIUM BUDGET REQUESTS - RECOMMENDATION - FULL-TIME EQUIVALENT POSITIONS. Notwithstanding any other provision of law, the office of management and budget, in preparation of the 2011-13 executive budget, shall limit the total number of full-time equivalent positions for executive branch agencies, departments, and institutions included in agency budget requests and the executive budget recommendation to the same level approved by the sixty-first legislative assembly in total for these entities, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 31. EFFECTIVE DATE. Section 23 of this Act is effective for taxable events occurring after June 30, 2011.

SECTION 32. EMERGENCY. Sections 2, 3, and 28 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98048.0231 FN 4

A copy of the statement of purpose of amendment is attached.

TATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1015 - Office of Management and Budget - Senate Action**

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$17,517,285	\$16,647,029	\$556,357	\$17,203,386
Operating expenses	14,489,094	13,989,094	500,000	14,489,094
Capital assets	4,870,298	2,420,298	2,850,000	5,270,298
Grants	55,000	55,000		55,000
Prairie Public Broadcasting	3,353,338	1,337,138	2,016,200	3,353,338
State student internship program	200,000	200,000		200,000
Centers of excellence	20,000,000			
Centers of excellence - 2007-09 projects		8,741,543	(8,741,543)	
Statewide salary equity pool		8,000,000	7,984,000	15,984,000
Statewide critical salary pool		8,450,000	(8,450,000)	
Federal fiscal stabilization funds			289,494	289,494
2007-09 Centers of Excellence Projects			4,450,000	4,450,000
Total all funds	\$60,485,015	\$59,840,102	\$1,454,508	\$61,294,610
Less estimated income	13,775,833	21,676,111	(5,563,697)	16,112,414
General fund	\$46,709,182	\$38,163,991	\$7,018,205	\$45,182,196
FTE	133.50	131.50	1.00	132.50

Department No. 110 - Office of Management and Budget - Detail of Senate Changes

	Restores Funding for Anticipated Salary Savings¹	Restores Vacant FTE Position²	Restores Funding for Operating Expenses³	Restores Funding for Capitol Building Projects⁴	Adds Funding for Capitol Building Projects⁵	Restores Funding for Prairie Public Broadcasting⁶
Salaries and wages	\$468,003	\$88,354				
Operating expenses			500,000			
Capital assets				2,450,000	400,000	
Grants						
Prairie Public Broadcasting						2,016,200
State student internship program						
Centers of excellence						
Centers of excellence - 2007-09 projects						
Statewide salary equity pool						
Statewide critical salary pool						
Federal fiscal stabilization funds						
2007-09 Centers of Excellence Projects						
Total all funds	\$468,003	\$88,354	\$500,000	\$2,450,000	\$400,000	\$2,016,200
Less estimated income	120,622	79,519	0	0	(800,000)	1,008,100
General fund	\$347,381	\$8,835	\$500,000	\$2,450,000	\$1,200,000	\$1,008,100
FTE	0.00	1.00	0.00	0.00	0.00	0.00

	Increases Funding for Statewide Salary Equity Pool ⁷	Removes Statewide Critical Salary Pool ⁸	Provides Funding From Federal Fiscal Stabilization Funds ⁹	Removes Funding for 2007-09 Centers of Excellence Projects ¹⁰	Adds Funding for 2007-09 Centers of Excellence Projects ¹¹	Total Senate Changes
Salaries and wages						\$556,357
Operating expenses						500,000
Capital assets						2,850,000
Grants						
Prairie Public Broadcasting						2,016,200
State student internship program						
Centers of excellence						
Centers of excellence - 2007-09 projects				(8,741,543)		(8,741,543)
Statewide salary equity pool	7,984,000					7,984,000
Statewide critical salary pool		(8,450,000)				(8,450,000)
Federal fiscal stabilization funds			289,494			289,494
2007-09 Centers of Excellence Projects					4,450,000	4,450,000
Total all funds	\$7,984,000	(\$8,450,000)	\$289,494	(\$8,741,543)	\$4,450,000	\$1,454,508
Less estimated income	2,984,000	(4,500,000)	289,494	(4,745,432)	0	(5,563,697)
General fund	\$5,000,000	(\$3,950,000)	\$0	(\$3,996,111)	\$4,450,000	\$7,018,205
FTE	0.00	0.00	0.00	0.00	0.00	1.00

¹ This amendment restores funding for salaries and wages removed by the House to recognize anticipated savings from vacant positions and employee turnover.

² One FTE Central Services position and related funding removed by the House is restored.

³ This amendment restores funding from the general fund for operating expenses removed by the House.

⁴ One-time funding from the general fund of \$2,450,000 removed by the House is restored for Capitol building projects.

⁵ This amendment provides additional funding from the general fund of \$1,200,000 for Capitol building projects. The amendment also removes funding for projects of \$800,000 from the Capitol building fund.

⁶ Funding for Prairie Public Broadcasting of \$2,016,200 removed by the House is restored. Of this amount, \$1,008,100 is from the general fund and \$1,008,100 is from the permanent oil tax trust fund.

⁷ Funding for a statewide salary equity pool added by the House is increased by \$5 million from the general fund and \$2,984,000 of other funds to provide total funding in the pool of \$15,984,000, of which \$9 million is from the general fund. The pool is expanded to include both classified and unclassified executive branch employees, excluding higher education employees.

⁸ Funding added by the House for a statewide critical salary pool is removed. Related sections added by the House regarding the pool are also removed.

⁹ A section is added to appropriate \$289,494 of federal fiscal stabilization - other government services funds made available to the Governor under the federal American Recovery and Reinvestment Act of 2009 to the Office of Management and Budget for information technology, accounting, and verification of federal stimulus funds received by the state.

¹⁰ This amendment removes funding added by the House for 2007-09 centers of excellence projects awarded but have not had funding distributed.

¹¹ This amendment provides a \$4,450,000 general fund appropriation for 2007-09 centers of excellence projects that have been awarded but not yet paid.

This amendment also:

- Provides an appropriation of \$250,000 from the permanent oil tax trust fund to match federal funding to be received in the 2007-09 biennium designated for livestock producers affected by severe winter weather and flooding.
- Amends North Dakota Century Code Section 32-12.2-02 relating to the liability of the state when a state employee operates a rented motor vehicle for state business.
- Provides for an electronic budget presentation pilot project.
- Amends 2009 House Bill No. 1350 relating to the Great Plains Applied Energy Technology Center at Bismarck State College.
- Amends 2009 Senate Bill No. 2012 relating to transportation distributions.
- Adds a section to Chapter 160 of the 2007 Session Laws relating to tribal college grants.
- Amends various sections of the North Dakota Century Code relating to payment from the firefighters death benefit fund.
- Amends a section of the North Dakota Century Code relating to credit card fees charged by state agencies.
- Provides for Budget Section reports of state employee accrued leave payments.
- Adds a section to the North Dakota Century Code relating to vacant state employee positions.
- Provides for a limit of the number of new full-time equivalent positions to be added in the 2011-13 executive budget.
- Amends a section of the North Dakota Century Code relating to the allocation of funds to certain coal-producing counties.
- Provides a transfer from the permanent oil tax trust fund to the general fund.
- Adds an emergency section.

.0231

Date: May 5, 2009
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number .0231

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Christmann Seconded By Grindberg

*voice
vote
passed*

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach			Senator Seymour		
Senator Fischer			Senator Lindaas		
Senator Wardner			Senator Robinson		
Senator Kilzer			Senator Warner		
V. Chair Bowman			Senator Krauter		
Senator Christmann			Senator Mathern		
V. Chair Grindberg					
Chairman Holmberg					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1015

Page 1, line 8, remove "and" and after "study" insert "; to provide an appropriation to the department of emergency services; and to declare an emergency"

Page 7, after line 19, insert:

"SECTION 19. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$250,000, or so much of the sum as may be necessary, to the department of emergency services for the purpose of providing grants to eligible political subdivisions for up to fifty percent of the costs incurred by the political subdivisions in meeting the local cost-share required by the federal emergency management agency for disaster, emergency response, and recovery costs, and for up to fifty percent of the costs incurred by the political subdivisions for disaster, emergency response, and recovery costs not covered by the federal emergency management agency, for the period beginning with the effective date of this Act and ending June 30, 2011. For the purposes of this section, an eligible political subdivision is one that experienced damage or destruction due to a tornado during the summer of 2007.

SECTION 20. EMERGENCY. Section 19 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides a \$250,000 general fund appropriation to the Department of Emergency Services for providing grants to eligible political subdivisions for emergency and disaster recovery.

250,000 Northwood disaster situation

Date: *May 14 2009*
Roll Call Vote #: *2*

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. *1015*

Senate _____ **Senate Appropriations** _____ Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number *.0243* *- Uglem*

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By *Grindberg* Seconded By *Christmann*

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach	<input checked="" type="checkbox"/>		Senator Seymour	<input checked="" type="checkbox"/>	
Senator Fischer	<input checked="" type="checkbox"/>		Senator Lindaas	<input checked="" type="checkbox"/>	
Senator Wardner	<input checked="" type="checkbox"/>		Senator Robinson	<input checked="" type="checkbox"/>	
Senator Kilzer	<input checked="" type="checkbox"/>		Senator Warner	<input checked="" type="checkbox"/>	
V. Chair Bowman	<input checked="" type="checkbox"/>		Senator Krauter	<input checked="" type="checkbox"/>	
Senator Christmann	<input checked="" type="checkbox"/>		Senator Mathern	<input checked="" type="checkbox"/>	
V. Chair Grindberg	<input checked="" type="checkbox"/>				
Chairman Holmberg	<input checked="" type="checkbox"/>				

Total Yes *14* No *0*

Absent _____

Floor Assignment _____

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

Change from
\$250,000 to
\$500,000

Date: May 5, 2009
Roll Call Vote #: 3

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015 -

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number Krauter Motion

Action Taken ☐ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Krauter Seconded By Robinson

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach		✓	Senator Seymour	✓	
Senator Fischer		✓	Senator Lindaas	✓	
Senator Wardner		✓	Senator Robinson	✓	
Senator Kilzer		✓	Senator Warner	✓	
V. Chair Bowman		✓	Senator Krauter	✓	
Senator Christmann		✓	Senator Mathern	✓	
V. Chair Grindberg		✓			
Chairman Holmberg		✓			

Total Yes 6 No 8 Failed

Absent _____

Floor Assignment _____

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

#3 passed
by
voice
vote

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1015

Page 1, line 2, after the semicolon insert "to provide an appropriation to the department of public instruction;"

Page 7, after line 19, insert:

"SECTION 19. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000, or so much of the sum as may be necessary, to the department of public instruction for the development and customization of a North Dakota personal finance schoolbook, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides a \$25,000 appropriation to the Department of Public Instruction for the development and customization of a personal finance schoolbook.

Holmberg ^{to DPI}

Date: *5-4-09*
Roll Call Vote #: *824*

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. *1015*

Senate _____ **Senate Appropriations** _____ Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number *.0240*

Action Taken ☐ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By *Robinson* Seconded By *Wardner*

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach			Senator Seymour		
Senator Fischer			Senator Lindaas		
Senator Wardner			Senator Robinson		
Senator Kilzer			Senator Warner		
V. Chair Bowman			Senator Krauter		
Senator Christmann			Senator Mathern		
V. Chair Grindberg					
Chairman Holmberg					

Total Yes _____ No _____

Absent *Voice Yes*

Floor Assignment _____

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

April 30, 2009

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1015

Page 1, line 8, remove "and" and after "study" insert "; and to declare an emergency"

Page 2, after line 10, insert:

"SECTION 2. APPROPRIATION - DEPARTMENT OF EMERGENCY SERVICES - DISASTER ASSISTANCE GRANTS. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$13,000,000, or so much of the sum as may be necessary, to the department of emergency services for the purpose of providing additional funds for grants to political subdivisions to provide up to 100 percent of the local match required to receive federal disaster relief funding, for the period beginning with the effective date of this Act and ending June 30, 2011."

Page 3, line 21, replace "9" with "10"

Page 4, line 20, replace "11" with "12" and replace "12" with "13"

Page 4, line 23, replace "10" with "11"

Page 4, line 30, replace "10" with "11"

Page 5, line 17, replace "15" with "16"

Page 5, line 20, replace "14" with "15"

Page 6, line 7, replace "14" with "15"

Page 7, after line 19, insert:

"SECTION 20. EMERGENCY. Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides a \$13 million appropriation from the general fund to the Department of Emergency Services to provide additional funds for grants to political subdivisions to provide up to 100 percent of the local match required to receive federal emergency relief funding. The appropriation provided in this amendment is in addition to the funds appropriated for

emergency relief grants in Senate Bill No. 2012, as approved by the 61st Legislative Assembly.
An emergency clause is also added.

Mather amendment
 Date: 5-4-09
 Roll Call Vote #: 45
 0221

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 0221

Action Taken ☐ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Mather Seconded By non heard

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach		✓	Senator Seymour	✓	
Senator Fischer		✓	Senator Lindaas	✓	
Senator Wardner		✓	Senator Robinson	✓	
Senator Kilzer		✓	Senator Warner	✓	
V. Chair Bowman		✓	Senator Krauter	✓	
Senator Christmann		✓	Senator Mather	✓	
V. Chair Grindberg		✓			
Chairman Holmberg		✓			

Total Yes 6 No 8

Absent Failed

Floor Assignment _____

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

May 4, 2009

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1015

Page 1, line 3, after "sections" insert "50-24.5-04," and after "54-21-24" insert a comma

Page 1, line 4, after "to" insert "the personal needs allowance for individuals in basic care facilities and"

Page 6, after line 7, insert:

"SECTION 16. AMENDMENT. Section 50-24.5-04 of the North Dakota Century Code as amended in section 21 of House Bill No. 1012, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

50-24.5-04. Services provided - Limit on cost. Services provided under this chapter must be treated as necessary remedial care to the extent those services are not covered under the medical assistance program. The cost of the services provided under this chapter to a person residing in a basic care or adult family foster care facility for which the rate charged includes room and board is limited to the rate set for services in that facility, plus ~~seventy-five~~ eighty-five dollars, less that person's total income."

Renumber accordingly

Date: 5-4-09
Roll Call Vote #: 6

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

Senate _____ **Senate Appropriations** _____ Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☐ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By _____

Seconded By _____

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach			Senator Seymour		
Senator Fischer			Senator Lindaas		
Senator Wardner			Senator Robinson		
Senator Kilzer			Senator Warner		
V. Chair Bowman			Senator Krauter		
Senator Christmann			Senator Mathern		
V. Chair Grindberg					
Chairman Holmberg					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

*voice
vote
passed*

0238

Warner
~~Wardner~~

none heard

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1015

Page 1, line 3, replace the second "and" with a comma

Page 1, line 4, after "54-21-24.1" insert ", and subdivision d of subsection 1 of section 62.1-04-03"

Page 1, line 5, after "agencies" insert "and the reciprocal licensure and classification system to carry a firearm or dangerous weapon concealed"

Page 7, after line 19, insert:

"SECTION 19. AMENDMENT. Subdivision d of subsection 1 of section 62.1-04-03 as amended in section 1 of Senate Bill No. 2415, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

- d. The applicant has the written approval for the issuance of a license from the sheriff of the applicant's county of residence, and, if the city has one, the chief of police or a designee of the city in which the applicant resides. The approval by the sheriff may not be given until the applicant has successfully completed a background investigation in that county and has successfully completed the testing procedure conducted by a certified firearm or dangerous weapon instructor. The person conducting the testing may assess a charge of up to fifty dollars for conducting this testing. The attorney general may certify a firearm or dangerous weapon instructor based upon criteria and guidelines prescribed by the director of the bureau of criminal investigation."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment amends Senate Bill No. 2415, as approved by the sixty-first legislative assembly, regarding fees charged by persons conducting testing of individuals obtaining a concealed weapons permit.

Date: 5-4-09
Roll Call Vote #: 7

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1015

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 0237

Action Taken ☐ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Wardner Seconded By Fischer

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach			Senator Seymour		
Senator Fischer			Senator Lindaas		
Senator Wardner			Senator Robinson		
Senator Kilzer			Senator Warner		
V. Chair Bowman			Senator Krauter		
Senator Christmann			Senator Mathern		
V. Chair Grindberg					
Chairman Holmberg					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

*voice
vote
passed*

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1015

Page 1, replace lines 3 through 8 with "exemption; to provide for various transfers; to create and enact section 8 to chapter 160 of the 2007 Session Laws, a new section to chapter 54-27, and paragraph 5 to subdivision b of subsection 2 of section 57-62-02 of the North Dakota Century Code, relating to contingent distributions of grant assistance money, the allocation of funds to certain coal-producing counties, and vacant state employee positions; to amend and reenact sections 18-05.1-01, 18-05.1-02, and 18-05.1-03, subdivision s of subsection 3 of section 32-12.2-02, sections 50-24.5-04, 54-06-08.2, 54-21-24, and 54-24-21.1, and subdivision d of subsection 1 of section 62.1-04-03 of the North Dakota Century Code, relating to payment from the firefighters death benefit fund, the reciprocal licensure and classification system to carry a firearm or dangerous weapon concealed, the personal needs allowance for individuals in basic care facilities, leasing of office space by state entities, liability of the state, and credit card fees charged by state agencies; to amend and reenact sections 1 and 2 of House Bill No. 1350 and subsection 1 of section 3 of Senate Bill No. 2012, as approved by the sixty-first legislative assembly, relating to the Great Plains applied energy technology center and weather-related transportation funding; to provide an appropriation for a statewide salary equity pool; to establish a statewide salary equity pool; to provide for budget section reports; to provide for a transfer of appropriation authority; to limit the number of full-time equivalent positions; to provide legislative intent; to provide for a legislative council study; to provide an appropriation to the department of emergency services; to provide an appropriation to the department of public instruction; to provide an effective date; and to declare an emergency."

Page 1, line 18, replace "1,433,263" with "1,989,620" and replace "16,647,029" with "17,203,386"

Page 1, line 19, replace "2,296,958" with "2,796,958" and replace "13,989,094" with "14,489,094"

Page 1, line 20, replace "775,279" with "3,625,279" and replace "2,420,298" with "5,270,298"

Page 1, line 22, replace "0" with "2,016,200" and replace "1,337,138" with "3,353,338"

Page 2, remove lines 2 and 3

Page 2, line 7, replace "(\$51,501,957)" with "(\$54,320,943)" and replace "43,390,102" with "40,571,116"

Page 2, line 8, replace "(12,053,004)" with "(16,390,195)" and replace "13,176,111" with "8,838,920"

Page 2, line 9, replace "(\$39,448,953)" with "(\$37,930,748)" and replace "30,213,991" with "31,732,196"

Page 2, line 10, replace "(1.00)" with "0.00" and replace "131.50" with "132.50"

Page 2, after line 10, insert:

**"SECTION 2. APPROPRIATION - FEDERAL FISCAL STABILIZATION -
OTHER GOVERNMENT SERVICES FUNDS - ADDITIONAL FUNDING APPROVAL.**

The funds provided in this section, or so much of the funds as may be necessary, are appropriated from federal fiscal stabilization - other government services funds made available to the governor under the federal American Recovery and Reinvestment Act of 2009, not otherwise appropriated, to the office of management and budget, for the period beginning with the effective date of this Act and ending June 30, 2011, as follows:

Information technology, accounting, and verification	<u>\$289,494</u>
Total federal funds	\$289,494

The office of management and budget may seek emergency commission and budget section approval under chapter 54-16 for authority to spend any additional federal funds received under the federal American Recovery and Reinvestment Act of 2009 in excess of the amounts appropriated under this section, for the period beginning with the effective date of this Act and ending June 30, 2011.

Any federal funds appropriated under this section are not a part of the agency's 2011-13 base budget. Any program expenditures made with these funds will not be replaced with state funds after the federal American Recovery and Reinvestment Act of 2009 funds are no longer available.

SECTION 3. APPROPRIATION - PERMANENT OIL TAX TRUST FUND - WEATHER-RELATED ASSISTANCE. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of \$250,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of matching federal United States department of agriculture funds to assist North Dakota ranchers affected by severe winter weather and flooding, for the period beginning with the effective date of this Act and ending June 30, 2009.

SECTION 4. APPROPRIATION - TRANSFER - CENTERS OF EXCELLENCE FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$4,450,000, which the office of management and budget shall transfer to the centers of excellence fund for the purpose of providing funding for 2007-09 centers of excellence awarded projects, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 5. TRANSFER - PERMANENT OIL TAX TRUST FUND. During the biennium beginning July 1, 2009, and ending June 30, 2011, the office of management and budget shall transfer \$140,000,000 from the permanent oil tax trust fund to the general fund."

Page 2, line 17, replace "0" with "2,016,200"

Page 2, line 20, replace "1,220,000" with "2,850,000"

Page 2, line 22, replace "2,346,041" with "5,992,241"

Page 2, line 23, replace "0" with "1,008,100"

Page 2, line 24, replace "2,346,041" with "4,984,141"

Page 2, remove lines 29 and 30

Page 3, replace lines 1 and 2 with:

"SECTION 7. PERMANENT OIL TAX TRUST FUND. The estimated income line item in section 1 of this Act includes \$1,008,100 from the permanent oil tax trust

fund for the prairie public broadcasting digital conversion, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 3, remove lines 15 through 23

Page 4, replace lines 14 through 31 with:

"SECTION 12. AMENDMENT. Section 18-05.1-01 of the North Dakota Century Code is amended and reenacted as follows:

18-05.1-01. ~~Firefighters death benefit fund~~ Payments to deceased firefighter's survivor. The firefighters death benefit fund is a special fund in the state treasury. The revenue provided in section 26.1-03-17 must be deposited in the fund and is appropriated on a continuing basis to the insurance commissioner for disbursement as provided in this chapter. The insurance commissioner shall administer the fund.

SECTION 13. AMENDMENT. Section 18-05.1-02 of the North Dakota Century Code is amended and reenacted as follows:

18-05.1-02. ~~Payments from firefighters death benefit fund.~~ Payments from firefighters death benefit fund. ~~The governing body of a municipality having a paid fire department or the governing body of a city or rural fire protection district having no paid fire department may request that the insurance commissioner pay ten thousand dollars from the firefighters death benefit fund to the estate of a firefighter who dies from an injury sustained while responding to, during, or within forty-eight hours after a fire emergency or training activity. The insurance commissioner shall pay ten thousand dollars to the a deceased firefighter's estate survivor upon receipt of the a request for payment and upon receipt of evidence that the of a line of duty death occurred from an injury sustained while responding to, during, or within forty-eight hours after a fire emergency from the fire chief or the fire chief's designee of a city fire department, rural fire department, or rural fire protection district.~~

SECTION 14. AMENDMENT. Section 18-05.1-03 of the North Dakota Century Code is amended and reenacted as follows:

18-05.1-03. ~~Definition~~ Definitions. For purposes of this chapter, ~~firefighter:~~

1. **"Firefighter"** means an individual who is a member of a paid or volunteer fire department that is a part of or is administered by this state, any political subdivision of this state, or a rural fire protection district.
2. **"Line of duty death"** means a death that was due to an injury sustained while performing firefighter duties if the death occurred within forty-eight hours of participating in an emergency response or training event. Death from a heart attack or stroke is deemed to be a line of duty death if it occurs within forty-eight hours of an emergency response or training event.
3. **"Survivor"** means the spouse of a deceased firefighter who died in the line of duty. If there is no spouse, the term means the individual designated in writing by the deceased firefighter as beneficiary of the Public Safety Officers' Benefit Act [42 U.S.C. 3796 et seq.] death benefit, or if no beneficiary is designated, the deceased firefighter's estate.

SECTION 15. AMENDMENT. Subdivision s of subsection 3 of section 32-12.2-02 of the North Dakota Century Code is amended and reenacted as follows:

- s. A claim for liability assumed under contract, except this exclusion does not apply to liability arising from a state employee's operation of a rental vehicle if the ~~vehicle is rented for a period of thirty days or less and the~~ loss is not covered by the state employee's personal insurance or by the vehicle rental company.

SECTION 16. AMENDMENT. Section 50-24.5-04 of the North Dakota Century Code as amended in section 21 of House Bill No. 1012, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

50-24.5-04. Services provided - Limit on cost. Services provided under this chapter must be treated as necessary remedial care to the extent those services are not covered under the medical assistance program. The cost of the services provided under this chapter to a person residing in a basic care or adult family foster care facility for which the rate charged includes room and board is limited to the rate set for services in that facility, plus ~~seventy-five~~ eighty-five dollars, less that person's total income.

SECTION 17. AMENDMENT. Section 54-06-08.2 of the North Dakota Century Code is amended and reenacted as follows:

54-06-08.2. Payment by credit or debit card or by electronic fund transfer - State credit card processor - Fees.

1. A state agency, board, or commission, the judicial branch, or any political subdivision may accept payment by credit or debit card or by electronic fund transfer of any fee, interest, penalty, tax, or other payment that is due or collectible by the agency, board, or commission. The judicial branch may accept payment by credit or debit card or by electronic fund transfer for any fees, costs, or other assessments required or imposed under state law or court rule.
2. The Bank of North Dakota is the state credit card administrator for credit card transactions of state agencies, boards, or commissions. The Bank of North Dakota shall select a credit card processor or processors to provide credit card services to state agencies, boards, and commissions. All funds from credit card transactions must be deposited in the respective entity's account in the Bank of North Dakota. ~~If on January 1, 1997, any state agency, board, or commission uses a credit card processor other than a credit card processor selected by the Bank of North Dakota, it may continue using that processor until June 30, 1999, or until transition to the state processor is available with minimal fee or penalty, whichever is earlier. The judicial branch may accept payment by credit card for any fees, costs, or other assessments required or imposed under state law or court rule.~~
3. Except as otherwise provided under section 20.1-03-32, in accordance with rules adopted by the office of management and budget, an executive branch agency may charge a fee to be added to a payment as a service charge for the acceptance of a payment made by a credit or debit card or an electronic fund transfer. The office of management and budget shall adopt rules establishing the terms under which executive agencies may charge a service fee under this subsection."

Page 5, remove lines 1 through 10

Page 5, line 13, replace "\$4,000,000" with "\$9,000,000"

Page 5, line 15, replace "\$4,000,000" with "\$6,984,000"

Page 5, line 17, remove "classified", after "employees" insert "of the executive branch", and replace "15" with "19"

Page 5, line 19, replace "**CLASSIFIED**" with "**EXECUTIVE BRANCH**"

Page 5, line 20, replace "14" with "18"

Page 5, line 21, remove "classified" and after "employees" insert "of executive branch agencies, institutions, and departments, excluding entities under the control of the state board of higher education"

Page 5, line 22, after the period insert "The market equity adjustments must be given after any July 2009 general compensation increases authorized by the sixty-first legislative assembly."

Page 5, replace lines 25 and 26 with:

"The market equity increases are to be prioritized based on a statewide plan to address occupational market disparities, economic growth areas, recruitment and retention challenges, and internal and external pay inequities for employees who are critical to the mission of the agency. The plan must give priority to employees who have been employed by the state for the greatest length of time and are furthest below their salary range midpoint. The office of management and budget, in developing the plan, shall consider employee pay comparisons to similar occupational classifications of other North Dakota employers and employers in Montana, South Dakota, and Wyoming."

Page 6, replace lines 4 through 7 with:

18 "Notwithstanding any other provisions of law relating to the allocation of funds from this statewide salary equity pool, the office of management and budget shall transfer appropriation authority from the statewide salary equity pool appropriation included in section 17 of this Act to eligible agencies as determined by the office of management and budget based on each agency's submission and approval by the office of management and budget of a salary equity plan for the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 7, after line 19, insert:

"SECTION 23. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Vacant state employee positions salary savings - Budget section reports - Budget section review and approval. The head of each executive branch agency, department, and institution shall report each month to the office of management and budget the number of vacant full-time equivalent employee positions and related salary and fringe benefit savings. The office of management and budget shall report at each budget section meeting on the cumulative savings resulting from the vacant positions. Agencies, departments, and institutions reporting vacant positions under this section may spend funds available as a result of these vacant positions, subject to approval by the office of management and budget in an amount that does not exceed a cumulative amount of two million dollars for a biennium for payment of accrued annual leave and sick leave balances for eligible employees upon retirement or resignation, employee workload increases, employee reclassifications, and unanticipated overtime. The office of management and budget shall report periodically to the budget section on the amounts spent for each of these purposes by agency. Agencies, departments, and

institutions may not spend any remaining savings from these vacant positions without prior approval of the office of management and budget and the budget section.

SECTION 24. Paragraph 5 to subdivision b of subsection 2 of section 57-62-02 of the North Dakota Century Code is created and enacted as follows:

- (5) The state treasurer shall allocate funds provided by legislative appropriation to cities, the county general fund, and school districts within a coal-producing county according to the allocation method provided in subdivision a in an amount to offset fifty percent of the loss of that county's share of coal severance tax revenue allocated to a non-coal-producing county under this subdivision in the previous calendar year. The state treasurer shall make the allocation, within the limits of legislative appropriations, under this paragraph at the time and in the manner funds are distributed under this section. The state treasurer shall include in each biennial budget request the amounts estimated to be necessary for the biennium for purposes of this paragraph, based on the allocations under this subdivision in the most recent calendar years.

SECTION 25. AMENDMENT. Subdivision d of subsection 1 of section 62.1-04-03, as amended in section 1 of Senate Bill No. 2415, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

- d. The applicant has the written approval for the issuance of a license from the sheriff of the applicant's county of residence, and, if the city has one, the chief of police or a designee of the city in which the applicant resides. The approval by the sheriff may not be given until the applicant has successfully completed a background investigation in that county and has successfully completed the testing procedure conducted by a certified firearm or dangerous weapon instructor. The person conducting the testing may assess a charge of up to fifty dollars for conducting this testing. The attorney general may certify a firearm or dangerous weapon instructor based upon criteria and guidelines prescribed by the director of the bureau of criminal investigation.

SECTION 26. AMENDMENT. Subsection 1 of section 3 of Senate Bill No. 2012, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

1. Ten million dollars to townships in accordance with the ~~formula provisions~~ used to distribute funds to townships under section 54-27-19.1, except that organized townships are not required to provide matching funds to receive distributions under this section.

SECTION 27. ELECTRONIC BUDGET PRESENTATION - PILOT PROJECT. The office of management and budget shall select two agencies to present their proposed 2011-13 budgets and related information electronically to the appropriations committees of the sixty-second legislative assembly. Each state agency selected shall use an electronic format to present and distribute any information regarding its budget, including testimony, supporting documentation, and related materials.

SECTION 28. AMENDMENT. Section 1 of House Bill No. 1350, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

SECTION 1. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the department of

commerce for the purpose of providing a grant for construction of a great plains applied energy ~~research~~ technology center on the Bismarck state college campus, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may spend the general fund appropriation only when the department certifies to the office of management and budget that:

1. The center has completed a detailed business plan demonstrating positive outcomes relating to the development of end-use products and the public policy required to support the products; the use of technology developed at regional research universities; and the testing, development, and application of products and technology to address problems relating to the transmission and storage of electricity;
2. Other nonstate matching funds of three dollars for each one dollar of grant funds are available for all costs of the center, a portion of which must be from the private sector;
- ~~2-~~ 3. The state will be a proportionate owner in the center based on the state's contribution percentage of all costs of the center;
- ~~3-~~ 4. The state will not be responsible for any future operational costs, including property tax, of the center; ~~and~~
- 4- 5. The center will be subject to local property tax assessments at the discretion of the local taxing authority;
6. The grant recipient is a state entity or private nonprofit entity; and
7. The department has completed an independent comprehensive commercialization study, developed a business and operational plan for the center with a clearly defined mission and objectives, and received budget section approval.

SECTION 29. AMENDMENT. Section 2 of House Bill No. 1350, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

SECTION 2. REPORT REPORTS TO THE BUDGET SECTION. The department of commerce shall present the independent comprehensive commercialization study and related business and operational plan for the center to the budget section for approval. The department shall also provide a report to the budget section at its first meeting after September 1, 2009, and at its first meeting after March 1, 2010, regarding the status of the construction of a great ~~plane~~ plains applied energy ~~research~~ technology center, including the extent to which nonstate matching funds have been made available for the project.

SECTION 30. Section 8 to chapter 160 of the 2007 Session Laws is created and enacted as follows:

SECTION 8. CONTINGENT MONEY. If any money appropriated to the state board of higher education for grant assistance to tribally controlled community colleges remains after the board complies with all statutory payment obligations imposed under this Act, the state board shall distribute a prorated amount per full-time equivalent nonbeneficiary student.

SECTION 31. STATE EMPLOYEE ACCRUED LEAVE PAYMENTS - BUDGET SECTION REPORT. The office of management and budget shall prepare and report to the budget section alternative methods of budgeting for the compensation of state employee accrued annual leave and sick leave. The information presented must include the number of employees compensated and the total amount paid by agency for the 2007-09 and 2005-07 bienniums. The office of management and budget

shall present this report to the budget section at its first meeting after December 1, 2009. The budget section shall determine the method to be used for providing funding for these items in the preparation of the 2011-13 executive budget.

SECTION 32. 2011-13 BIENNIUM BUDGET REQUESTS - RECOMMENDATION - FULL-TIME EQUIVALENT POSITIONS. Notwithstanding any other provision of law, the office of management and budget, in preparation of the 2011-13 executive budget, shall limit the total number of full-time equivalent positions for executive branch agencies, departments, and institutions included in agency budget requests and the executive budget recommendation to the same level approved by the sixty-first legislative assembly in total for these entities, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 33. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000, or so much of the sum as may be necessary, to the department of public instruction for the development and customization of a North Dakota personal finance schoolbook, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 34. APPROPRIATION - DEPARTMENT OF EMERGENCY SERVICES. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$250,000, or so much of the sum as may be necessary, to the department of emergency services for the purpose of providing grants to eligible political subdivisions for up to fifty percent of the costs incurred by the political subdivisions in meeting the local cost-share required by the federal emergency management agency for disaster, emergency response, and recovery costs, and for up to fifty percent of the costs incurred by the political subdivisions for disaster, emergency response, and recovery costs not covered by the federal emergency management agency, for the period beginning with the effective date of this Act and ending June 30, 2011. For the purposes of this section, an eligible political subdivision is one that experienced damage or destruction due to a tornado during the summer of 2007.

SECTION 35. EFFECTIVE DATE. Section 24 of this Act is effective for taxable events occurring after June 30, 2011.

SECTION 36. EMERGENCY. Sections 2, 3, 30, and 34 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98048.0248 FN 8

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1015 - Summary of Senate Action**

	Executive Budget	House Version	Senate Changes	Senate Version
Office of Management and Budget				
Total all funds	\$60,485,015	\$59,840,102	\$1,454,508	\$61,294,610
Less estimated income	13,775,833	21,676,111	(5,563,697)	16,112,414
General fund	\$46,709,182	\$38,163,991	\$7,018,205	\$45,182,196
Department of Public Instruction				
Total all funds	\$0	\$0	\$25,000	\$25,000
Less estimated income	0	0	0	0
General fund	\$0	\$0	\$25,000	\$25,000
Department of Emergency Services				
Total all funds	\$0	\$0	\$250,000	\$250,000
Less estimated income	0	0	0	0
General fund	\$0	\$0	\$250,000	\$250,000
Bill total				
Total all funds	\$60,485,015	\$59,840,102	\$1,729,508	\$61,569,610
Less estimated income	13,775,833	21,676,111	(5,563,697)	16,112,414
General fund	\$46,709,182	\$38,163,991	\$7,293,205	\$45,457,196

House Bill No. 1015 - Office of Management and Budget - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$17,517,285	\$16,647,029	\$556,357	\$17,203,386
Operating expenses	14,489,094	13,989,094	500,000	14,489,094
Capital assets	4,870,298	2,420,298	2,850,000	5,270,298
Grants	55,000	55,000		55,000
Prairie Public Broadcasting	3,353,338	1,337,138	2,016,200	3,353,338
State student internship program	200,000	200,000		200,000
Centers of excellence	20,000,000			
Centers of excellence - 2007-09 projects		8,741,543	(8,741,543)	
Statewide salary equity pool		8,000,000	7,984,000	15,984,000
Statewide critical salary pool		8,450,000	(8,450,000)	
Federal fiscal stabilization funds			289,494	289,494
2007-09 Centers of Excellence Projects			4,450,000	4,450,000
Total all funds	\$60,485,015	\$59,840,102	\$1,454,508	\$61,294,610
Less estimated income	13,775,833	21,676,111	(5,563,697)	16,112,414
General fund	\$46,709,182	\$38,163,991	\$7,018,205	\$45,182,196
FTE	133.50	131.50	1.00	132.50

Department No. 110 - Office of Management and Budget - Detail of Senate Changes

	Restores Funding for Anticipated Salary Savings ¹	Restores Vacant FTE Position ²	Restores Funding for Operating Expenses ³	Restores Funding for Capitol Building Projects ⁴	Adds Funding for Capitol Building Projects ⁵	Restores Funding for Prairie Public Broadcasting ⁶
Salaries and wages	\$468,003	\$88,354				
Operating expenses			500,000			
Capital assets				2,450,000	400,000	
Grants						
Prairie Public Broadcasting						2,016,200
State student internship program						
Centers of excellence						
Centers of excellence - 2007-09 projects						
Statewide salary equity pool						
Statewide critical salary pool						
Federal fiscal stabilization funds						
2007-09 Centers of Excellence Projects						
Total all funds	\$468,003	\$88,354	\$500,000	\$2,450,000	\$400,000	\$2,016,200
Less estimated income	120,622	79,519	0	0	(800,000)	1,008,100
General fund	\$347,381	\$8,835	\$500,000	\$2,450,000	\$1,200,000	\$1,008,100
FTE	0.00	1.00	0.00	0.00	0.00	0.00

	Increases Funding for Statewide Salary Equity Pool ⁷	Removes Statewide Critical Salary Pool ⁸	Provides Funding From Federal Fiscal Stabilization Funds ⁹	Removes Funding for 2007-09 Centers of Excellence Projects ¹⁰	Adds Funding for 2007-09 Centers of Excellence Projects ¹¹	Total Senate Changes
Salaries and wages						\$556,357
Operating expenses						500,000
Capital assets						2,850,000
Grants						
Prairie Public Broadcasting						2,016,200
State student internship program						
Centers of excellence						
Centers of excellence - 2007-09 projects				(8,741,543)		(8,741,543)
Statewide salary equity pool	7,984,000					7,984,000
Statewide critical salary pool		(8,450,000)				(8,450,000)
Federal fiscal stabilization funds			289,494			289,494
2007-09 Centers of Excellence Projects					4,450,000	4,450,000
Total all funds	\$7,984,000	(\$8,450,000)	\$289,494	(\$8,741,543)	\$4,450,000	\$1,454,508
Less estimated income	2,984,000	(4,500,000)	289,494	(4,745,432)	0	(5,563,697)
General fund	\$5,000,000	(\$3,950,000)	\$0	(\$3,996,111)	\$4,450,000	\$7,018,205
FTE	0.00	0.00	0.00	0.00	0.00	1.00

¹ This amendment restores funding for salaries and wages removed by the House to recognize anticipated savings from vacant positions and employee turnover.

² One FTE Central Services position and related funding removed by the House is restored.

³ This amendment restores funding from the general fund for operating expenses removed by the House.

⁴ One-time funding from the general fund of \$2,450,000 removed by the House is restored for Capitol building projects.

This amendment provides additional funding from the general fund of \$1,200,000 for Capitol building projects. The amendment also removes funding for projects of \$800,000 from the Capitol building fund.

⁶ Funding for Prairie Public Broadcasting of \$2,016,200 removed by the House is restored. Of this amount, \$1,008,100 is from the general fund and \$1,008,100 is from the permanent oil tax trust fund.

⁷ Funding for a statewide salary equity pool added by the House is increased by \$5 million from the general fund and \$2,984,000 of other funds to provide total funding in the pool of \$15,984,000, of which \$9 million is from the general fund. The pool is expanded to include both classified and unclassified executive branch employees, excluding higher education employees.

⁸ Funding added by the House for a statewide critical salary pool is removed. Related sections added by the House regarding the pool are also removed.

⁹ A section is added to appropriate \$289,494 of federal fiscal stabilization - other government services funds made available to the Governor under the federal American Recovery and Reinvestment Act of 2009 to the Office of Management and Budget for information technology, accounting, and verification of federal stimulus funds received by the state.

¹⁰ This amendment removes funding added by the House for 2007-09 centers of excellence projects awarded but have not had funding distributed.

¹¹ This amendment provides a \$4,450,000 general fund appropriation for 2007-09 centers of excellence projects that have been awarded but not yet paid.

This amendment also:

- Provides an appropriation of \$250,000 from the permanent oil tax trust fund to match federal funding to be received in the 2007-09 biennium designated for livestock producers affected by severe winter weather and flooding.
- Amends North Dakota Century Code Section 32-12.2-02 relating to the liability of the state when a state employee operates a rented motor vehicle for state business.
- Provides for an electronic budget presentation pilot project.
- Amends 2009 House Bill No. 1012 relating to the personal needs allowance for individuals in basic care facilities.
- Amends 2009 House Bill No. 1350 relating to the Great Plains Applied Energy Technology Center at Bismarck State College.
- Amends 2009 Senate Bill No. 2012 relating to transportation distributions.
- Amends 2009 Senate Bill No. 2415 relating to concealed weapons permit testing.
- Adds a section to Chapter 160 of the 2007 Session Laws relating to tribal college grants.
- Amends various sections of the North Dakota Century Code relating to payment from the firefighters death benefit fund.
- Amends a section of the North Dakota Century Code relating to credit card fees charged by state agencies.
- Provides for Budget Section reports of state employee accrued leave payments.
- Adds a section to the North Dakota Century Code relating to vacant state employee positions.
- Provides for a limit of the number of new full-time equivalent positions to be added in the 2011-13 executive budget.
- Amends a section of the North Dakota Century Code relating to the allocation of funds to certain coal-producing counties.
- Provides a transfer from the permanent oil tax trust fund to the general fund.
- Adds an emergency section.

House Bill No. 1015 - Department of Public Instruction - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Personal finance schoolbook			\$25,000	\$25,000
Total all funds	\$0	\$0	\$25,000	\$25,000
Less estimated income	0	0	0	0
General fund	\$0	\$0	\$25,000	\$25,000
FTE	0.00	0.00	0.00	0.00

Department No. 201 - Department of Public Instruction - Detail of Senate Changes

	Adds Funding for Personal Finance Schoolbook¹	Total Senate Changes
Personal finance schoolbook	\$25,000	\$25,000
Total all funds	\$25,000	\$25,000
Less estimated income	0	0
General fund	\$25,000	\$25,000
FTE	0.00	0.00

¹ This amendment provides a \$25,000 general fund appropriation to the Department of Public Instruction for the development and customization of a North Dakota personal finance schoolbook.

House Bill No. 1015 - Department of Emergency Services - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Emergency relief grants			\$250,000	\$250,000
Total all funds	\$0	\$0	\$250,000	\$250,000
Less estimated income	0	0	0	0
General fund	\$0	\$0	\$250,000	\$250,000
FTE	0.00	0.00	0.00	0.00

Department No. 542 - Department of Emergency Services - Detail of Senate Changes

	Adds Funding for Emergency Relief Grants¹	Total Senate Changes
Emergency relief grants	\$250,000	\$250,000
Total all funds	\$250,000	\$250,000
Less estimated income	0	0
General fund	\$250,000	\$250,000
FTE	0.00	0.00

¹ This amendment provides a \$250,000 general fund appropriation to the Department of Emergency Services for providing grants to eligible political subdivisions to match up to 50 percent of costs incurred by the political subdivisions in meeting the local cost-share required to receive emergency relief funding. An eligible political subdivision is one that experienced tornado damage in the summer of 2007.

Date: 5-4-09
Roll Call Vote #: 8
Last Vote.

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 10 15

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number on the Bill

Action Taken ☒ Do Pass ☐ Do Not Pass ☒ Amended

Motion Made By Bowman Seconded By Christmann

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach	<input checked="" type="checkbox"/>		Senator Seymour	<input checked="" type="checkbox"/>	
Senator Fischer	<input checked="" type="checkbox"/>		Senator Lindaas	<input checked="" type="checkbox"/>	
Senator Wardner	<input checked="" type="checkbox"/>		Senator Robinson	<input checked="" type="checkbox"/>	
Senator Kilzer	<input checked="" type="checkbox"/>		Senator Warner	<input checked="" type="checkbox"/>	
V. Chair Bowman	<input checked="" type="checkbox"/>		Senator Krauter	<input checked="" type="checkbox"/>	
Senator Christmann	<input checked="" type="checkbox"/>		Senator Mathern	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
V. Chair Grindberg	<input checked="" type="checkbox"/>				
Chairman Holmberg	<input checked="" type="checkbox"/>				

Total Yes 13 No 1

Absent _____

Floor Assignment Holmberg

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

REPORT OF STANDING COMMITTEE

HB 1015, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Engrossed HB 1015 was placed on the Sixth order on the calendar.

Page 1, replace lines 3 through 8 with "exemption; to provide for various transfers; to create and enact section 8 to chapter 160 of the 2007 Session Laws, a new section to chapter 54-27, and paragraph 5 to subdivision b of subsection 2 of section 57-62-02 of the North Dakota Century Code, relating to contingent distributions of grant assistance money, the allocation of funds to certain coal-producing counties, and vacant state employee positions; to amend and reenact sections 18-05.1-01, 18-05.1-02, and 18-05.1-03, subdivision s of subsection 3 of section 32-12.2-02, sections 50-24.5-04, 54-06-08.2, 54-21-24, and 54-24-21.1, and subdivision d of subsection 1 of section 62.1-04-03 of the North Dakota Century Code, relating to payment from the firefighters death benefit fund, the reciprocal licensure and classification system to carry a firearm or dangerous weapon concealed, the personal needs allowance for individuals in basic care facilities, leasing of office space by state entities, liability of the state, and credit card fees charged by state agencies; to amend and reenact sections 1 and 2 of House Bill No. 1350 and subsection 1 of section 3 of Senate Bill No. 2012, as approved by the sixty-first legislative assembly, relating to the Great Plains applied energy technology center and weather-related transportation funding; to provide an appropriation for a statewide salary equity pool; to establish a statewide salary equity pool; to provide for budget section reports; to provide for a transfer of appropriation authority; to limit the number of full-time equivalent positions; to provide legislative intent; to provide for a legislative council study; to provide an appropriation to the department of emergency services; to provide an appropriation to the department of public instruction; to provide an effective date; and to declare an emergency."

Page 1, line 18, replace "1,433,263" with "1,989,620" and replace "16,647,029" with "17,203,386"

Page 1, line 19, replace "2,296,958" with "2,796,958" and replace "13,989,094" with "14,489,094"

Page 1, line 20, replace "775,279" with "3,625,279" and replace "2,420,298" with "5,270,298"

Page 1, line 22, replace "0" with "2,016,200" and replace "1,337,138" with "3,353,338"

Page 2, remove lines 2 and 3

Page 2, line 7, replace "(\$51,501,957)" with "(\$54,320,943)" and replace "43,390,102" with "40,571,116"

Page 2, line 8, replace "(12,053,004)" with "(16,390,195)" and replace "13,176,111" with "8,838,920"

Page 2, line 9, replace "(\$39,448,953)" with "(\$37,930,748)" and replace "30,213,991" with "31,732,196"

Page 2, line 10, replace "(1.00)" with "0.00" and replace "131.50" with "132.50"

Page 2, after line 10, insert:

"SECTION 2. APPROPRIATION - FEDERAL FISCAL STABILIZATION - OTHER GOVERNMENT SERVICES FUNDS - ADDITIONAL FUNDING APPROVAL.
The funds provided in this section, or so much of the funds as may be necessary, are

appropriated from federal fiscal stabilization - other government services funds made available to the governor under the federal American Recovery and Reinvestment Act of 2009, not otherwise appropriated, to the office of management and budget, for the period beginning with the effective date of this Act and ending June 30, 2011, as follows:

Information technology, accounting, and verification	<u>\$289,494</u>
Total federal funds	\$289,494

The office of management and budget may seek emergency commission and budget section approval under chapter 54-16 for authority to spend any additional federal funds received under the federal American Recovery and Reinvestment Act of 2009 in excess of the amounts appropriated under this section, for the period beginning with the effective date of this Act and ending June 30, 2011.

Any federal funds appropriated under this section are not a part of the agency's 2011-13 base budget. Any program expenditures made with these funds will not be replaced with state funds after the federal American Recovery and Reinvestment Act of 2009 funds are no longer available.

SECTION 3. APPROPRIATION - PERMANENT OIL TAX TRUST FUND - WEATHER-RELATED ASSISTANCE. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of \$250,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of matching federal United States department of agriculture funds to assist North Dakota ranchers affected by severe winter weather and flooding, for the period beginning with the effective date of this Act and ending June 30, 2009.

SECTION 4. APPROPRIATION - TRANSFER - CENTERS OF EXCELLENCE FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$4,450,000, which the office of management and budget shall transfer to the centers of excellence fund for the purpose of providing funding for 2007-09 centers of excellence awarded projects, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 5. TRANSFER - PERMANENT OIL TAX TRUST FUND. During the biennium beginning July 1, 2009, and ending June 30, 2011, the office of management and budget shall transfer \$140,000,000 from the permanent oil tax trust fund to the general fund."

Page 2, line 17, replace "0" with "2,016,200"

Page 2, line 20, replace "1,220,000" with "2,850,000"

Page 2, line 22, replace "2,346,041" with "5,992,241"

Page 2, line 23, replace "0" with "1,008,100"

Page 2, line 24, replace "2,346,041" with "4,984,141"

Page 2, remove lines 29 and 30

Page 3, replace lines 1 and 2 with:

"SECTION 7. PERMANENT OIL TAX TRUST FUND. The estimated income line item in section 1 of this Act includes \$1,008,100 from the permanent oil tax trust

fund for the prairie public broadcasting digital conversion, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 3, remove lines 15 through 23

Page 4, replace lines 14 through 31 with:

"SECTION 12. AMENDMENT. Section 18-05.1-01 of the North Dakota Century Code is amended and reenacted as follows:

18-05.1-01. ~~Firefighters death benefit fund~~ Payments to deceased firefighter's survivor. The firefighters death benefit fund is a special fund in the state treasury. The revenue provided in section 26.1-03-17 must be deposited in the fund and is appropriated on a continuing basis to the insurance commissioner for disbursement as provided in this chapter. The insurance commissioner shall administer the fund.

SECTION 13. AMENDMENT. Section 18-05.1-02 of the North Dakota Century Code is amended and reenacted as follows:

18-05.1-02. Payments from firefighters death benefit fund. ~~The governing body of a municipality having a paid fire department or the governing body of a city or rural fire protection district having no paid fire department may request that the insurance commissioner pay ten thousand dollars from the firefighters death benefit fund to the estate of a firefighter who dies from an injury sustained while responding to, during, or within forty eight hours after a fire emergency or training activity. The insurance commissioner shall pay ten thousand dollars to the a deceased firefighter's estate survivor upon receipt of the a request for payment and upon receipt of evidence that the of a line of duty death occurred from an injury sustained while responding to, during, or within forty eight hours after a fire emergency from the fire chief or the fire chief's designee of a city fire department, rural fire department, or rural fire protection district.~~

SECTION 14. AMENDMENT. Section 18-05.1-03 of the North Dakota Century Code is amended and reenacted as follows:

18-05.1-03. ~~Definition~~ Definitions. For purposes of this chapter, ~~firefighter:~~

1. "Firefighter" means an individual who is a member of a paid or volunteer fire department that is a part of or is administered by this state, any political subdivision of this state, or a rural fire protection district.
2. "Line of duty death" means a death that was due to an injury sustained while performing firefighter duties if the death occurred within forty-eight hours of participating in an emergency response or training event. Death from a heart attack or stroke is deemed to be a line of duty death if it occurs within forty-eight hours of an emergency response or training event.
3. "Survivor" means the spouse of a deceased firefighter who died in the line of duty. If there is no spouse, the term means the individual designated in writing by the deceased firefighter as beneficiary of the Public Safety Officers' Benefit Act [42 U.S.C. 3796 et seq.] death benefit, or if no beneficiary is designated, the deceased firefighter's estate.

SECTION 15. AMENDMENT. Subdivision s of subsection 3 of section 32-12.2-02 of the North Dakota Century Code is amended and reenacted as follows:

- s. A claim for liability assumed under contract, except this exclusion does not apply to liability arising from a state employee's operation of a rental vehicle if the ~~vehicle is rented for a period of thirty days or less and the~~ loss is not covered by the state employee's personal insurance or by the vehicle rental company.

SECTION 16. AMENDMENT. Section 50-24.5-04 of the North Dakota Century Code as amended in section 21 of House Bill No. 1012, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

50-24.5-04. Services provided - Limit on cost. Services provided under this chapter must be treated as necessary remedial care to the extent those services are not covered under the medical assistance program. The cost of the services provided under this chapter to a person residing in a basic care or adult family foster care facility for which the rate charged includes room and board is limited to the rate set for services in that facility, plus ~~seventy-five~~ eighty-five dollars, less that person's total income.

SECTION 17. AMENDMENT. Section 54-06-08.2 of the North Dakota Century Code is amended and reenacted as follows:

54-06-08.2. Payment by credit or debit card or by electronic fund transfer - State credit card processor - Fees.

1. A state agency, board, or commission, the judicial branch, or any political subdivision may accept payment by credit or debit card or by electronic fund transfer of any fee, interest, penalty, tax, or other payment that is due or collectible by the agency, board, or commission. The judicial branch may accept payment by credit or debit card or by electronic fund transfer for any fees, costs, or other assessments required or imposed under state law or court rule.
2. The Bank of North Dakota is the state credit card administrator for credit card transactions of state agencies, boards, or commissions. The Bank of North Dakota shall select a credit card processor or processors to provide credit card services to state agencies, boards, and commissions. All funds from credit card transactions must be deposited in the respective entity's account in the Bank of North Dakota. ~~If on January 1, 1997, any state agency, board, or commission uses a credit card processor other than a credit card processor selected by the Bank of North Dakota, it may continue using that processor until June 30, 1999, or until transition to the state processor is available with minimal fee or penalty, whichever is earlier. The judicial branch may accept payment by credit card for any fees, costs, or other assessments required or imposed under state law or court rule.~~
3. Except as otherwise provided under section 20.1-03-32, in accordance with rules adopted by the office of management and budget, an executive branch agency may charge a fee to be added to a payment as a service charge for the acceptance of a payment made by a credit or debit card or an electronic fund transfer. The office of management and budget shall adopt rules establishing the terms under which executive agencies may charge a service fee under this subsection."

Page 5, line 13, replace "\$4,000,000" with "\$9,000,000"

Page 5, line 15, replace "\$4,000,000" with "\$6,984,000"

Page 5, line 17, remove "classified", after "employees" insert "of the executive branch", and replace "15" with "19"

Page 5, line 19, replace "**CLASSIFIED**" with "**EXECUTIVE BRANCH**"

Page 5, line 20, replace "14" with "18"

Page 5, line 21, remove "classified" and after "employees" insert "of executive branch agencies, institutions, and departments, excluding entities under the control of the state board of higher education"

Page 5, line 22, after the period insert "The market equity adjustments must be given after any July 2009 general compensation increases authorized by the sixty-first legislative assembly."

Page 5, replace lines 25 and 26 with:

"The market equity increases are to be prioritized based on a statewide plan to address occupational market disparities, economic growth areas, recruitment and retention challenges, and internal and external pay inequities for employees who are critical to the mission of the agency. The plan must give priority to employees who have been employed by the state for the greatest length of time and are furthest below their salary range midpoint. The office of management and budget, in developing the plan, shall consider employee pay comparisons to similar occupational classifications of other North Dakota employers and employers in Montana, South Dakota, and Wyoming."

Page 6, replace lines 4 through 7 with:

"Notwithstanding any other provisions of law relating to the allocation of funds from this statewide salary equity pool, the office of management and budget shall transfer appropriation authority from the statewide salary equity pool appropriation included in section 18 of this Act to eligible agencies as determined by the office of management and budget based on each agency's submission and approval by the office of management and budget of a salary equity plan for the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 7, after line 19, insert:

"SECTION 23. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Vacant state employee positions salary savings - Budget section reports - Budget section review and approval. The head of each executive branch agency, department, and institution shall report each month to the office of management and budget the number of vacant full-time equivalent employee positions and related salary and fringe benefit savings. The office of management and budget shall report at each budget section meeting on the cumulative savings resulting from the vacant positions. Agencies, departments, and institutions reporting vacant positions under this section may spend funds available as a result of these vacant positions, subject to approval by the office of management and budget in an amount that does not exceed a cumulative amount of two million dollars for a biennium for payment of accrued annual leave and sick leave balances for eligible employees upon retirement or resignation, employee

workload increases, employee reclassifications, and unanticipated overtime. The office of management and budget shall report periodically to the budget section on the amounts spent for each of these purposes by agency. Agencies, departments, and institutions may not spend any remaining savings from these vacant positions without prior approval of the office of management and budget and the budget section.

SECTION 24. Paragraph 5 to subdivision b of subsection 2 of section 57-62-02 of the North Dakota Century Code is created and enacted as follows:

- (5) The state treasurer shall allocate funds provided by legislative appropriation to cities, the county general fund, and school districts within a coal-producing county according to the allocation method provided in subdivision a in an amount to offset fifty percent of the loss of that county's share of coal severance tax revenue allocated to a non-coal-producing county under this subdivision in the previous calendar year. The state treasurer shall make the allocation, within the limits of legislative appropriations, under this paragraph at the time and in the manner funds are distributed under this section. The state treasurer shall include in each biennial budget request the amounts estimated to be necessary for the biennium for purposes of this paragraph, based on the allocations under this subdivision in the most recent calendar years.

SECTION 25. AMENDMENT. Subdivision d of subsection 1 of section 62.1-04-03 of the North Dakota Century Code as amended in section 1 of Senate Bill No. 2415, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

- d. The applicant has the written approval for the issuance of a license from the sheriff of the applicant's county of residence, and, if the city has one, the chief of police or a designee of the city in which the applicant resides. The approval by the sheriff may not be given until the applicant has successfully completed a background investigation in that county and has successfully completed the testing procedure conducted by a certified firearm or dangerous weapon instructor. The person conducting the testing may assess a charge of up to fifty dollars for conducting this testing. The attorney general may certify a firearm or dangerous weapon instructor based upon criteria and guidelines prescribed by the director of the bureau of criminal investigation.

SECTION 26. AMENDMENT. Subsection 1 of section 3 of Senate Bill No. 2012, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

1. Ten million dollars to townships in accordance with the ~~formula~~ provisions used to distribute funds to townships under section 54-27-19.1, except that organized townships are not required to provide matching funds to receive distributions under this section.

SECTION 27. ELECTRONIC BUDGET PRESENTATION - PILOT PROJECT. The office of management and budget shall select two agencies to present their proposed 2011-13 budgets and related information electronically to the appropriations committees of the sixty-second legislative assembly. Each state agency selected shall use an electronic format to present and distribute any information regarding its budget, including testimony, supporting documentation, and related materials.

SECTION 28. AMENDMENT. Section 1 of House Bill No. 1350, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

SECTION 1. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing a grant for construction of a great plains applied energy ~~research~~ technology center on the Bismarck state college campus, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may spend the general fund appropriation only when the department certifies to the office of management and budget that:

1. The center has completed a detailed business plan demonstrating positive outcomes relating to the development of end-use products and the public policy required to support the products; the use of technology developed at regional research universities; and the testing, development, and application of products and technology to address problems relating to the transmission and storage of electricity;
2. Other nonstate matching funds of three dollars for each one dollar of grant funds are available for all costs of the center, a portion of which must be from the private sector;
- ~~2-~~ 3. The state will be a proportionate owner in the center based on the state's contribution percentage of all costs of the center;
- ~~3-~~ 4. The state will not be responsible for any future operational costs, including property tax, of the center; ~~and~~
4. 5. The center will be subject to local property tax assessments at the discretion of the local taxing authority;
6. The grant recipient is a state entity or private nonprofit entity; and
7. The department has completed an independent comprehensive commercialization study, developed a business and operational plan for the center with a clearly defined mission and objectives, and received budget section approval.

SECTION 29. AMENDMENT. Section 2 of House Bill No. 1350, as approved by the sixty-first legislative assembly, is amended and reenacted as follows:

SECTION 2. ~~REPORT~~ REPORTS TO THE BUDGET SECTION. The department of commerce shall present the independent comprehensive commercialization study and related business and operational plan for the center to the budget section for approval. The department shall also provide a report to the budget section at its first meeting after September 1, 2009, and at its first meeting after March 1, 2010, regarding the status of the construction of a great ~~plans~~ plains applied energy ~~research~~ technology center, including the extent to which nonstate matching funds have been made available for the project.

SECTION 30. Section 8 to chapter 160 of the 2007 Session Laws is created and enacted as follows:

SECTION 8. CONTINGENT MONEY. If any money appropriated to the state board of higher education for grant assistance to tribally controlled community colleges

remains after the board complies with all statutory payment obligations imposed under this Act, the state board shall distribute a prorated amount per full-time equivalent nonbeneficiary student.

SECTION 31. STATE EMPLOYEE ACCRUED LEAVE PAYMENTS - BUDGET SECTION REPORT. The office of management and budget shall prepare and report to the budget section alternative methods of budgeting for the compensation of state employee accrued annual leave and sick leave. The information presented must include the number of employees compensated and the total amount paid by agency for the 2007-09 and 2005-07 bienniums. The office of management and budget shall present this report to the budget section at its first meeting after December 1, 2009. The budget section shall determine the method to be used for providing funding for these items in the preparation of the 2011-13 executive budget.

SECTION 32. 2011-13 BIENNIUM BUDGET REQUESTS - RECOMMENDATION - FULL-TIME EQUIVALENT POSITIONS. Notwithstanding any other provision of law, the office of management and budget, in preparation of the 2011-13 executive budget, shall limit the total number of full-time equivalent positions for executive branch agencies, departments, and institutions included in agency budget requests and the executive budget recommendation to the same level approved by the sixty-first legislative assembly in total for these entities, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 33. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000, or so much of the sum as may be necessary, to the department of public instruction for the development and customization of a North Dakota personal finance schoolbook, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 34. APPROPRIATION - DEPARTMENT OF EMERGENCY SERVICES. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$250,000, or so much of the sum as may be necessary, to the department of emergency services for the purpose of providing grants to eligible political subdivisions for up to fifty percent of the costs incurred by the political subdivisions in meeting the local cost-share required by the federal emergency management agency for disaster, emergency response, and recovery costs, and for up to fifty percent of the costs incurred by the political subdivisions for disaster, emergency response, and recovery costs not covered by the federal emergency management agency, for the period beginning with the effective date of this Act and ending June 30, 2011. For the purposes of this section, an eligible political subdivision is one that experienced damage or destruction due to a tornado during the summer of 2007.

SECTION 35. EFFECTIVE DATE. Section 24 of this Act is effective for taxable events occurring after June 30, 2011.

SECTION 36. EMERGENCY. Sections 2, 3, 30, and 34 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98048.0248 FN 8

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

2009 TESTIMONY

HB 1015

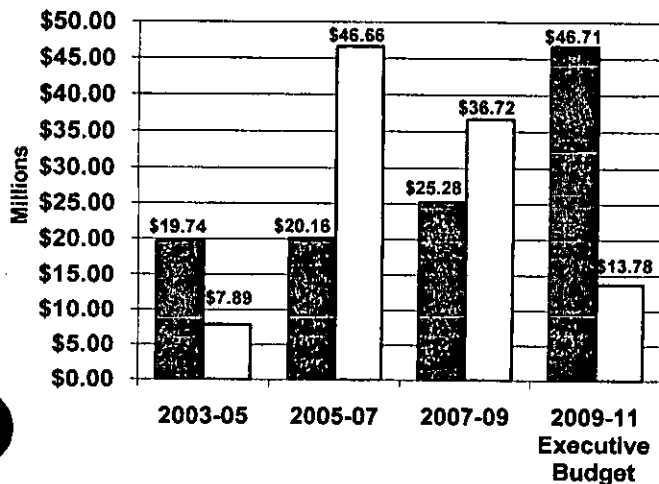
**Department 110 - Office of Management and Budget
House Bill No. 1015**

	FTE Positions	General Fund	Other Funds	Total
2009-11 Executive Budget	133.50	\$46,709,182	\$13,775,833	\$60,485,015
2007-09 Legislative Appropriations	132.50	25,283,253	36,717,584	62,000,837 ¹
Increase (Decrease)	1.00	\$21,425,929	(\$22,941,751)	(\$1,515,822)

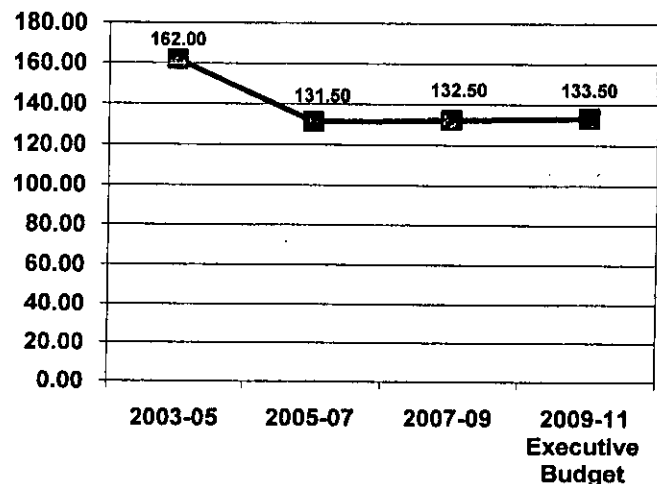
¹The 2007-09 appropriation amounts do not include \$259,700 of capital construction carryover and do not include \$315 of additional general fund authority resulting from Emergency Commission action during the 2007-09 biennium.

NOTE: The 2007-09 legislative appropriation amounts have been reduced to reflect the \$4,998,143 general fund and \$3,541,747 of other funds allocation from the \$10 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees. The amounts have been increased by \$112,668, of which \$82,452 is from the general fund, for OMB's share of the special market equity pool.

Agency Funding



FTE Positions



■ General Fund □ Other Funds

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2009-11 Executive Budget	\$24,866,941	\$21,842,241	\$46,709,182
2007-09 Legislative Appropriations	21,595,396	3,687,857	25,283,253
Increase (Decrease)	\$3,271,545	\$18,154,384	\$21,425,929

Executive Budget Highlights

	General Fund	Other Funds	Total
Administration			
1. Provides funding of \$238,053 to address salary equity issues, including funding of \$11,336 to address the related second-year salary increase	\$168,886	\$69,167	\$238,053
2. Provides funding for increased information technology costs	\$1,000,000		\$1,000,000
3. Provides funding for a state student internship program to assist agencies with funding to hire interns	\$200,000		\$200,000
4. Changes the one-time funding source for centers of excellence from \$20 million of special funds from the permanent oil tax trust fund to \$15 million from the general fund and \$5 million from special funds from a Bank of North Dakota loan	\$15,000,000	(\$15,000,000)	\$0
5. Provides one-time funding for the conversion of Prairie Public Broadcasting towers from analog to digital broadcasting	\$2,016,200		\$2,016,200
6. Provides one-time funding for increases in statewide dues	\$30,000		\$30,000

7. Provides one-time funding for the implementation of additional PeopleSoft modules	\$1,000,000		\$1,000,000
8. Provides one-time funding for the census Complete Count Committee	\$100,000		\$100,000
9. Provides one-time funding for a grant increase to the Council of State Employees	\$1,000		\$1,000
10. Removes one-time funding provided in the 2007-09 biennium for the Prairie Public Broadcasting digital conversion project	(\$686,000)		(\$686,000)

Central Services

1. Decreases funding for operating expenses primarily due to a reduction in the leasing of equipment	(\$10,713)	(\$10,901)	(\$21,614)
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Facility Management

1. Provides increased funding for the utility costs of buildings located on the Capitol grounds	\$420,000		\$420,000
2. Provides one-time funding for Capitol and parking lot repairs	\$2,450,000		\$2,450,000
3. Provides one-time funding from the Capitol building fund to continue Capitol restoration projects as identified by the Capitol Grounds Planning Commission		\$800,000	\$800,000
4. Provides one-time funding for the purchase of equipment (\$118,000), electrical and mechanical equipment replacement (\$170,000), heat pump and cooling tower replacement (\$500,000), Veterans Memorial panel replacement (\$187,000), Heritage Center maintenance and increased supply costs (\$95,000), and a study on repairs needed to the Capitol exterior limestone (\$150,000)	\$1,220,000		\$1,220,000
5. Removes one-time extraordinary repair funding provided in the 2007-09 biennium	(\$3,000,000)		(\$3,000,000)

Fiscal Management

1. Decreases funding for operating expenses primarily due to the removal of 2007-09 biennium fiscal management carryover authority of \$2,161,702	(\$2,158,702)		(\$2,158,702)
2. Removes funding provided for 2007-09 salary equity adjustments that was not allocated to any agency	(\$1,857)	(\$1,458,253)	(\$1,460,110)

Human Resource Management Services

1. Adds 1 FTE human resource officer II position (\$147,119) and related operating expenses (\$10,000)	\$157,119		\$157,119
2. Provides one-time funding for a FileNet project to scan classification files	\$25,041		\$25,041

Risk Management

1. Decreases funding for operating expenses primarily due to a \$75,000 decrease in federal funds		(\$32,500)	(\$32,500)
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The following is a comparison of funding for dues and memberships:

	2007-09	2009-11
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$146,000	\$146,000
Council of State Governments	155,000	168,000
Government Accounting Standards Board	6,000	6,000
Western Governors Association	74,300	74,300
National Governors Association	72,500	81,500
Midwest Governors Association	20,000	20,000
National Lieutenant Governors Association	1,200	1,200
Education Commission of the States	106,000	114,000
Total dues and memberships	\$581,000	\$611,000

Other Sections in Bill

Section 3 allows the Fiscal Management Division to continue unexpended funds from the 2007-09 biennium to the 2009-11 biennium for continued development and operating costs of the accounting, management, and payroll systems.

Section 4 provides for various grants and special items, including funding for state contingencies of \$700,000, the same amount as the 2007-09 biennium.

Section 5 provides that \$800,000 of the total special funds appropriation is from the Capitol building fund and is to be spent by the Facility Management Division during the 2009-11 biennium.

Section 6 authorizes agencies to transfer appropriation authority between line items as it relates to salary equity increases. The agencies are to notify OMB of any transfer made.

Section 7 authorizes the Human Resource Management Services division to transfer funds appropriated for the state student internship program to other agencies.

Section 8 authorizes the Centers of Excellence Commission to borrow up to \$5 million from the Bank of North Dakota for providing funding to centers of excellence. The Office of Management and Budget is to request funding from the 62nd Legislative Assembly to repay any loan obtained, including accrued interest.

Section 9 provides intent for funding received by agencies for state employee salary equity. The equity adjustments are to begin July 1, 2009, and probationary employees and employees whose documented performance levels do not meet standards are not eligible for equity increases. Each agency is to document its plan and distribution of salary equity funds received.

Section 10 provides intent that compensation adjustments for the 2009-11 biennium for regular state employees are to be based on documented performance and equity. Each agency appropriation is increased by 5 percent for the first year and 5 percent for the second year of the 2009-11 biennium. Each eligible employee is to receive a minimum monthly increase of \$100.

Section 11 amends North Dakota Century Code (NDCC) Section 54-27.2-03 to remove the requirement that general fund revenue be at least 2.5 percent less than the most recently adjourned special or regular legislative session estimate before a transfer can be made from the budget stabilization fund to the general fund.

Section 12 amends NDCC Section 57-51.1-07.2 to increase the amount of oil and gas tax revenue to be deposited in the general fund prior to the revenue being deposited in the permanent oil tax trust fund. The section increases the amount that may be deposited in the general fund from \$71 million to \$110 million.

Continuing Appropriations

Risk management fund - NDCC Chapter 32-12.2 - Risk fund to timely settle claims and lawsuits.

Risk management workers' compensation fund - NDCC Section 65-04-03.1 - Workers' compensation for state employees.

Human Resource Management Services training fund - NDCC Section 54-44-11 - State personnel training and development revolving fund.

Capitol building fund - NDCC Chapter 48-10 - Capitol grounds planning fund.

Preliminary planning revolving fund - NDCC Section 54-27-22 - Preliminary planning revolving fund for state agencies.

Postage revolving fund - NDCC Chapter 48-06 - Purchase postage for postage machines in central mailroom.

Indigent civil legal services fund - NDCC Section 54-06-20 - Indigent civil legal services.

Central Services fund - NDCC Section 54-44-04 - Central supply revolving fund.

Major Related Legislation

House Bill No. 1122 - This bill allows OMB to provide a provision in economic forecasting contracts to limit the state's ability to seek and recover indirect consequential damages.

Senate Bill No. 2061 - This bill provides for the Human Resource Management Services division to conduct a study on the retention of state employees and to report their findings to the Legislative Council.

Senate Bill No. 2064 - This bill provides for an increase in the lodging reimbursement rate to \$60 per night plus tax for state employees and requires the director of OMB to adopt rules establishing mileage reimbursement for state employees.

WE WILL

- Provide consistency in policies and practices.
- Set the standard for state agency operations.
- Be an agency with whom others choose to work.
- Provide competitive compensation and benefits.
- Establish measurable results of our accomplishments.
- Communicate in a seamless and ongoing manner.
- Guarantee continuum of government.
- Be respected and trusted by customers.
- Strive for overall customer satisfaction.
- Be the employer of choice.
- Improve functionality of automated systems.

CORE VALUES

- Respect
- Integrity
- Excellence
- Resourcefulness
- Responsiveness

WHAT WE DO

Fiscal Management oversees the budgeting, accounting, payroll, and financial reporting functions for North Dakota state government entities.

Sheila Peterson, Director
speterson@nd.gov 701.328.2680

Human Resource Management Services provides human resource guidance and assistance; promotes consistent HR practices; maintains the state classification and compensation plan; and provides training and mediation services.

Laurie Steriotti Hammeren, Director
lhammeren@nd.gov 701.328.3290

Central Services provides procurement and printing services, commonly-used office supplies to state agencies, and disposes of state-owned fixed assets and distributes Federal surplus property to eligible entities.

Sherry Neas, Director
sneas@nd.gov 701.328.1726

Facility Management maintains the state capitol complex, plans for future growth needs and provides tour and central mailroom services.

John Boyle, Director
jaboyle@nd.gov 701.328.2471

Risk Management promotes safety and reduces loss resulting from claims by identifying and measuring risks of loss to the State and implementing appropriate measures to address those risks.

Täg Anderson, Director
taanderson@nd.gov 701.328.7584

2008-2011

STRATEGIC PLAN

State of North Dakota

OMB

Office of Management
and Budget

Pam Sharp, Director
600 East Blvd Ave, Dept 110
Bismarck, ND 58505-0400
P 701.328.4904
F 701.328.3230
www.nd.gov/omb

Attachment

1015.1.14.09B

OUR PLAN

1) Inform and engage stakeholders.

Goal 1.1 Increase overall stakeholder satisfaction.

2) Enhance external communication.

Goal: 2.1 Develop and implement external OMB newsletters for stakeholders.

Goal: 2.2 Continuously enhance OMB website to better serve customers.

Goal: 2.3 Improve division specific outreach to enhance external communication.

3) Provide training to employees of state entities.

Goal: 3.1 Implement state employee subject matter training.

4) Improve internal communication.

Goal: 4.1 Implement an internal newsletter about agency-wide activities.

Goal: 4.2 Increase internal social gatherings to foster internal agency collaboration.

Goal: 4.3 Improve intra-divisional communication.

Goal: 4.4 Improve cross-divisional communication.

5) Improve, upgrade, and leverage our technological capabilities.

Goal: 5.1 Enhance technical capabilities.

6) Enhance OMB workforce development.

Goal: 6.1 Improve recruitment and retention of workforce.

Goal: 6.2 Enhance professional development training for OMB employees.

Goal: 6.3 Develop and implement succession planning.

Mission Statement

The Office of Management and Budget provides innovative leadership and support to state government.

Vision

OMB will set the standard as the most respected and trusted source of leadership and expertise in state government.

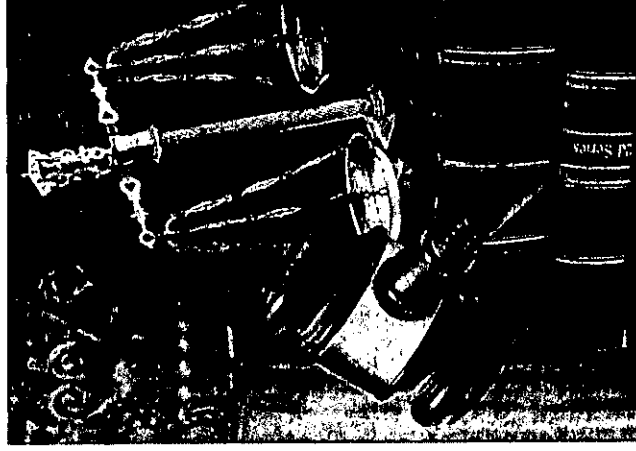
OMB

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1015.1.14.09A

Office of Management and Budget

Testimony on House Bill 1015



House Appropriations Committee Government Operations Division

January 14, 2009



OMB Budget Overview

(1)

(1)

	2005-07 Actual Expenditures	2007-09 Estimated Expenditures	2007-09 Appropriation	2007-09 Appropriation as Adjusted	Variance- Estimated Expenditures to Adjusted Appropriation	2009-11 Recommendation	2009-11 Change from Original Appropriation
Salaries and Benefits	\$12,619,901	\$13,997,519	\$15,213,766	\$15,326,434	\$1,328,915	\$17,517,285	\$2,303,519
Operating Expenses	8,481,906	9,701,318	11,692,136	11,736,873	2,035,555	14,489,094	2,796,958
Fiscal Carryover	391,895	2,161,702		2,161,702	0		0
Capital Assets	3,410,888	4,090,273	4,645,019	4,345,019	254,746	4,870,298	225,279
Construction Carryover	0	365,059		365,059	0		0
Grants	388,500	54,000	54,000	54,000	0	55,000	1,000
Prairie Public Broadcasting	1,337,138	2,023,138	2,023,138	2,023,138	0	3,353,338	1,330,200
State Student Internship	0	0	0	0	0	200,000	200,000
Centers of Excellence	40,239,035	20,000,000	25,300,000	20,000,000	0	20,000,000	-5,300,000
Heritage Expansion Project	0	1,500,000	1,500,000	1,500,000	0		-1,500,000
Statewide Equity Plan	0	0	10,000,000	1,459,104	1,459,104		-10,000,000
State Transfers	0	43,150,000	43,150,000	43,150,000	0		-43,150,000
Total	66,869,263	97,043,009	113,578,059	102,121,329	5,078,320	60,485,015	-53,093,044
General Fund	18,329,666	68,809,524	73,348,944	70,339,692	1,530,168	46,709,182	-26,639,762
Federal Fund	207,128	72	75,000	75,000	74,928	0	-75,000
Special Funds	48,332,469	28,233,404	40,154,115	31,706,637	3,473,233	13,775,833	-26,378,282
Total	\$66,869,263	\$97,043,000	\$113,578,059	\$102,121,329	\$5,078,329	\$60,485,015	-\$53,093,044

(1) Includes one time funding amounts.

Major Variances for the 2007-09 Adjusted Appropriations to Estimated 2007-09 Expenditures by Funding Source:

	General Fund	Special Funds	Total
Salaries and Benefits			
Remaining funds for unemployment claims		700,000	700,000
Vacant positions throughout biennium	280,000	300,000	580,000
Operating			
Central Services unable to project exact costs and volume of business, which results in a surplus appropriation amount.		800,000	800,000
Fiscal Management	780,000		780,000
Remaining in State's Contingency fund	267,500		267,500
Capital Assets			
Projects came in under amounts estimated		210,000	210,000

OMB Budget Overview

Statewide Equity Plan	General Fund	Special Funds	Total
Amount remaining after distributing salary equity appropriations to state agencies	1,857	1,457,247	1,459,104

Anticipated OMB General Fund Turnback
 \$195,000 If the remaining State Contingency funds are used
 \$462,500 If no more State Contingency funds are used

Major Variances from the 2007-09 Legislative Appropriations to 2009-11 Budget Recommendation by Funding Source:

	General Fund	Special Funds	Total
Salaries and Benefits			
Salary Compensation Package, equity and health insurance increase	1,656,000	412,000	2,068,000
HRMS new position	147,000		147,000
Operating Expenses			
Fiscal Management-One-time funding for Connect ND of \$1 million and increased data processing costs of \$1 million	2,000,000		2,000,000
Facility Management operating line	685,000		685,000
Emergency Commission approval of a \$300,000 transfer to operating line from to operating (increased original 2007-09 appropriation) for fuel costs and this increase is being carried forward to 2009-11.			
Increase of \$385,000 for replacement of outdated mechanical and equipment, utilities, and supplies.			
Prairie Public Broadcasting-for Digital Conversion	1,330,200		1,330,200
Centers of Excellence			
Amount was appropriated to repay Bank of ND loan, principal and interest, for payments for Centers of Excellence made with loan proceeds.		-5,300,000	-5,300,000
Heritage Expansion Project			
Statewide Equity Plan	-5,000,000	-1,500,000	-1,500,000
State Transfers	-43,150,000	-5,000,000	-10,000,000
			-43,150,000

One-time Funding for 2007-09:

	General Fund	Special Funds	Total
Deferred Maintenance	3,000,000		3,000,000
Centers of Excellence		15,000,000	15,000,000
Prairie Public Broadcasting	686,000		686,000

OMB Budget Overview

One-time Funding for 2009-11:

Centers of Excellence
Prairie Public Broadcasting
Connect ND
Facility Management Repairs and Equipment
Administration projects

General Fund	Special Funds	Total
15,000,000		15,000,000
2,016,200		2,016,200
1,000,000		1,000,000
3,670,000		3,670,000
156,041		156,041

Testimony on HB 1015
Pam Sharp, Director
Office of Management and Budget
January 14, 2009

Explanation of Certain Sections in HB1015

Section 6. Funding Transfers.

The Governor's budget proposal includes equity funding in agency budgets. This section allows agencies to transfer appropriation authority between line items as it relates to equity increases. The reason for this section is that some agencies have special lines in their budgets that contain salaries and would need to transfer to those lines. The section also requires that agencies notify OMB of any transfers made under this section.

Section 7. State Student Internship Program.

OMB's budget bill provides \$200,000 for a state student internship program. The purpose of this program is to encourage internships in state government and pay for up to half of the salary of the intern. HRMS would transfer the appropriation authority to eligible agencies for the internship program.

Section 8. Centers of Excellence

This section allows OMB to borrow an additional \$5 million from the Bank of North Dakota for Centers of Excellence as requested by the Centers of Excellence Commission and subject to emergency section and budget section approval.

Section 9. Intent – State Employee Equity Adjustments – Guidelines

Equity funding amounts included in agency budgets must be used for market equity compensation adjustments. This section provides beginning dates and states that they must be independent of any general salary increases provided by the legislative assembly.

Section 10. State Employee Compensation Adjustments – Guidelines

This section provides for a 5% and 5% salary increase to state employees with a minimum of \$100 per month on July 1, 2009, and July 1, 2010.

Section 11. Amendment. 45-27.2-03. Transfers and expenditures from the budget stabilization fund.

The current statute provides that in the case of a revenue shortfall a transfer from the budget stabilization fund may be made only if a revised revenue forecast is at least two and a half percent less than the revenue forecast from the most recent legislative session. Then, the transfer may not exceed the difference between an amount two and one half percent below the original forecast and the revised forecast.

The proposal in this bill eliminates the two and a half percent language and allows for a transfer from the budget stabilization fund in the case where a revenue shortfall is less than two and a half percent. This language would also allow the entire revenue shortfall to be transferred from the budget stabilization fund instead of allotting the first two and a half percent. The following is an example.

EXAMPLE

	<u>Current Statute</u>	<u>Proposed</u>
Original Revenue Forecast	\$ 3,000,000,000	\$ 3,000,000,000
Updated Forecast	<u>2,900,000,000</u>	<u>2,900,000,000</u>
Difference between forecasts (shortfall)	<u>\$ 100,000,000</u>	<u>\$ 100,000,000</u>
2 1/2 % below Original Forecast	\$ 2,925,000,000	
Updated Forecast	<u>2,900,000,000</u>	
Amount available to be transferred from Budget Stabilization Fund	<u>\$ 25,000,000</u>	<u>\$ 100,000,000</u>
Required Allotment	<u>\$ 75,000,000</u>	<u>0</u>

Section 12. Amendment. 57-51.1-07.2. Permanent Oil Tax Trust Fund Deposits

Current statute provides that the first \$71 million of oil tax revenues are deposited into the general fund and the amount exceeding that goes into the permanent oil tax trust fund. This proposed amendment changes the \$71 million to \$110 million.

Testimony on HB 1015
Pam Sharp, Director
Office of Management and Budget
March 2, 1009

Good morning Chairman Holmberg and members of the Senate Appropriations Committee.

In my testimony, I will briefly cover the major general fund increases requested in OMB's budget, I will go over the changes the House Appropriations committee made to our request, and I will walk you through HB 1015. I will ask that the funding and FTE reductions made by the House be restored and, although, we don't have amendments ready for you today, we will prepare amendments for you.

After my testimony, each OMB's division directors will provide testimony related to their division. We have one requested amendment today regarding Risk Management and Tag Anderson will explain that amendment. Shane Goettle will address you regarding the portion of this bill that relates to Centers of Excellence and, finally, John Harris, Prairie Public Broadcasting will address you regarding their request.

Ongoing General Fund Increases requested:

\$1,000,000 for increased ITD costs
\$30,000 increase in statewide dues
\$200,000 State Student Internship Program
\$420,000 for increased utility costs for capitol complex
\$147,000 for FTE for human resource officer II position
\$238,053 salary equity funding

One-time funding requested:

\$1,000,000 for ConnectND modules
\$3,670,000 for Facility management repairs and equipment
\$100,000 for Complete Count Committee (2010 Census)
\$25,000 File Net project for HRMS

Funding reductions made by House Appropriations:

2 special fund FTE positions removed from Central Duplicating
\$500,000 general funds removed from operating relating to IT expenses
\$2,450,000 general funds removed for Facility Management extraordinary repairs
\$2,016,200 general funds removed for Prairie Public Broadcasting digital conversion
\$238,053 for salary equity adjustments
\$468,003 removed from salary line
Removed Centers of Excellence Funding (funding currently resides in SB ~~1350~~)

2018

Removed a section in HB1015 that would have increased the cap on oil tax revenues in the general fund from \$71 million to \$110 million

Removed a section in HB 1015 that would have allowed a transfer from the Budget Stabilization fund without having to allot the first portion of a revenue shortfall to the general fund

Discussion of HB 1015

Section 3 – Allows the anticipated unspent funding appropriated from the Permanent Oil Tax Trust fund in 2007-09 to be spent in 2009-11 for Centers of Excellence projects that have been awarded but have not received funding.

The House also provided general funds to make Centers of Excellence payments based on a tentative schedule provided by the Department of Commerce. However, we are still short some of the funding needed for all the approved projects. A better solution is to establish a special fund for Centers of Excellence with continuing appropriation authority. This was suggested to House Appropriations, but was rejected. Shane Goettle will explain this in more detail in a few minutes.

Section 4 – Allows the fiscal management division of OMB to carryover unspent funding. This funding is used to maintain and upgrade statewide systems.

Section 5 – provides for state contingency fund, statewide dues, unemployment insurance and funding to the capitol grounds planning commission.

Section 6 – Allows Facility Management to spend \$800,000 from the capitol building fund. This will be spent as directed by the capital grounds planning commission.

Section 7 – This section was in the original HB 1015 and related to original Section 9 which provided equity adjustment guidelines. The House has removed the equity funding and Section 9 of this bill relates to state employee compensation adjustments – not equity adjustments. This section, as it is, without the original equity adjustments, makes no sense.

The Governor's budget provided equity salary increases directly in each agency's budget. A great deal of time was spent by OMB budget analysts and HRMS in determining equity needs of agencies. I applaud the Senate for not taking out the equity adjustments in the budgets of the agencies you have already heard and I ask that you restore the equity funding removed by the House as you work on the remaining agency budgets.

Section 8 – provides for a state student internship program to be administered by HRMS.

Section 9 – provides language for state employee compensation.

Sections 10, 11 and 12 – Statewide critical salary funding pool. The House underfunded each agency's salary line by 2%, 3%, or 4% depending on the size of the agency and set up a process to obtain funding for a vacant position. The process requires an agency to request funding from OMB and, if approved, go to budget section for their approval.

Section 13 – provides that any agency can request a line item transfer from the emergency commission to restore funding for critical FTEs. Current law provides that any agency can go to the emergency commission for a line item transfer.

Sections 14 and 15 – Statewide Salary Equity Pool. The House removed all equity salary dollars from the budgets they heard and instead have provided \$4 million in general funds and \$4 million in special funds for equity. The market equity increases are based on equity for employees whose salaries are furthest from their respective salary range midpoints. This differs from the way equity salary dollars were placed in agency budgets.

Section 16 and 17 – Provides that agencies needing office space outside the capitol building may request that OMB help them negotiate for and contract for space outside the capitol.

Section 18 – provides for a study of the capitol complex master plan.

Office of Management and Budget

Testimony on House Bill 1015



**House Appropriations Committee
Government Operations Division
February 4, 2009**

OMB Mission Statement

The Office of Management and Budget provides innovative leadership and support to state government.

Innovative Programs

- State Internship Program
- State Government Transparency
- Back-Up Generation and energy savings for State Capitol
- Risk Management Division On-line training system –available to all agencies
- Technology
 - Absence Management Program
 - Business Intelligence/Data Warehouse for PeopleSoft
- EBay sales at Surplus Property

Office of Management and Budget

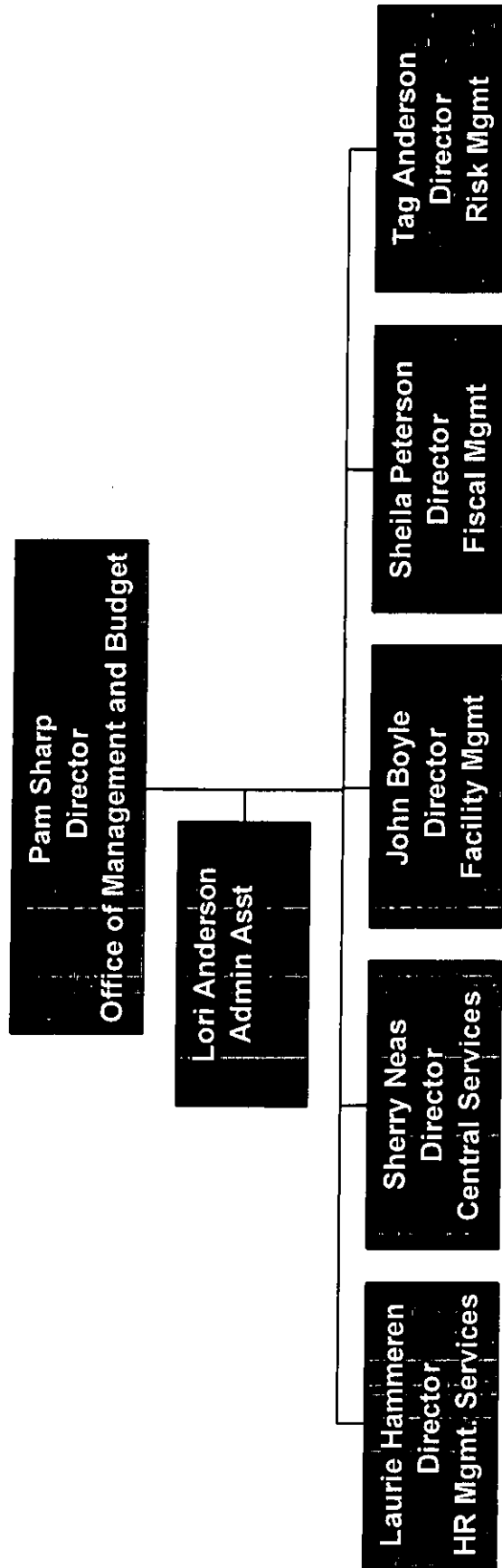
Vacant FTEs

February 2009

Position No.	FTE	Position Description	Date Vacated	Number of Months Vacant	Date Expected to Be Filled	Current Status	Salary and Fringe Benefit Amounts Included in the 2009-11 Executive Budget		
							General Fund	Special Funds	Total
52	1.00	Account Budget Specialist III	4/26/2007	20	4/09	It is anticipated that this position will be needed in the near future as the State proceeds to develop a Business Intelligence Data Warehouse solution.	150,138		150,138
72	0.50	Administrative Assistant III	5/17/2004	55		Filled as temporary	55,770		55,770
92	1.00	Maintenance Worker I	12/1/2008	1	1/09	Offer pending	82,390		82,390
94	1.00	Custodial Supervisor II	11/17/2008	1.5	5/09	Will be advertising to fill position	97,275		97,275
104	1.00	Custodian	9/1/2007	16	2/09	Currently advertising to fill position	66,810		66,810
131	1.00	Custodian	10/1/2008	3	2/09	Currently advertising to fill position	66,810		66,810
139	1.00	Office Assistant III	12/1/2008	1	5/09	Filled as temporary	79,511		79,511
156	1.00	Surplus Property Specialist	11/6/2008	2	1/09	Filled in January 2009	63,668		63,668
158	1.00	Printing Equipment Operator II	5/1/2006	32		Continue to evaluate based on demand for services		75,846	75,846
155	1.00	Administrative Assistant III	8/12/2006	28		Continue to evaluate based on demand for services	8,835	79,519	88,354
150	1.00	Printing Equipment Operator III	12/31/2008	0		Recently vacated		95,409	95,409
175	1.00	State Procurement Manager	12/31/2008	0		Recently vacated	160,709		160,709
Total							\$831,916	\$250,774	\$1,082,690

Additional narrative explanations, if necessary:

Office of Management and Budget Organizational Chart



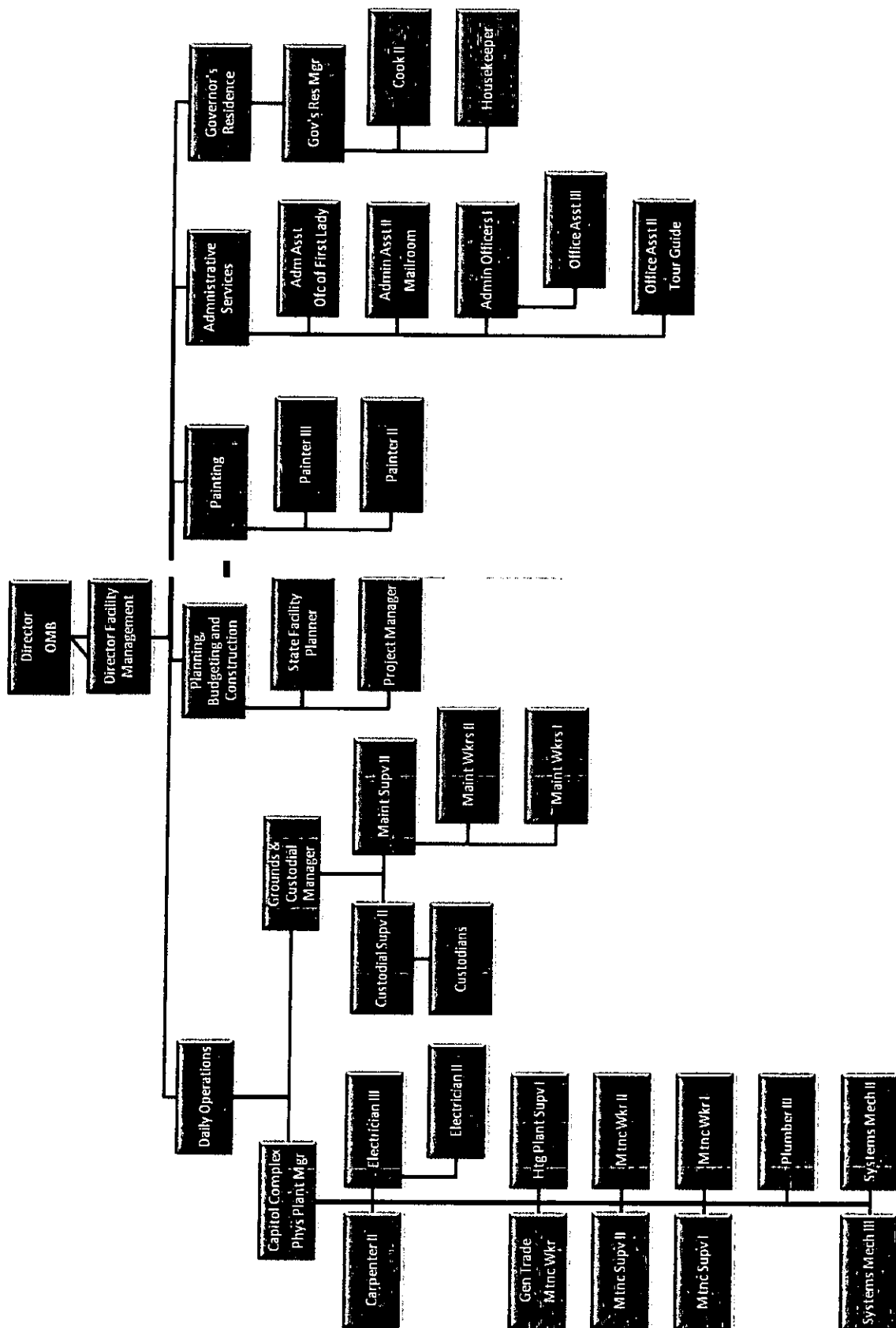
Office of Management and Budget

Administration

February 2009

Expenditures	Expenditures through Dec. 31, 2008	2007-09 Appropriation	2009-11 Recommendation	Change from 07-09 Appropriation
511000 Salaries - Permanent	223,345	314,168	356,116	41,948
511900 Salary Budget Adjustment	0	0	1,726,717	1,726,717
516000 Fringe Benefits	808,122	1,581,850	95,908	(1,485,942)
510000 Salaries and Benefits	1,031,467	1,896,018	2,178,741	282,723
521000 Travel	46,896	118,000	118,000	0
531000 Supplies - IT Software	152	500	500	0
532000 Supply/Material-Professional	975	2,000	2,000	0
535000 Miscellaneous Supplies	957	1,500	1,500	0
536000 Office Supplies	12,320	13,000	13,000	0
541000 Postage	8,762	12,000	12,000	0
542000 Printing	2,276	3,000	3,000	0
551000 IT Equip under \$5,000	611	2,000	2,000	0
552000 Other Equip under \$5,000	614	1,000	1,000	0
571000 Insurance	350	500	500	0
601000 IT - Data Processing	4,566	6,000	6,000	0
602000 IT-Communications	3,436	4,822	4,822	0
611000 Professional Development	490,681	491,000	521,000	30,000
621000 Operating Fees and Services	418	230,737	601,000	370,263
623000 Fees - Professional Services	23,493	42,000	42,000	0
722000 Transfers out	161,853	200,000	200,000	0
520000 Operating Expenses	758,359	1,127,744	1,528,322	400,578
1 Reflects Emergency Commission action of transferring appropriation authority of 270,263 to other state agencies. Bars Reports do not reflect this action.				
712000 Grants, Benefits & Claims	54,000	54,000	55,000	1,000
Special Line Items				
Priarie Public Broadcasting	2,023,138	2,023,138	3,353,338	1,330,200
Centers of Excellence	1,629,890	20,000,000	20,000,000	0
Heritage Center Design	738,424	1,500,000	0	(1,500,000)
Statewide Transfers	43,150,000	43,150,000	0	(43,150,000)
Total Expenditures	49,385,278	69,750,900	27,115,401	(42,635,499)

Office of Management and Budget Facility Management Division January 2009



*Same
given
2-4-09*

Testimony on HB 1015

John Boyle, Director

OMB Facility Management Division

March 2, 2009

Good morning Chairman Holmberg and members of the Senate Appropriations Committee. My name is John Boyle. I am the Director of the Facility Management Division within the Office of Management and Budget.

The Facility Management Division is currently comprised of 61 full-time employees. These employees provide central mailroom and tour guide services as well as custodial, grounds and landscaping, and maintenance services within the Capitol Complex. These state employees ensure the public, elected officials, appointed officials, and other state employees working within the Capitol Complex are provided a safe, clean and friendly environment.

We are requesting \$14,606,752 in spending authority for the next biennium. This equates to \$13,806,752 in the general fund and \$800,000 in special funds. The amount requested from the general fund is a thirteen percent increase from the budgeted amount requested two years ago. The majority of this increase is attributed to additions in salaries, benefits and utilities.

Seventy-one percent of my Division's general fund budget falls into two categories- salaries and benefits and operating expenses. The three largest items within the operating expenses are monthly utilities, daily repairs and daily maintenance. The remaining twenty-nine percent of the budget accounts for our extraordinary repairs, maintenance and equipment. A few of the items within this category include the correcting of the names on the All Veterans Memorial, restoration projects in the Capitol, heat pump and cooling tower replacement for the State Office Building and repairs to the Capitol north and the Judicial Wing parking lots.

Facility Management takes pride in providing a safe, clean and friendly environment to all those using the Capitol Complex. It is our goal to ensure that we maintain these standards each biennium. Facility Management measures our effectiveness by utilizing our work order management system and by conducting surveys.

Mr. Chairman, this concludes my prepared remarks. At this time, I would be happy to answer any of your questions.

Office of Management and Budget Facility Management Division

February 2009

Expenditures					
511000	Salaries - Permanent	2,517,108	3,378,659	3,776,109	397,450
513000	Temporary Salaries	58,637	62,000	77,050	15,050
514000	Overtime	21,352	24,300	0	(24,300)
516000	Fringe Benefits	1,169,045	1,625,902	1,959,622	333,720
510000	Salaries and Benefits	3,766,142	5,090,861	5,812,781	721,920
521000	Travel	24,770	30,000	30,000	0
531000	Supplies - IT Software	6,708	7,000	7,000	0
532000	Supply/Material-Professional	762	1,600	1,600	0
533000	Food and Clothing	6,683	12,200	12,200	0
534000	Bldg. Grounds, Vehicle Supply	304,685	370,000	420,000	50,000
535000	Miscellaneous Supplies	15,725	21,000	21,000	0
536000	Office Supplies	4,253	7,000	7,000	0
541000	Postage	5,086	9,000	9,000	0
542000	Printing	2,496	7,900	7,900	0
551000	IT Equip under \$5,000	6,526	13,300	13,300	0
552000	Other Equip under \$5,000	1,878	2,000	2,000	0
553000	Office Equip & Furniture-Under \$5000	799	1,500	1,500	0
561000	Utilities	1,692,243	2,323,708 1	2,488,708	165,000
571000	Insurance	119,003	160,000	160,000	0
581000	Rentals/Leases-Equip & Other	46,878	69,000	69,000	0
591000	Repairs	274,271	335,000	505,000	170,000
601000	IT - Data Processing	49,178	65,251	65,251	0
602000	IT-Communications	26,490	40,000	40,000	0
603000	IT Contractual Services and Repairs	0	14,000	14,000	0
611000	Professional Development	17,800	20,114	20,114	0
621000	Operating Fees and Services	384	500	500	0
623000	Fees - Professional Services	27,688	28,600	28,600	0
520000	Operating Expenses	2,634,307	3,538,673	3,923,673	385,000
683000	Other Capital Payments	103,757	253,519	665,298	411,779
684000	Extraordinary Repairs	2,483,457	4,032,492 1	4,087,000	54,508
691000	Equipment Over \$5000	12,508	12,508	118,000	105,492
681000	Capital Assets	2,599,722	4,298,519	4,870,298	571,779
Total Expenditures		9,000,171	12,928,053	14,606,752	1,678,699

1 Reflects Emergency Commission action moving \$300,000 from capital assets to operating for utilities. BARS reports don't reflect this.

Facility Management's Extraordinary Repairs Budget for 2009-11

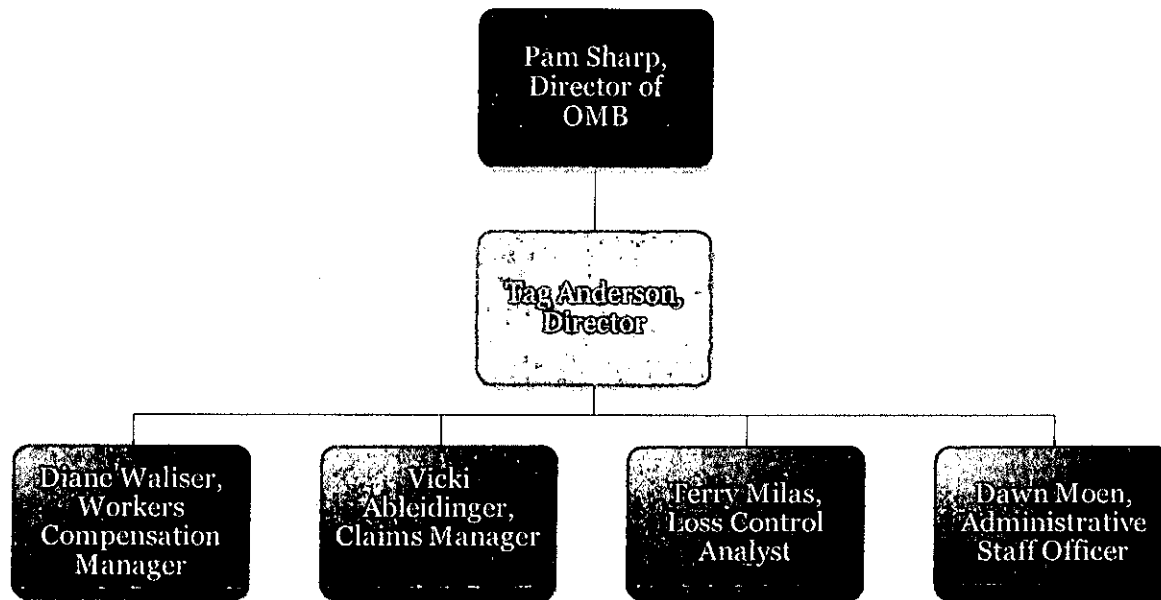
Cooling Tower and Heat Pump Replacements	\$ 500,000
Parking Lot Repairs	\$ 300,000
Exterior Capitol Limestone Study	\$ 150,000
All Veterans Memorial Repairs	\$ 187,000
Capitol Restoration	\$ 800,000
Capitol Grounds Building Repairs	\$ 675,000
Capitol Grounds Parking Lot Repairs	<u>\$1,475,000</u>
TOTAL	\$4,087,000

All are general funds except for the Capitol Restoration of \$800,000 which is special funds.

Office of Management and Budget

Risk Management Division

January 2009



Testimony on HB 1015
Tag Anderson, Director
OMB Risk Management Division
February 4, 2009

Mr. Chairman, and members of the House Appropriations Committee, my name is Tag Anderson. I am the Director of the Risk Management Division of OMB.

The Risk Management Division was established to address the State's exposure to tort liability following the loss of sovereign immunity. The Risk Management Division has also been delegated the responsibility of administering the consolidated state agency workers compensation account.

The Division staff consists of 5 FTE - the director, the manager of the risk management workers compensation program, a claims manager, a loss control analyst, and an administrative assistant.

On the tort liability side, the Division administers all claims and lawsuits filed against the State and state employees through the Risk Management Fund. Contribution rates for the Fund are determined by an actuarial review which includes a review of each State entity's loss history. State entities can reduce their required contributions if they can document that they have implemented pro-active loss control procedures pursuant to criteria established by the Division that are designed to reduce the number and severity of claims and lawsuits.

On the workers compensation side, the risk management workers compensation program (RMWCP) continues to save workers compensation premium dollars through the establishment of the account that consolidated 143 State agency accounts, authorized a \$100,000 deductible per claim, and facilitated the cross agency return-to-work program.

The 2007 legislative appropriation was based upon \$1,255,069 for the Division's budget. Our requested budget for 2009-2011 biennium is \$1,314,271 all in special funds.

Thank you.

Office of Management and Budget

Risk Management Division

February 2009

Expenditures	Expenditures through Dec. 31, 2008	2007-09 Appropriation	2009-11 Recommendation	Change from 07-09 Appropriation
511000 Salaries - Permanent	396,292	512,875	572,714	59,839
513000 Temporary Salaries	0	0	0	0
516000 Fringe Benefits	115,422	166,347	198,210	31,863
510000 Salaries and Benefits	511,714	679,222	770,924	91,702
521000 Travel	17,158	36,000	36,000	0
531000 Supplies - IT Software	2,280	28,000	28,000	0
532000 Supply/Material-Professional	16,582	17,000	17,000	0
535000 Miscellaneous Supplies	988	2,000	2,000	0
536000 Office Supplies	3,040	5,000	5,000	0
541000 Postage	4,400	6,200	6,200	0
542000 Printing	5,620	8,200	8,200	0
551000 IT Equip under \$5,000	412	2,700	2,700	0
552000 Other Equip under \$5,000	200	400	400	0
553000 Office Equip & Furniture-Under \$5000	0	2,500	2,500	0
571000 Insurance	737	2,200	2,200	0
581000 Rentals/Leases-Equip & Other	3,162	5,000	5,000	0
582000 Rentals/Leases - Bldg/Land	32,588	45,500	45,500	0
591000 Repairs	81	200	200	0
601000 IT - Data Processing	42,944	55,000	67,000	12,000
602000 IT-Communications	7,705	10,947	12,447	1,500
603000 IT Contractual Services and Repairs	150,933	208,800	134,800	(74,000)
611000 Professional Development	10,040	17,000	17,000	0
621000 Operating Fees and Services	646	1,200	1,200	0
623000 Fees - Professional Services	66,094	122,000	150,000	28,000
520000 Operating Expenses	365,611	575,847	543,347	(32,500)
Total Expenditures	877,325	1,255,069	1,314,271	59,202

Testimony on HB 1015
Tag Anderson, Director
OMB Risk Management Division
March 2, 2009

Mr. Chairman, and members of the Senate Appropriations Committee, my name is Tag Anderson. I am the Director of the Risk Management Division of OMB.

The Risk Management Division was established to address the State's exposure to tort liability following the loss of sovereign immunity. The Risk Management Division has also been delegated the responsibility of administering the consolidated state agency workers compensation account.

The Division staff consists of 5 FTE - the director, the manager of the risk management workers compensation program, a claims manager, a loss control analyst, and an administrative assistant.

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On the workers compensation side, the risk management workers compensation program (RMWCP) continues to save workers compensation premium dollars through the establishment of the account that consolidated 143 State agency accounts, authorized a \$100,000 deductible per claim, and facilitated the cross agency return-to-work program.

The 2007 legislative appropriation was based upon \$1,255,069 for the Division's budget. Our requested budget for 2009-2011 biennium is \$1,314,271 all in special funds.

The Risk Management Division also offers a proposed amendment to clarify existing law and make it consistent with the long standing practice of providing coverage for vehicles that are leased by state agencies. Subdivision s of subsection 3 of section 32-12.2-02 of the North Dakota Century Code provides that the Risk Management Fund is not responsible for liabilities assumed under contract except with respect to rental vehicles. The language we propose removing was tied to and recognized that a state employee's personal insurance may provide coverage for short term vehicle rentals that are less than 30 days. However, this provision was never interpreted as impacting claims arising from the use vehicles that are rented or leased by the State as opposed to acquired through direct purchase. But as you can see, the literal

language of this subdivision may suggest that very result. As a result, legal counsel from the Attorney General's Office has urged us to seek legislative clarification.

It should also be pointed out that providing coverage for leased vehicles is built in to the appropriations requests for agencies that utilize leased vehicles. Those agencies have made contributions to the Fund and have not budgeted for the expense associated with purchasing that coverage from private insurance. Current budgets have been developed with the understanding that coverage for leased vehicles will remain available from the Risk Management Fund. The impact of leased vehicles has been actuarially determined and made part of the required contributions that agencies that use leased vehicles are required to contribute to the Fund. It is this amount that has been used in the budgeting process that is the basis for the current appropriations requests from these agencies.

Thank you.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1015

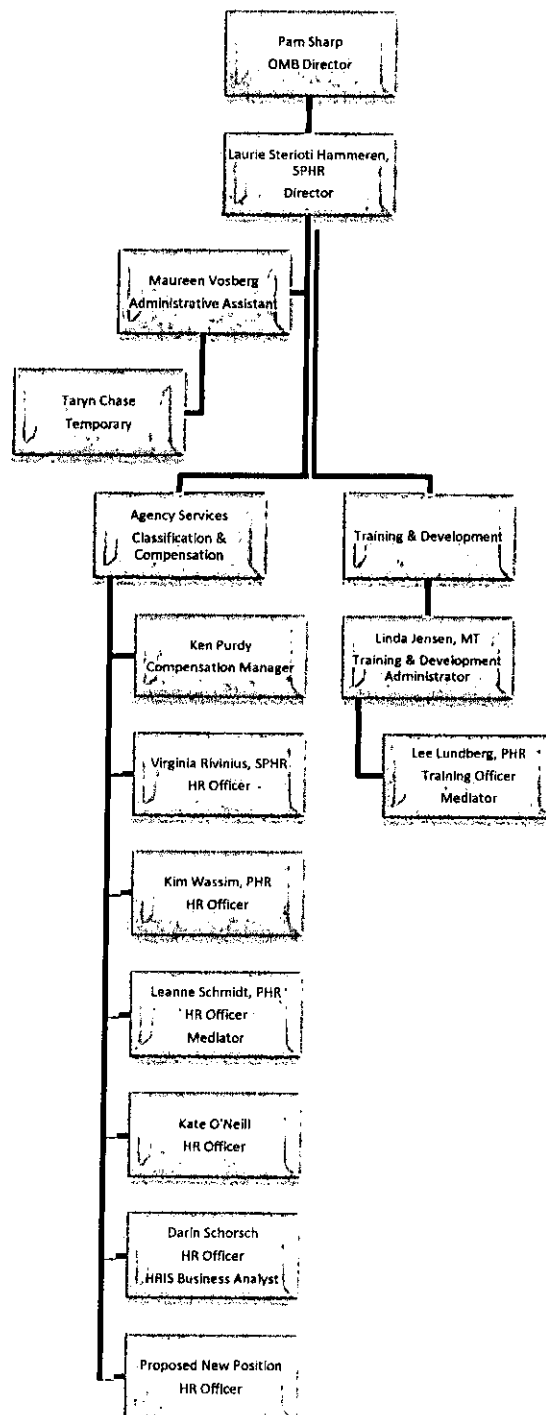
Page 6, after line 7, insert:

"SECTION 16. AMENDMENT. Subdivision s of subsection 3 of section 32-12.2-02 of the North Dakota Century Code is amended and reenacted as follows:

- s. A claim for liability assumed under contract, except this exclusion does not apply to liability arising from a state employee's operation of a rental vehicle if ~~the vehicle is rented for a period of thirty days or less~~ and the loss is not covered by the state employee's personal insurance or by the vehicle rental company."

Renumber accordingly.

Office of Management and Budget
Human Resource Management Services Division
January 2009



Testimony HB 1015
Laurie Sterioti Hammeren, Director
OMB Human Resource Management Services
February 4, 2009

Good morning Chairman Delzer and members of the House Appropriations Committee. I am Laurie Sterioti Hammeren, Director of Human Resource Management Services, a division of the Office of Management and Budget.

In 1975, the legislative assembly created the Central Personnel Division of the Office of Management and Budget and the State Personnel Board. The division establishes and maintains classification and compensation plans as well as general policies and rules, which are binding on the affected agencies, relating to a unified system of personnel administration covering 50 agencies and 6750 classified employees. Effective August 2003, legislation was adopted which changed the name of the Central Personnel Division to North Dakota Human Resource Management Services.

Human Resource Management Services has 10.5 FTE positions. We provide an array of services in four broad functional areas:

- Classification and Compensation
- Human Resource Consulting and Coaching
- Employment Services to include conflict resolution, mediation, recruitment, applicant screening and job advertising
- Training and Development

To explain further the types of service we provide, HRMS assigns position classifications and pay grades and establishes and maintains required records for all employees in the classified service. The division certifies appeals on employee grievances relating to demotion, suspension without pay, reduction-in-force, forced relocation, reprisal action, discrimination, merit system qualification, and dismissal. HRMS also certifies appeals from applicants for positions in the classified service who allege discrimination. We assist agencies with selection, employee issues, and grievance procedures. The division coordinates and conducts training programs. It ensures salaries are paid consistent with the state's classification system, compensation plan, and salary administration policy, and consults with state agencies regarding salary administration. We work with agencies to promote cooperative education or internship programs. The division provides information, consultative advice, tools and methodology, and other services to promote the development of a unified system of human resource administration. I as the division director also serve as the chair of the state personnel board.

HRMS also provides significant resources and technical support to agencies through the continued development and maintenance of the HRMS website, www.nd.gov/hrms.

Our budget request for this next biennium is \$2,145,922 from the general fund. Ninety-two percent of HRMS' program costs are salaries for 11.5 FTE. Operating expenses account for eight percent of HRMS' program costs. All of the division's services require human capital. We are requesting one additional position this biennium. Operating expenses focus on the services provided to agencies through printing, our website and maintaining and developing staff expertise as well as supplies and materials.

Explanation regarding changes for the 07-09 Biennium:

Additional FTE

We had an HR Officer retire who provided technical support to assigned agencies and provided classification services. HRMS replaced that person with an individual skilled in Human Resource Information Systems to work with HR PeopleSoft functionality and to implement new HR PeopleSoft modules. This is a priority requested by other agencies. Designating that position for the HRIS function reduced staffing in the classification and general HR technical support to agency area. We are now asking for an additional FTE to do the work formerly done by the retiree.

State Student Internship Stipend Program

While some agencies report that they have hired interns and continue to do so when they can find funds within their budget, many agencies report they would like to hire interns but do not have adequate funding. The idea behind this program is to help supplement funds agencies have available with partial funding so that students can more readily be hired.

It is getting more difficult to recruit and retain talent because of the growing pressure from the oil industry and other market factors. In addition there is a "Graying Tsunami" on the horizon as baby boomers approach retirement. Student internships could play a significant role in addressing these challenges by introducing students to government as a career choice.

I would like funding to support this program in public sector much like we did with the promotion of internships within the private sector state-wide. HRMS currently works with agencies, the University System and students to facilitate internships,

but this program would strengthen that opportunity by providing financial incentives to agencies through partial funding where feasible. I believe it would be a win-win for students and government alike.

Mr. Chairman, this concludes my remarks. I would be happy to answer any questions.

Office of Management and Budget

Human Resource Management Services Division

February 2009

Expenditures	Expenditures through Dec. 31, 2008	2007-09 Appropriation	2009-11 Recommendation	Change from 07-09 Appropriation
Salaries - Permanent	766,666	1,109,419	1,303,645	194,226
Temporary Salaries	2,728	3,000	0	(3,000)
Overtime	221	1,000	0	(1,000)
Fringe Benefits	235,918	359,860	463,735	103,875
Salaries and Benefits	1,005,533	1,473,279	1,767,380	294,101
Travel	14,790	23,554	23,554	0
Supplies - IT Software	1,561	2,000	2,000	0
Supply/Material-Professional	3,121	5,000	5,000	0
Miscellaneous Supplies	1,399	3,000	3,000	0
Office Supplies	1,981	3,800	3,800	0
Postage	1,085	2,000	2,000	0
Printing	3,535	5,000	18,440	13,440
IT Equip under \$5,000	3,858	7,000	7,000	0
Office Equip & Furniture-Under \$5000	1,641	3,000	3,000	0
Insurance	1,291	1,441	1,441	0
Rentals/Leases-Equip & Other	100	500	500	0
Rentals/Leases - Bldg/Land	1,436	2,000	2,000	0
Repairs	89	500	500	0
IT - Data Processing	25,907	40,012	52,644	12,632
IT-Communications	7,151	9,500	9,500	0
IT Contractual Services and Repairs	0	146	146	0
Professional Development	17,336	25,017	25,017	0
Operating Fees and Services	7,695	8,000	8,000	0
Fees - Professional Services	996	1,000	1,000	0
Operating Budget Adjustment	0	0	10,000	10,000
Operating Expenses	94,972	142,470	178,542	36,072
Special Line-Student Internship Program	0	0	200,000	200,000
Total Expenditures	1,100,505	1,615,749	2,145,922	530,173

Testimony HB 1015
Laurie Sterioti Hammeren, Director
OMB Human Resource Management Services
March 2, 2009

Good morning Chairman Holmberg and members of the Senate Appropriations Committee. I am Laurie Sterioti Hammeren, Director of Human Resource Management Services, a division of the Office of Management and Budget.

In 1975, the legislative assembly created the Central Personnel Division of the Office of Management and Budget and the State Personnel Board. The division establishes and maintains classification and compensation plans as well as general policies and rules, which are binding on the affected agencies, relating to a unified system of personnel administration covering 50 agencies and 6750 classified employees. Effective August 2003, legislation was adopted which changed the name of the Central Personnel Division to North Dakota Human Resource Management Services.

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- Employment Services to include conflict resolution, mediation, recruitment, applicant screening and job advertising
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HRMS also provides significant resources and technical support to agencies through the continued development and maintenance of the HRMS website, www.nd.gov/hrms.

Our budget request for this next biennium is \$2,145,922 from the general fund. Ninety-two percent of HRMS' program costs are salaries for 11.5 FTE. Operating expenses account for eight percent of HRMS' program costs. All of the division's services require human capital. We are requesting one additional position this biennium. Operating expenses focus on the services provided to agencies through printing, our website and maintaining and developing staff expertise as well as supplies and materials.

Explanation regarding changes for the 09-11 Biennium:

Additional FTE

We had an HR Officer retire who provided technical support to assigned agencies and provided classification services. HRMS replaced that person with an individual skilled in Human Resource Information Systems to work with HR PeopleSoft functionality and to implement new HR PeopleSoft modules. This is a priority requested by other agencies. Designating that position for the HRIS function reduced staffing in the classification and general HR technical support to agency area. We are now asking for an additional FTE to do the work formerly done by the retiree.

State Student Internship Stipend Program

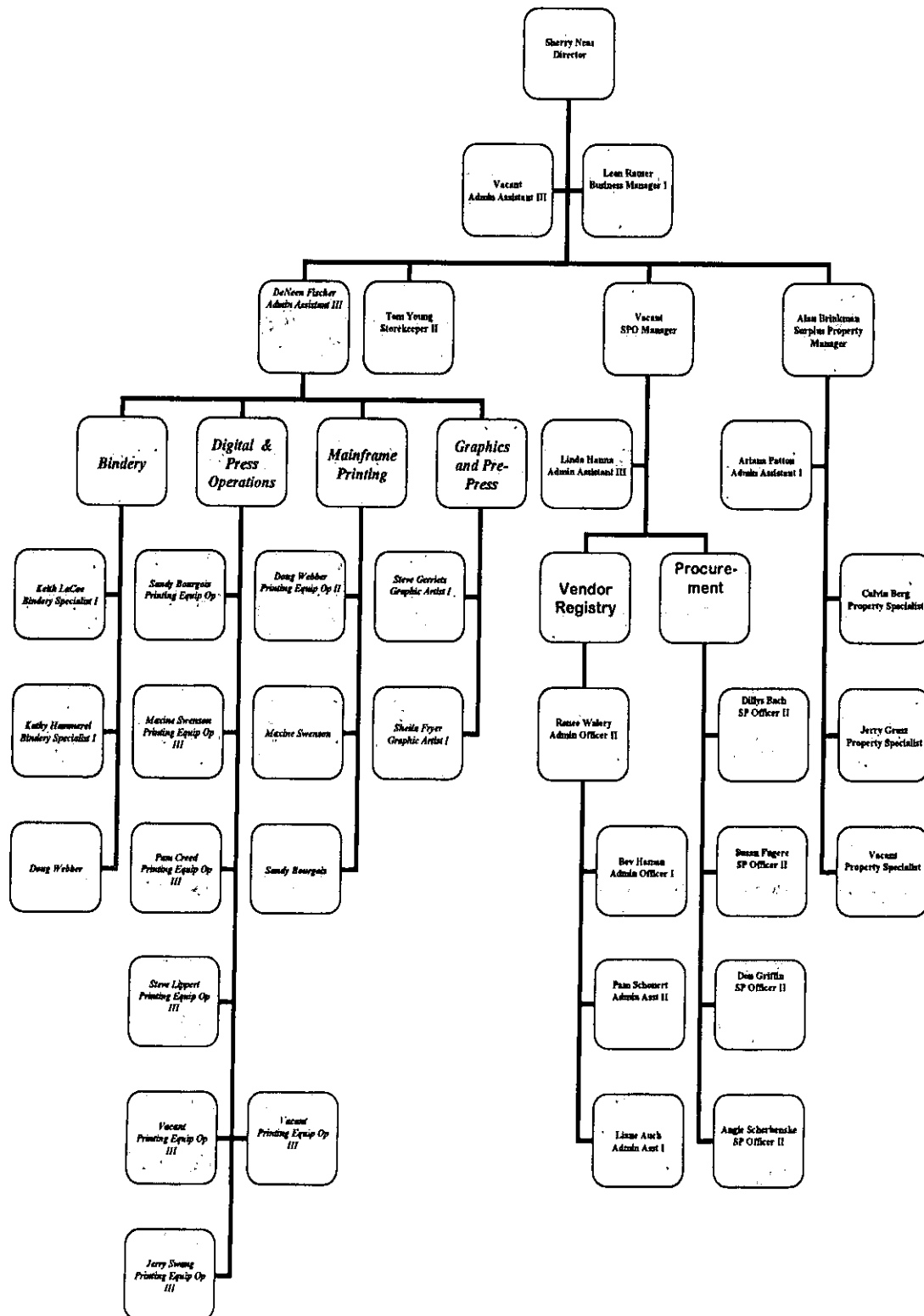
While some agencies report that they have hired interns and continue to do so when they can find funds within their budget, many agencies report they would like to hire interns but do not have adequate funding. The idea behind this program is to help supplement funds agencies have available with partial funding so that students can more readily be hired.

It is getting more difficult to recruit and retain talent because of the growing pressure from the oil industry and other market factors. In addition there is a "Graying Tsunami" on the horizon as baby boomers approach retirement. Student internships could play a significant role in addressing these challenges by introducing students to government as a career choice.

I would like funding to support this program in public sector much like we did with the promotion of internships within the private sector state-wide. HRMS currently works with agencies, the University System and students to facilitate internships, but this program would strengthen that opportunity by providing financial incentives to agencies through partial funding where feasible. I believe it would be a win-win for students and government alike.

Mr. Chairman, this concludes my remarks. I would be happy to answer any questions.

**Office of Management and Budget
Central Services Division
January 2009**



Testimony on HB 1015
Sherry Neas, Director
OMB Central Services Division
February 4, 2009

Chairman Delzer and members of the committee, my name is Sherry Neas. I am the director of the OMB Central Services Division. Central Services Division is responsible for five programs.

Two programs are general funded:

- The State Procurement Office purchases for state agencies and establishes state contracts for goods and services. It hosts a website with information on state bidding opportunities.
- Vendor Registry administers the PeopleSoft/Oracle vendor database and purchasing modules for all state agencies.

Three programs are special funded:

- Central Duplicating provides convenient and efficient printing for state agencies, Legislative Council and the Legislative Assembly. Central Duplicating provides check printing, mainframe and LAN printing for all state agencies on the Capitol complex.
- Central Supply provides convenient on-site office supplies and paper products for state agencies.
- State Surplus Property acquires state and federal surplus property, distributes to state agencies, political subdivisions, and eligible non-profit entities.

We measure success of these five programs based upon sales volumes, user group meetings, customer feedback, and satisfaction surveys.

The total budget request for Central Services Divisions is \$6,597,330. Approximately seventy three percent of the total budget (\$5,067,397) is special fund authority. These programs are self-supporting. They charge reasonable fees for printing, supplies, and equipment to generate revenue to recover the cost of operations. The appropriation authority establishes our spending limits.

Fifty one percent of the total Central Services budget (\$3,426,759) is salaries for the 32 FTE positions. Sixty percent of salaries are special funded.

Within the operating budget, ninety four percent of the total budget is special fund authority to acquire supplies, equipment and services for printing, supply, and surplus property.

The most significant changes in this budget from the previous budget were:

- An increase of \$78,337 in miscellaneous supplies. This is special fund authority for the supplies used by Central Duplicating.
- A decrease of \$116,800 in Rental/Leases – Equipment due to the elimination of printing equipment.
- The overall operating budget decreased by \$21,614.

Mr. Chairman, this concludes my testimony. I will be happy to answer any questions.

Office of Management and Budget

Central Services Division

February 2009

Expenditures	Expenditures through		2007-09		2009-11		Change from 07-09
	Dec. 31, 2008		Appropriation		Recommendation		Appropriation
Salaries - Permanent	1,430,817		2,086,908		2,317,297		230,389
Salaries-Other	1,653		5,575		5,575		0
Temporary Salaries	1,679		59,300		57,720		(1,580)
Overtime	989		14,050		13,950		(100)
Fringe Benefits	568,883		894,182		1,032,217		138,035
Salaries and Benefits	2,004,021		3,060,015		3,426,759		366,744
Travel	14,535		33,100		29,400		(3,700)
Supplies - IT Software	6,121		25,397		27,297		1,900
Supply/Material-Professional	1,704		4,856		3,800		(1,056)
Food and Clothing	3		1,100		0		(1,100)
Bldg. Grounds, Vehicle Supply	12,718		23,700		22,700		(1,000)
Miscellaneous Supplies	464,263		586,331		664,668		78,337
Office Supplies	12,784		221,080		221,080		0
Postage	5,569		12,000		12,000		0
Printing	9,639		39,900		29,700		(10,200)
IT Equip under \$5,000	9,253		32,050		32,550		500
Other Equip under \$5,000	13,373		28,000		28,000		0
Office Equip & Furniture-Under \$5000	1,567		2,000		0		(2,000)
Utilities	20,380		45,000		45,000		0
Insurance	4,518		5,150		5,150		0
Rentals/Leases-Equip & Other	241,047		540,000		423,200		(116,800)
Rentals/Leases - Bldg/Land	105,008		154,172		153,800		(372)
Repairs	281,029		501,200		532,700		31,500
IT - Data Processing	112,686		161,356		161,356		0
IT-Communications	22,509		45,808		46,828		1,020
IT Contractual Services and Repair	167		500		0		(500)
Professional Development	10,862		24,000		20,470		(3,530)
Operating Fees and Services	336,717		685,785		699,457		13,672
Fees - Professional Services	8,515		19,700		11,415		(8,285)
Operating Expenses	1,694,967		3,192,185		3,170,571		(21,614)
Equipment Over \$5000	11,846		40,000		0		(40,000)
IT Equip / Software Over \$5000	0		6,500		0		(6,500)
Capital Assets	11,846		46,500		0		(46,500)
Total Expenditures	3,710,834		6,298,700		6,597,330		298,630

Testimony on HB 1015
Sherry Neas, Director
OMB Central Services Division
March 2, 2009

Chairman Holmberg and members of the committee, my name is Sherry Neas. I am the director of the OMB Central Services Division. Central Services Division is responsible for five programs.

Two programs are general funded:

- The State Procurement Office contracts for goods and services.
- Vendor Registry administers the PeopleSoft/Oracle statewide vendor database and purchasing modules.

Three programs are special funded:

- Central Duplicating provides centralized printing for state agencies.
- Central Supply is the central storeroom for office supplies.
- State Surplus Property acquires state and federal surplus property, distributes to state agencies, political subdivisions, and eligible non-profit entities.

These three programs are self-supporting. They charge reasonable fees for printing, supplies, and equipment to generate revenue to recover the cost of operations. The appropriation authority establishes our spending limits.

The total budget request for Central Services Divisions is \$6,597,330. Approximately seventy three percent of the total budget is special fund authority.

- Ninety four percent of the operating budget is special fund authority to acquire supplies and equipment for printing, supply, and surplus property. The total operating budget was reduced by \$21,614.
- Of the 32 FTE positions in Central Services Division, only 10 are fully general funded.

Mr. Chairman, I would like to draw your attention to the Statement of Purpose. The first amendment removes two vacant FTE positions from Central Duplicating. I respectfully request that these positions be restored. These positions are primarily special funded. One position is a printing equipment operator. The other position is an administrative assistant that supports each program and receives 10 % general funding. Only \$8,835 of the dollars saved is general fund.

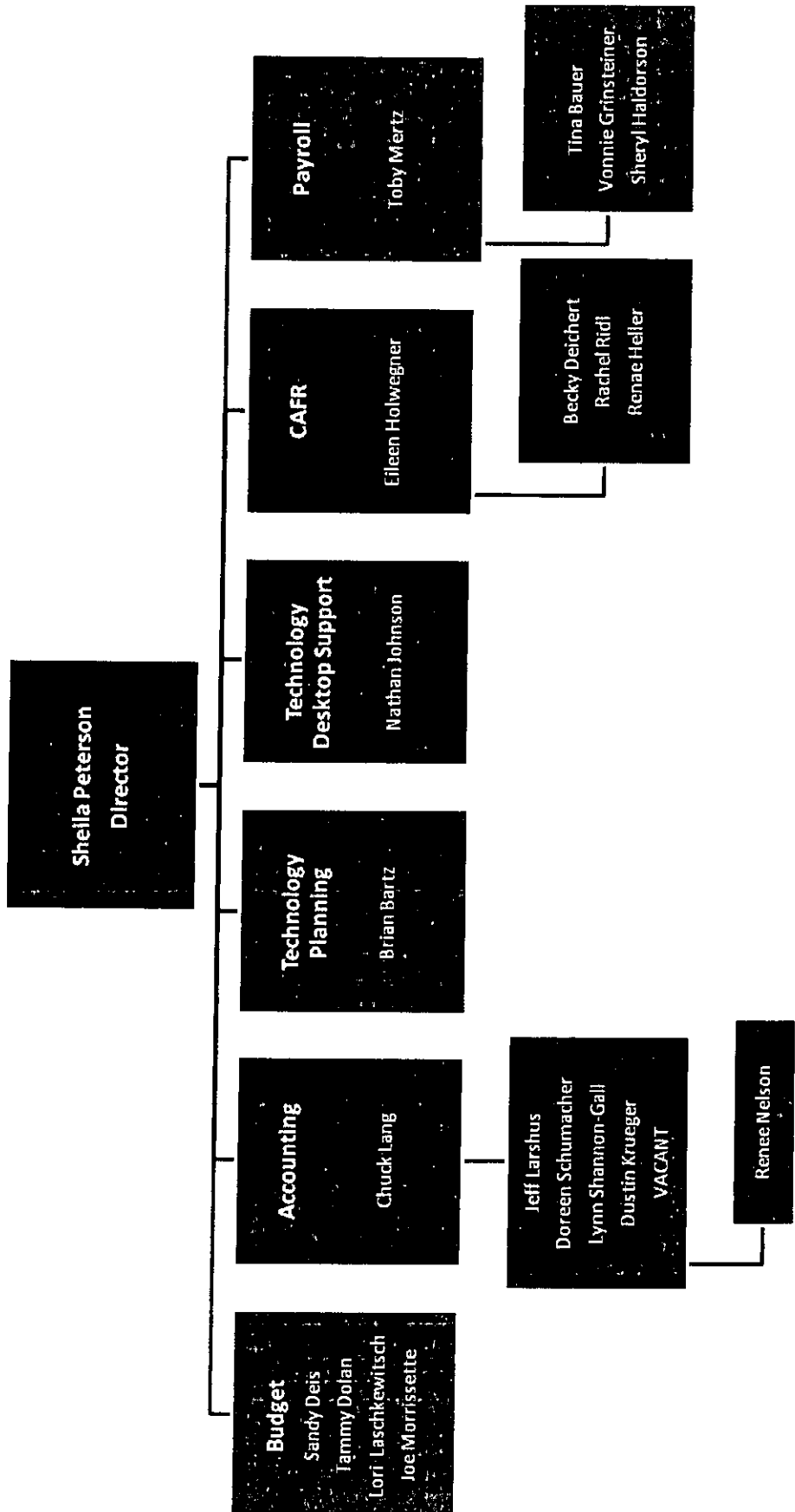
Central Services Division already runs a lean operation. Our purpose is to help the state save money on printing, supplies, and equipment. We support state agencies, political subdivisions, and schools. These positions are special funded. If we don't generate the revenue, we can't spend. We need these FTE to be able to respond to workload demands.

Mr. Chairman, this concludes my testimony. I will be happy to answer any questions.

Office of Management and Budget

Fiscal Management Division

January 2009



Testimony on HB 1015
Sheila Peterson, Director
OMB Fiscal Management Division
February 4, 2009

Good morning Mr. Chairman and members of the House Appropriations Government Operations Committee. My name is Sheila Peterson. I am the Director of the Fiscal Management Division of OMB.

The Fiscal Management Division has four major areas of responsibility: budget, accounting, payroll, and financial reporting.

We measure our success in terms of peer evaluation. Our peer evaluations come through the Government Finance Officers Association (GFOA) of the United States and Canada. Our last Comprehensive Annual Financial Report (CAFR) again received the GFOA Certificate of Achievement for Excellence in Financial Reporting. We have received this award every year since 1991. Our last budget documents again received the GFOA Distinguished Budget Presentation Award. We have received this award every biennium since 1993.

Ninety-four percent of the Fiscal Management budget falls into two categories - data processing and salaries. All of our functions depend on technology and people. The remainder of our bigger expenses includes consultants and printing. Consultants are hired for revenue and economic forecasting, cost allocation, and assisting us in the statewide comprehensive annual financial reports. Printing expenses include the CAFR and all budget documents and W2s.

There are two major changes between our current appropriation and the Governor's recommended budget and both are in the IT area. There is an increase of \$1 million in IT data processing and \$1 million in IT contractual services.

Of the \$1 million increase in data processing, approximately \$300,000 is for ITD rate increases, \$500,000 is our expected operations costs for Business Intelligence and \$185,000 are the expected operations costs for new HR modules Candidate Gateway and Enterprise Learning Management (ELM).

The \$1 million for IT contractual services would be for implementation of additional ConnectND modules. Approximately \$800,000 is for HR modules of Candidate Gateway and ELM. The remaining \$200,000 would be available for other modules we have not yet specifically identified.

Mr. Chairman, that concludes my remarks. I would be happy to answer any questions.

Office of Management and Budget

Fiscal Management Division

February 2009

		Expenditures through Dec. 31, 2008	2007-09 Appropriation	Remaining	2009-11 Budget Needs	Difference from 07- 09
Expenditures						
510000	Salaries and Benefits					
511000	Salaries - Permanent	1,514,573	2,322,772	808,199	2,608,305	285,533
513000	Temporary Salaries	6,003	60,000	53,997	60,000	0
516000	Fringe Benefits	470,791	744,267	273,476	892,395	148,128
510000	Salaries and Benefits	1,991,367	3,127,039	1,135,672	3,560,700	433,661
520000	Operating Expenses					
521000	Travel	43,111	60,000	16,889	60,000	0
531000	Supplies - IT Software	5,812	6,000	188	6,000	0
532000	Supply/Material-Professional	11,897	12,000	103	12,000	0
534000	Bldg. Grounds, Vehicle Supply	0	1,000	1,000	1,000	0
535000	Miscellaneous Supplies	2,563	5,000	2,437	5,000	0
536000	Office Supplies	5,703	6,000	297	6,000	0
541000	Postage	150	3,500	3,350	3,500	0
542000	Printing	38,638	65,000	26,362	65,000	0
551000	IT Equip under \$5,000	16,155	35,000	18,845	35,000	0
553000	Office Equip & Furniture-Under	10,368	12,000	1,632	12,000	0
571000	Insurance	2,121	4,000	1,879	4,000	0
591000	Repairs	5,879	7,060	1,181	7,060	0
601000	IT - Data Processing	1,016,711	2,271,656	1,254,945	3,271,656	1,000,000
602000	IT-Communications	17,595	20,000	2,405	20,000	0
603000	IT Contractual Services and Re	97,658	326,053	228,395	1,326,053	1,000,000
611000	Professional Development	49,201	68,000	18,799	68,000	0
621000	Operating Fees and Services	6,878	12,370	5,492	12,370	0
623000	Fees - Professional Services	138,813	230,000	91,187	230,000	0
520000	Operating Expenses	1,469,252	3,144,639	1,675,387	5,144,639	2,000,000
693000	IT Equip. Software over \$5000	0	0	0	0	0
Special Line	Carryover	735,068	2,161,702	1,426,634	0	(2,161,702)
Total	Expenditures	3,460,619	8,433,380	4,237,693	8,705,339	271,959

Testimony on HB 1015
Sheila Peterson, Director
OMB Fiscal Management Division
March 2, 2009

Good morning Mr. Chairman and members of the Senate Appropriations Committee. My name is Sheila Peterson. I am the Director of the Fiscal Management Division of OMB.

The Fiscal Management Division has four major areas of responsibility: budget, accounting, payroll, and financial reporting.

We measure our success in terms of peer evaluation. Our peer evaluations come through the Government Finance Officers Association (GFOA) of the United States and Canada. Our last Comprehensive Annual Financial Report (CAFR) again received the GFOA Certificate of Achievement for Excellence in Financial Reporting. We have received this award every year since 1991. Our last budget documents again received the GFOA Distinguished Budget Presentation Award. We have received this award every biennium since 1993.

Ninety-four percent of the Fiscal Management budget falls into two categories – information technology and salaries. All of our functions depend on technology and people. The remainder of our bigger expenses includes consultants and printing. Consultants are hired for revenue and economic forecasting, cost allocation, and assisting us in the statewide comprehensive annual financial reports. Printing expenses include the CAFR and all budget documents and W2s.

There are two major changes between our current appropriation and the Governor's recommended budget and both are in the IT area. There is an increase of \$1 million in IT data processing and \$1 million in IT contractual services. However, the House has removed \$500,000 in general fund operating expenses targeted at these technology costs.

Of the \$1 million increase in data processing, approximately \$300,000 is for ITD rate increases, \$500,000 is our expected operations costs for Business Intelligence and \$185,000 are the expected operations costs for new HR modules Candidate Gateway and Enterprise Learning Management (ELM).

The \$1 million for IT contractual services would be for implementation of additional ConnectND modules. Approximately \$800,000 is for HR modules of Candidate Gateway and ELM. The remaining \$200,000 would be available for other modules we have not yet specifically identified.

Mr. Chairman that concludes my remarks. I would be happy to answer any questions.

**DEPARTMENT OF COMMERCE TESTIMONY ON HOUSE BILL 1015
FEBRUARY 4, 2009, 11:00 A.M.
HOUSE APPROPRIATIONS – GOVERNMENT OPERATIONS DIVISION
MEDORA ROOM
REPRESENTATIVE JEFF DELZER, CHAIRMAN**

SHANE GOETTLE – COMMISSIONER, ND DEPARTMENT OF COMMERCE

Good afternoon, Mr. Chairman and members of the committee, my name is Shane Goettle, Commissioner of the North Dakota Department of Commerce. I am here before you today in support of HB 1015 as it relates to the Centers of Excellence program.

Centers of Excellence Progress Report

We have for you today a report on the Centers of Excellence program. This is an update to the report that you received on March 18th and includes a study conducted by Dr. Larry Leistrich of NDSU on the economic impact of the Centers of Excellence program. Please allow me to walk you through a few highlights from the report.

First thing you will notice from the table of contents is the variety of Centers we have in the state. We have Centers ranging from advanced manufacturing to agriculture to energy and life sciences.

There are currently 14 Centers around the state, 11 of which has been funded from the current Centers of Excellence program and 3 that received direct legislative appropriation in 2003. There are also 7 new Centers that were approved in 2008 and have yet to receive any distributions.

The \$25.4 million awarded to the 11 existing Centers has been leveraged by nearly \$100 million from the private sector and other sources. So what has been required as a 2-to-1 match is actually closer to a 4-to-1 match.

Some of the results to date include 16 new or expanded business of which 5 are new spin-off companies, 7 companies with a new presence in the state, and 4 expansions of existing North Dakota companies. There have been 493 new jobs created with another 866 jobs supported through partnerships and collaborative relationship with the Centers.

Dr. Leistrich's study, attached as an appendix, concludes that as of December 31, 2007, the first 11 Centers had a direct impact of \$59 million with a total impact of \$169 million.

Distributions of Funds

One change in the program as its evolved has been the distribution of funds. The funds during the 2005-07 biennium, as well as the direct legislative appropriations from 2003, were distributed in lump sum payments to the Centers shortly after the awards. In 2007, the legislature approved an amendment to the program that directs the distribution of funds be consistent with the Center's budget and timeframe outlined in the approved award.

Having a distribution schedule over time gives the Centers of Excellence Commission, with the assistance of the Department of Commerce, a management tool that can be used to assure that the Centers are performing as outlined in their application. On an annual basis the Centers report on their progress and the Department of Commerce performs site visits. The Centers of Excellence Commission can use the information gathered to determine whether to continue the distributions to a Center based on project milestones.

There is one issue, however, that the proposed amendments are trying to address. Since the distributions are done over time instead of a lump sum, they span multiple bienniums. For example, the Centers approved during the current biennium have budgets ranging from 2 to 4 years. We have proposed using a special fund along with a continuing appropriation to deal with this issue. This is the same tool that the Department of Commerce is accustomed to using for other programs such as the North Dakota Development Fund, the Agricultural Products Utilization Commission, Workforce Enhancement Grants, and the Renewable Energy Program – programs which all have special funds.

Mr. Chairman, you inquired of me yesterday about the amounts expended during the current biennium. We anticipate a total of \$9,704,568 will be distributed to the Centers in the current biennium. This will leave an additional \$9,745,432 in distributions to these Centers in future bienniums. We also estimate a total of \$50,000 in administrative expenses will be spent this biennium. If you add up the numbers, you will notice that it comes up to \$19,500,000. The Centers of Excellence Commission made the decision not to spend all of the \$20 million in available funds, even though there was sufficient request to do so. The Commission felt it was important to hold some in reserves for expenses associated with monitoring the performance of these Centers. These future expenses could include accounting, auditing, or legal services. I would respectfully request that at least a portion of the remaining administrative reserve be available for future bienniums in case we need to deploy them for these purposes.

Future of Centers of Excellence

I have been actively involved with the Centers of Excellence program since I first started with the Department of Commerce in August, 2005. So, I have witnessed every funding round of the current program. Throughout that time I've seen the program strengthen and improve, both in terms of the management of this program and the quality of the applications.

Let me first speak to management. The distribution of funds over time instead of in one lump sum is a significant management tool. If a Center strays from its timeline, its budget, or its milestones, we then have the ability to withhold future distributions if that becomes necessary. Other improvements include the follow-up and monitoring of the Centers. The Commission recommended, and the legislature agreed in 2007, to add specific language to the governing statute that the Centers would provide information and be monitored for 6 to 10 years. The Commission approved a reporting format that is based upon the criteria laid out in statute and compares a Center's progress to what they had laid out in their application. The Department of Commerce has completed its first round of site visits to each of the Centers and we are continuing the monitoring process by sharing our findings with each of the Centers, inviting additional comment, and will ultimately deliver report to the Centers of Excellence Commission.

I have also noticed changes to the applications we receive. They have continued to improve over time, and in fact I would say that the most recently approved projects in 2008 were some of the strongest in the program's history. There is high demand for this program and, if it is continued, I believe it will continue to lead to innovation and growth within our economy.

Before I finish, let me leave you with one thought. There is a lot of research being funded by taxpayers' dollars at our colleges and universities. Much of this research is done for the sake of research. This can be good and sometimes leads to discoveries and inventions down the road. The Centers of Excellence program is different. Centers of Excellence deal in areas where there is already demonstrated private sector interest. The Centers work on real world problems identified by their partners and help them commercialize new products and services. They have already demonstrated successes and I believe there are many more on the way.

Mr. Chairman and members of the committee, I respectfully request your favorable consideration of Centers of Excellence in House Bill 1015. That concludes my testimony and I am happy to entertain any questions.

North Dakota Centers of Excellence 2008 Annual Report

John Hoeven, Governor
Shane Goettle, Commerce Commissioner
William Goetz, Chancellor of ND University System

Centers of Excellence Commission Members

Mark Nisbet, Chairman
Tim Hennessy, Vice Chairman
Kathy Gaddie
Sue Andrews
Pam Kostelecky
Duaine Espegard

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Introduction

In 2005, the Hoeven Administration proposed and the Legislative Assembly passed authority for a Centers of Excellence concept to combine education and economic development across the state at North Dakota's 11 public colleges and universities.

What follows is a report to date on North Dakota's Centers of Excellence program activities. Included is an economic impact study, performed by NDSU professor of applied economics Dr. Larry Leistritz, detailing the Centers' direct and secondary effects on the larger state economy. It provides information about private sector investments, direct job creation, and when available, total payroll.

The concept behind a Center of Excellence is simple: Partner our campuses with business. Invest in the infrastructure and research capacity at our state's colleges and universities and then unleash our world-class students and scientists to find ways to commercialize new ideas into products, skills and services that can create and attract new businesses and career-path jobs.

These hubs of research and technology provide a nucleus for new business growth in our state. This model is new to North Dakota but the first Centers of Excellence program originated more than 50 years ago in California and spawned the world-famous cluster of technology research, innovation and business concentration known as the Silicon Valley.

Today, this model is being aggressively pursued across America. Centers of Excellence are engines of new economic activity in North Carolina, Texas, Connecticut, Massachusetts, Oregon, California, and Minnesota. The state of Utah, a relatively small state like North Dakota, has a Centers of Excellence program. Their research universities have produced the Jarvik artificial heart and CD-ROM technology.

In establishing this program, legislators spelled out a long-term vision with a 10-year time-frame for evaluation. This report shows the results to date of the state's investment in the Centers of Excellence program.

Fourteen Centers currently exist throughout North Dakota, but three of these were started with direct appropriations from the state legislature prior to the official creation of the Centers of Excellence Program in 2005. The total state investment in the 11 Centers is \$25.4 million which has been leveraged by approximately \$100 million in matching funds from the private sector and other sources.

North Dakota's Centers have helped attract funds to state campuses for public-sector and private-sector projects dealing with renewable fuels development, energy workforce training and technology, aerospace, electronics, advanced manufacturing and other technical research and development areas.

Investments in the Centers of Excellence to date have resulted in 16 new or expanded businesses: five new spin-off companies, seven companies with a new presence in North

Dakota, and four expansions of existing North Dakota companies. In addition, 493 direct, new jobs have been created with another 866 new jobs currently supported through partnerships and collaborative relationships with the Centers. The economic impact study estimates the program has had a direct impact of \$59 million with a total impact of \$169 million through 2007 (Appendix A).

Centers of Excellence Summary

Funding:

- \$25.4 million in state funding is leveraged with over \$100 million in private sector support for a total investment in excess of \$125 million.

Private Sector Partners:

- A total of 107 private sector companies are participating in the Centers of Excellence program.

New Businesses:

- 16 new or expanded businesses
- 12 new companies have been created to date as a result of the Centers of Excellence (five spin-offs and seven companies with a new location in North Dakota)
- 4 companies have expanded as a result of the Centers of Excellence program.

Jobs:

- 493 new direct jobs have already been created
- The Centers currently support another 866 new jobs through partnerships
- Total employment: 1,359

Economic Impact:

- The direct economic impacts of Centers and partner activities: \$59 million
- Total economic impact: \$169 million
- Estimated sale and use tax collections: \$1.8 million
- Estimated personal income tax collections: \$1.9 million

Centers of Excellence at Work:

A closer look at a few of the Centers provides greater insight into some of the promising work to support new start-ups, generate private-sector driven research, and provide workforce support for North Dakota businesses that are hungry for trained talent.

- The Center for Innovation at UND and the NDSU Technology Incubator are housing a combined 27 tenants and supporting more than 250 jobs.
- Canola research at the NDSU Center of Excellence for Agbiotechnology will help North Dakota canola growers increase revenues by up to \$66 million per year at current planting levels. This is the equivalent of 400 direct high-paying jobs.

- A partnership between the NDSU Center for Advanced Electronics Design and Manufacturing (CAEDM) and Appareo Systems resulted in three projects involving the building of prototypes for seven unique printed circuit boards. Appareo indicated that CAEDM is the first partner able to keep up with the fast pace of product development and prototyping.
- Valley City State University's Institute for Customized Business Solutions has provided customized training resulting in the creation of 92 jobs at Eagle Creek Software and eight other North Dakota jobs for total annual payroll of nearly \$4.4 million.
- Marvin Windows & Doors has been able to retain their jobs and business activities in a downward, contracting industry with assistance from the NDSU Center for Surface Protection.
- Dickinson State University's Strom Center for Entrepreneurship and Innovation has provided support for 140 jobs with \$3.28 million in total annual payroll at Killdeer Mountain Manufacturing (KMM), the Center's primary private sector partner.
- A total of 4,230 (duplicated) individuals have participated in 375 training sessions at the Williston State University Petroleum Safety and Technology Center.
- The UND Energy & Environmental Research Center's National Center for Hydrogen Technology has over \$42 million in new sponsored research contracts.
- The UND Unmanned Aircraft Systems Center of Excellence has collaborative working relationships with the Department of Homeland Security/Customs Border Protection and the North Dakota National Guard in Fargo through which 410 public sector UAS industry related positions have been established in North Dakota.

Background

North Dakota legislators authorized funding for several pilot Centers of Excellence projects in the 2003 session before authorizing the full program. Those were the UND Center for Innovation in Grand Forks, the NDSU Center for Technology Enterprise and the NDSU Beef Systems Center of Excellence in Fargo. The Beef Center obtained its required private sector match in 2006, which only then allowed it to receive the previously authorized state funds.

In 2005, the Legislature approved Senate Bill No. 2032 expanding this concept into the Centers of Excellence in Economic Development program. It was proposed by Governor Hoeven and included in a package of initiatives advanced by House Majority Leader Rick Berg and the interim Economic Development Committee. The package called for a

\$50 million state investment over multiple biennia to be leveraged on a 2-to-1 basis with private sector and federal dollars.

The Legislature approved \$20 million in the 2005-07 biennium, which launched 11 Centers throughout the state. During the 2007-09 biennium, the Centers of Excellence Commission approved \$19.45 million in awards, including seven new Centers. Some of these funds have not been distributed yet. The new projects are expected to leverage nearly \$39 million in matching funds from the private sector and other sources.

Management and Oversight of Centers of Excellence

The Centers of Excellence project is overseen by a Commission comprised of members from the State Board of Higher Education and the North Dakota Economic Development Foundation. The Centers of Excellence Commission manages the application process and makes funding recommendations for projects.

North Dakota Economic Development Foundation:

Mark Nisbet, Chairman, North Dakota Principal Manager for Xcel Energy, Fargo
Tim Hennessy, Vice Chairman, Regional President for U.S. Bank in Western North Dakota, Bismarck
Kathy Gaddie, Dealer Operator of Ryan Chevrolet, Minot

State Board of Higher Education members:

Duaine Espgaard, retired Regional President, Bremer Financial, Grand Forks
Pam Kostelecky, President and General Manager of Sax Motor Co., Dickinson
Sue Andrews, Executive Director of the YMCA of NDSU, Fargo

Selection Process

Each proposed Center must complete an extensive application and approval process. The Centers of Excellence Commission reviews each proposal first, recommends whether or not it should be funded and stipulates any conditions for funding.

The Centers of Excellence Commission approves proposals based on the extent to which they meet the following criteria:

- Uses university or college research to promote private sector job growth, expansion of knowledge-based industries and development of new products, high-tech companies, or skilled jobs.
- Promotes commercialization of new products and services;
- Fosters and practices entrepreneurship;
- Creates high-value private-sector employment opportunities in the state;
- Provides public-private sector involvement and partnerships;
- Leverages other funding;
- Increases research and development activities that involve federal funding;
- Will become financially self-sustaining; and
- Establishes and meets deadlines for acquiring and expending all public and private funds specified in application.

Proposals must include detailed documentation of private-sector participation and the availability of \$2 in matching funds for each \$1 of state funds. Matching funds may

include dollars raised in collaboration with private-sector partners and other funding entities and may include cash, in-lieu of cash, and in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making recommendations, the commission, board, foundation, and budget section will give major consideration to the portion of the matching funds provided in cash by the private sector.

Each approved proposal is passed to the North Dakota Economic Development Foundation Board, the State Board of Higher Education and the Legislature's Budget Section for approval.

Accountability

A Center must use the funds to enhance capacity and infrastructure and leverage state, federal, and private funding sources. A Center may not use the funds to supplement funding for current operations or academic instructions or to pay indirect costs. Each Center is allowed only one round of funding per biennium.

The Centers of Excellence Commission is responsible for monitoring the Centers with assistance from the North Dakota Department of Commerce. The process includes site visits, third party audits and an in-depth annual review of each Center. Additionally, the Centers provide Commerce reports on major developments, timelines and substantial variations from their proposal.

The University of North Dakota Center for Innovation in Grand Forks and the North Dakota State University Center for Technology Enterprise and the Beef Systems Center of Excellence both in Fargo were funded prior to the creation of the Centers of Excellence Commission. They received funding direct from the legislature and therefore the Centers of Excellence Commission has no jurisdiction over them.

These three projects are not required to complete the annual review, but voluntarily submit to Commerce status reports of their key activities.

Important Developments

Two of the Centers approved in October 2007, the Minot State University Great Plains Knowledge and Data Center and the UND Center of Excellence for Biomedical Device Research, Development and Commercialization, have become unable to operate.

The Great Plains Knowledge and Data Center encountered a problem regarding ownership of equipment utilized during the COE project. The Center could not structure itself in a manner that accommodated its private sector partner's interests while at the same time remained consistent with the COE program legislation and requirements.

The Center of Excellence for Biomedical Device Research, Development and Commercialization was unable to secure the matching funds it had outlined in its application. The proposed center's primary private sector partner was unable to raise the capital it had committed as a match for the project. The partner sited the downturn in economic conditions as the reason it was unable to participate in the project.

Neither Center had received a disbursement on their COE awards which totaled \$4.6 million. As a result, funds from the two Centers were made available to applicants in the fall 2008.

Advanced Manufacturing Centers of Excellence

**North Dakota State University
Center of Advanced Electronics Design and Manufacturing**

Purpose of Center

The Center of Advanced Electronics Design and Manufacturing (CAEDM) performs research and development for private sector partners and collaborators. CAEDM designs and tests wireless sensors, electronic systems and miniaturized electronics to address commercially relevant industrial problems posed by companies.

State and Matching Funds

Total COE Award: \$3,000,000

Match Received to Date: \$9,906,778

Anticipated Total Match: \$9,907,039

Approved: December 5, 2005

Funded: February 2006

Private Sector Partners

Crane Wireless Monitoring Solutions, Appareo Solutions, Aldevron, Pedigree Technologies, Doosan Infracore (formerly Bobcat Company), Alien Technology

Project Summary and Highlights

- A relationship with NDSU and Crane Wireless Monitoring Solutions on Department of Defense projects enabled the transition of NDSU-Crane micro sensor fabrication methodology to Killdeer Mountain Manufacturing (KMM) in Killdeer, ND. KMM has been manufacturing these military sensors for nearly a year.
- CAEDM's projects with Crane Wireless Monitoring Solutions (WMS) resulted in a supply agreement with Crane WMS and Phoenix International. The volume of manufacturing may lead to an increase in workforce of Phoenix International.
- A partnership with Appareo Systems resulted in three projects involving building small quantities of prototypes for seven unique printed circuit boards for initial market opportunity analysis. Appareo indicated that CAEDM is the first partner able to keep up with their fast pace of product development and prototyping. With recent FAA certification and sales of its Alerts™ (Aircraft Logging and Events Recording for Training and Safety) product, Appareo is growing fast and adding jobs. Ground was recently broken on a new building for Appareo in the NDSU Research and Technology Park. The Alerts™ product was cited as the "Aviation Week & Space Technology 2007 Product Breakthrough of the Year."
- Aldevron, LLC and CAEDM launched a project aimed at developing an automated robotic system and process that will enable Aldevron to achieve higher production rates with reduced variability between samples.
- Doosan Infracore, formerly Bobcat Company, teamed up with CAEDM on 11 projects since May 2006 to investigate advanced electronics that could result in manufacturing improvements or improved products to materials characterization relating to new product introduction.
- CAEDM personnel assisted Pedigree Technologies in the early phase of a major defense contract that Pedigree won and which has required significant additions to the Pedigree workforce.
- CAEDM personnel and facilities have been involved in seven small projects in support of Alien Technology's manufacturing site in Fargo.

- The Center has been involved in a partnership that has won a large federal RFID project. Terms of the contract preclude naming the private-sector partner or the source funding. The project was initiated in 2007 and is nearly complete.
- NDSU added two employees at \$170,000 total annual payroll as a result of the Center.
- CAEDM continues to co-sponsor and facilitate NDSU's Annual Technology Transfer and Entrepreneurship Workshop at the Research and Technology Park.
- CAEDM has assisted North Dakota State College of Science (NDSCS) launch the Center for Nanoscience Technician Training (CNTT). The CNTT's objective is to produce more technicians in nanoscience and microelectronics. CAEDM and NDSU have assisted NDSCS by training faculty and providing facilities and guidance.

**North Dakota State University
Center for Surface Protection**

Purpose of Center

The Center for Surface Protection (CSP) is focused on research that addresses industrial problems for North Dakota companies. Research on surface protecting coatings will enhance the durability of manufactured products. The Center creates, designs, and develops organic and inorganic soft and hard coatings and application methods to meet industry needs.

The CSP's second Center of Excellence award focuses on working with private sector partners to develop new materials, improve industrial products, and provide technical services such as testing. Research continues to focus on creating, designing, and developing new hard and soft coatings. The new coatings systems proposed will have improved corrosion, erosion, and wear properties.

The CSP was approved for its initial Centers of Excellence award of \$2 million in March 2006. The Center was approved for a second Centers of Excellence award of \$2 million in fall 2007.

State and Matching Funds

Total COE Award: \$4,000,000

Match Received to Date: \$3,632,122

Anticipated Total Match: \$8,000,000

Approved: March 8, 2006

Funded: May 2006

Private Sector Partners

Gremada Industries (now Caterpillar, Inc.), Marvin Windows and Doors, Akzo Nobel Aerospace Coatings

Project Summary and Highlights

- The Center for Surface Protection and Akzo Nobel Aerospace Coatings personnel are working collaboratively to advance a unique magnesium-rich coating material in both the laboratory and in large field studies. This primer technology could be used worldwide to protect aluminum used in airplanes and other aerospace applications from corrosion.
- A successful initial project with the CSP has prompted Marvin Windows and Doors to request a second set of experiments. Discussions regarding long-term research programs with NDSU have occurred. The CSP has been instrumental in helping Marvin retain its North Dakota workforce in an industry that is contracting during a downturn in the U.S. economy.
- Gremada Industries was purchased by Caterpillar, Inc. effective July 1, 2008. Caterpillar, Inc. recognizes the value of the established partnership with NDSU and continues to honor the terms and conditions of the original COE project agreement with Gremada. To date, Gremada/Caterpillar has created one job as a result of its partnership with the CSP.
- Research demands at the CSP have created six jobs at NDSU at \$365,500 total annual payroll. An additional research associate has been hired and is expected to begin employment in 2008.

- CSP personnel have given presentations at the European Coatings Expo in Nuremburg, Germany, and the International Coatings Expo in Toronto, Canada. Such presentations give the Center and the State of North Dakota a significant presence in the global marketplace.

**North Dakota State University
Center for Integrated Electronic Systems**

Purpose of Center

The Center for Integrated Electronics Systems will perform research and development projects to integrate electronic hardware and software systems. Such projects will enable private sector partners to create and manufacture new and/or improved high technology products, generate more revenue and profit, and/or be more competitive in the global marketplace.

State and Matching Funds

Amount Approved: \$2,050,000

Anticipated Match: \$4,100,000

Approved: September 2008

Funded: n/a

Private Sector Partners

Bobcat, Pedigree Technologies, Intelligent InSites, Datacom International

Project Summary and Highlights

- This Center was authorized for a Centers of Excellence Grant in September 2008. It was initially approved by the Centers of Excellence Commission and ultimately received approval from the Legislative Budget Section.
- The Center currently is working to secure the required match and has not yet received its first disbursement of state funds.

Aerospace Centers of Excellence

University of North Dakota Unmanned Aircraft Systems Center of Excellence

Purpose of Center

The Unmanned Aircraft Systems Centers of Excellence (UAS COE) performs research and development of UAS technologies and applications and promotes commercialization of new UAS-related products and services. The UAS COE strives to attract new UAS-related business ventures to North Dakota and to promote private sector job growth within the state.

The UAS COE's second Center of Excellence award focuses on education and training for integration of UASs into civilian airspace, flight performance research for pilots and ground station cockpit environments, and research and development on UAS payload sensors.

The UAS COE was approved for its initial Centers of Excellence award of \$1 million in March 2006. The Center was approved for a second Centers of Excellence award of \$1.5 million in fall 2007.

State and Matching Funds

Total COE Award: \$2,500,000

Match Received to Date: \$6,351,486

Anticipated Total Match: \$7,994,919

Approved: March 8, 2006

Funded: May 2006

Private Sector Partners

AAI/Aerosonde, American Crystal Sugar Company, Appareo Systems, Boeing, Cirrus Design, Composite Engineering, Crew Training International (CTI), Diamond Aircraft, Frasca International, General Atomics, General Dynamics, Ideal Aerosmith, Killdeer Mountain Manufacturing, Laserlith Corporation, Lockheed Martin, Mayo Clinic, Microsoft Corporation, Micro Systems Technology, Northrup Grumman, Raytheon, Science Applications Intl. Corp., SEO Precision, Unmanned Applications Group

Project Summary and Highlights

- The UAS COE reports that it has created 26 jobs with an additional 23 graduate and undergraduate positions.
- The UAS COE has collaborative working relationships with the Department of Homeland Security/Customs Border Protection and the North Dakota National Guard in Fargo through which 410 public sector UAS industry related positions have been established in North Dakota.
- Laserlith Corporation, based in California, has established a presence in Grand Forks and projects up to 100 manufacturing jobs will be created by year five of the Centers of Excellence project. Senator Dorgan has sponsored two \$3 million pieces of legislation in FY08 and FY09 Defense bill for Laserlith of Grand Forks to develop and manufacture UAS steering antennas.
- The UAS COE has met with the Grand Forks Region Base Realignment Impact Committee (BRIC) to seek ways for the UAS civilian industry development to compliment the realignment of the Grand Forks Air Force Base mission.

- Two UAS Action Summits were facilitated by UND in conjunction with the Red River Valley Research Corridor. A third summit is planned for spring, 2009. These summits draw national and international attention to UND as well as the state of North Dakota as a leader in the development of the civilian UAS industry.
- The UAS COE has attended/presented at 16 national and international UAS conferences and has published/presented over 170 scientific research papers. These efforts have enhanced the Center's reputation within the industry.
- The UAS COE has completed successful trials at Camp Grafton (N.D.) and Camp Ripley (Minnesota) where several different payloads were tested.
- The United States Air Force Battle Lab funded a \$3.76 million contract to research the UAS sense and avoid issue. An additional \$7 million has been secured through FY09 to continue the effort.
- The UAS COE partnered with Science Applications International Corporation and Crew Training International to win a five year \$50 million USAF contract to train Air Force predator pilots at Creech AFB, Nevada.

**University of North Dakota
Center of Excellence in Space Technology and Operations**

Purpose of Center

The Center of Excellence in Space Technology and Operations will conduct research using a network of satellites that continually take atmospheric measurements simultaneously in hundreds of places around the world. This technique is new, yet well demonstrated, and will dramatically improve weather forecasts and provide data of unrivalled accuracy and resolution.

State and Matching Funds

Amount Approved: \$1,000,000

Anticipated Match: 3,778,266

Approved: September 2008

Funded: n/a

Private Sector Partners

GeoOptics LLC and Broad-Reach Engineering

Project Summary and Highlights

- This Center was authorized for a Centers of Excellence Grant in September 2008. It was initially approved by the Centers of Excellence Commission and ultimately received approval from the Legislative Budget.
- The Center currently is working to secure the required match and has not yet received its first disbursement of state funds.

Agricultural Centers of Excellence

**Lake Region State College
Dakota Center for Technology-Optimized Agriculture**

Purpose of Center

The Dakota Center for Technology-Optimized Agriculture (DCTOA) aims to become the premier center for technological applications in North American agriculture. This Center supports entrepreneurship and the creation of technologies that generate new jobs in North Dakota agriculture. Products generated by this Center will help North Dakota farmers and ranchers lower input costs, increase profitability and increase net margins.

The DCTOA's second Centers of Excellence award focuses on developing technologies that increase knowledge of soil profiles, crop needs and the use of manure nutrients.

The DCTOA was approved for its initial Centers of Excellence award of \$450,000 in December 2005. The Center was approved for a second Centers of Excellence award of \$400,000 in fall 2007.

State and Matching Funds

Total COE Award: \$850,000
Match Received to Date: \$806,345
Anticipated Total Match: \$2,160,050

Approved: December 5, 2005
Funded: February 2006

Private Sector Partners

Agri ImaGIS Technologies., Total Crop Farming Systems, Verdi-Plus, Airborne Data Systems, Inc., Farmers Edge Precision Consulting, Inc., J.R. Simplot Company, Twete Incorporated

Project Summary and Highlights

- The DCTOA has been involved in trials at four different farms over the past three years to test and demonstrate the effectiveness of variable-rate placement of crop nutrients. Two additional farms will participate in trials to be held in 2009. The trials respond to research questions posed by the DCTOA's private sector partners.
- New projects expected to be initiated by the DCTOA during 2009 include: a soybean oppositional seeding trial, a manure slurry injection tool field test, and a collaborative study with the University of Iowa.
- The Center has developed 16 educational modules for use by farmers who are considering implementing precision farming techniques. Upon completion, the modules will be placed on e-College, LRSC's distance learning platform.
- The DCTOA and its private sector partners conduct instructional seminars, training sessions, demonstrations and field days to create awareness and to educate potential users of the technology employed by the Center.
- The Center reports that 5 jobs have been created thus far at \$206,560 total annual payroll.
- Two start-up companies, Verdi-Plus and Site-Specific Agriculture, have been generated by the Center's efforts.
- Two existing companies have benefited from their relationship with the DCTOA. Agri ImaGIS Technologies has dramatically expanded the services it offers while

Total Crop Farming Systems Inc., based in Langdon, has opened another office in Washburn.

North Dakota State University Center of Excellence for Agbiotechnology

Purpose of Center

The Center of Excellence for Agbiotechnology concentrates on the long-term research, development and outreach needed to improve technology, increase farm income and support growth of oilseed agriculture in North Dakota. The Center focuses on encouraging commercial issues and commercializing traits in grains and oilseeds for food and nonfood uses. The Center will make available lines of canola that have potential as biofuels, specialty lubricants and health care products.

The Center's second Centers of Excellence award focuses on improving canola growth to meet the increasing demand of bio-fuel and on evaluating products for commercial use. This project will expand the Center by developing lines of canola that are adapted to acres south and west of the traditional canola growing region.

The NDSU Center of Excellence for Agbiotechnology was approved for its initial Centers of Excellence award of \$2 million in March 2006. The Center was approved for a second award of \$1.5 million in fall 2007.

State and Matching Funds

Total COE Award: \$3,500,000

Match Received to Date: \$10,875,000

Anticipated Total Match: \$16,803,439

Approved: March 8, 2006

Funded: May 2006

Private Sector Partners

Monsanto Co., Archer Daniels Midland, Inc. (ADM)

Project Summary and Highlights

- The Center's canola research is helping to increase yields, reduce risks, and improve profits for North Dakota canola producers. Economic modeling shows that the value of the work to date would result in an increase to North Dakota canola growers of \$20-\$66 million per year at current planting levels. This is the equivalent of 400 direct high-paying jobs.
- 2007 trials saw an increase in oil content per acre of more than 12 percent. Trials conducted in 2008 resulted in similar increases.
- On Oct. 10, 2007 the first canola crushing and biodiesel plant in North Dakota held its ribbon cutting. The plant owned by ADM and located in Velva, N.D., employs 85 people. Research at the Agbiotechnology Center of Excellence will help North Dakota farmers grow crops necessary to support biofuels and other value-added agriculture products.
- The Center reports that five jobs at \$216,000 total annual payroll have been created.
- The COE partners meet 3 times per year to review progress, outstanding issues, and initiatives for the forthcoming period. Private sector partners also provide ideas in terms of future efforts, suggest ways to improve on the Center's operations and make specific recommendations for research topics.

- As a result of the Center's collaborative efforts, elite canola lines adapted to North Dakota have been identified. Those lines are superior for seed oil content and yield of oil per acre when compared with commercial hybrid checks. Six of those lines are being prepared and tested for potential release in 2009. The elite material can be used either as commercial cultivars or source of germplasm to enhance private canola breeding efforts in the region.
- The Center coordinated a project with Monsanto where the goal is to manage and evaluate a field trial that compares the elite canola release for multiple companies. This project enhances North Dakota agricultural production practices by providing an unbiased evaluation of the best germplasm to be used for canola production.
- New elite canola germplasm lines are being advanced and increased in counter-season in Chile under a cooperative agreement with Monsanto.
- The Center collaborates with Research Extension Centers in Minot, Langdon and Carrington.
- The Center has shifted its focus from open pollination to hybrids, which offer higher yields and have begun to dominate the industry.

North Dakota State University Beef Systems Center of Excellence

Purpose of Center

Legislation in 2003 authorized the Beef Systems Center of Excellence (BSCE) to create a model for developing an integrated meat processing industry; to enhance North Dakota State University's animal sciences research, training and outreach capabilities; and to provide training, education and outreach to the wide variety of people involved in the beef business. The Center takes a 'pasture to plate' approach with expertise in a variety of disciplines involved in beef cattle production and meat science.

The purpose of the Center is to create a model for a coordinated meat processing industry that could be implemented in other parts of the state, region or country. The Center also looks to enhance NDSU's ability to provide leading research, evaluate new and emerging technologies, and provide data on meat and meat marketing.

State and Matching Funds

State Funds: \$800,000

Funded: October 2007

Total Match: \$2 million

Private Sector Partners

North Dakota Natural Beef, LLC; North American Bison Cooperative

Project Summary and Highlights

- The BSCE is co-located at North Dakota Natural Beef's new processing plant in Fargo. The processing plant is nearing completion with operations expected to begin in early 2009.
- The new processing plant will use animals slaughtered at the Bison plant in New Rockford, N.D. The completed facility will accommodate 250 animal carcasses per day.
- The Center will provide North Dakota students educational opportunities that were previously unavailable in the state.
- The creation of the BSCE has allowed NDSU faculty to be more competitive for a variety of grant proposals and to better serve the needs of the meat processing industry in the state.

**Minot State University Bottineau
Entrepreneurial Center for Horticulture**

Purpose of Center

The Entrepreneurial Center for Horticulture will research and demonstrate production methods and provide new opportunities for product commercialization and distribution networks in North Dakota and the region.

State and Matching Funds

Amount Approved: \$400,000

Anticipated Match: \$830,854

Approved: September 2008

Funded: n/a

Private Sector Partners

North Star Organic Farm, North Dakota Farmers Market and Growers Association

Project Summary and Highlights

- This Center was authorized for a Centers of Excellence Grant in September 2008. It was initially approved by the Centers of Excellence Commission and ultimately received approval from the Legislative Budget Section.
- This Center is currently working to secure the required match and has not yet received its first disbursement of state funds.

Energy Centers of Excellence

UND Energy & Environmental Research Center National Center for Hydrogen Technology

Purpose of Center

Designated as the National Center for Hydrogen Technology (NCHT) by the U.S. Department of Energy, this Center of Excellence is conducting technology research, development, demonstration, and commercialization projects for the production and use of hydrogen as a practical fuel. In conjunction with private sector partners, the EERC is leading the way to develop the hydrogen gas station of the future, to produce hydrogen from fossil and renewable fuels, and to use hydrogen in combustion engines and turbines. Working with private companies to develop and commercialize hydrogen technology will provide future employment and economic development opportunities in North Dakota through new corporate offices in North Dakota as well as new businesses.

State and Matching Funds

Total COE Award: \$2,500,000

Match Received to Date: \$42,200,756

Anticipated Total Match: \$42,200,756

Approved: December 5, 2005

Funded: February, 2006

Private Sector Partners

TXU Generation Company, Air Products and Chemicals, Inc., Xcel Energy, MN Corn Research Council, ND Corn Utilization Council, Basin Electric Power Cooperative, Pratt & Whitney Rocketdyne, Inc., BMC Construction, North American Coal Corporation, Siemens Power Generation, Inc., SGL Carbon Group, IdaTech, Great River Energy, Rio Tinto, Diversified Energy Corporation, Advanced Biomass Gasification Technologies, Inc., Biomass Energy Solutions, Inc., Xethanol Corporation, Westmoreland Coal Sales Company, Agricultural Utilization Research Institute, ePower Synergies, Catacel Corporation, Franklin Fuel Cells, United Technologies, Chippewa Valley Ethanol, Resurface Corporation, Stelios Arvelakis, Electric Power Research Institute, Porvair plc., Energy Conversion Devices, Inc., ThermoChem Recovery International, Inc., Clean Earth Solutions, Inc., Aboriginal Cogeneration Corporation, Conoco Phillips, CH2MHill, Inc.

Project Summary and Highlights

- The EERC reports it has added 25 jobs at \$1,320,217 total annual payroll.
- The NCHT dedicated its new building September 5, 2008. The 15,000 square foot, \$3.5 million facility was designed to significantly enhance the research, development, testing, and commercialization of hydrogen and fuel cell technologies at the EERC. The facility includes a 30 foot high demonstration area and highly specialized laboratory space with state-of-the-art equipment.
- Sponsored research activities total over \$42 million in new funding.
- The EERC is a completely self-sustaining institution.
- Development of a new biomass gasification company located in Grand Forks is currently under way and is expected to be finalized in 2009.
- The NCHT is working with the North Dakota Corn Utilization Council to create a new North Dakota business to commercialize a technology to produce fertilizer from North Dakota resources.

- Pratt & Whitney Rocketdyne established a corporate partner office at the EERC in Grand Forks as a direct result of its NCHT projects.

Bismarck State College National Energy Center of Excellence

Purpose of Center

The National Energy Center of Excellence's (NECE) vision is to be a worldwide leader in energy education and training for the energy industry. Partnerships with the North Dakota energy industry allow the facility to meet the demands of the 21st Century workforce by building a pipeline of multi-skilled workers. The efforts of this Center enable students and energy companies to succeed in a competitive, ever-changing industry.

State and Matching Funds

Total COE Award: \$3,000,000

Match Received to Date: \$5,884,169

Anticipated Total Match: \$7,342,000

Approved: December 5, 2005

Funded: February, 2006

Private Sector Partners

Archer Daniels Midland Co., Basin Electric Power Cooperative, Great Northern, Headwaters, Montana Dakota Utilities, North Dakota Biodiesel, Red Trail Energy, Spiritwood Station, Tesoro

Project Summary and Highlights

- The National Energy Center of Excellence held its ribbon cutting ceremony on Sept. 29, 2008 celebrating the completion of the \$18.3 million facility. The Center boasts 106,200 square feet of highly energy efficient space.
- In 2007 the U.S. Secretary of Energy officially designated BSC as the National Power Plant Operations Technology and Education Center. The designation recognizes BSC as the premier national center of education and training for operators and technicians in the energy industry.
- The simulation system WebLab®, developed by BSC, is incorporated in the curriculum and allows students to control energy technology laboratory equipment via the Internet. Students build hands-on skills and experience as they take control of the power generation and distribution system of a model city.
- BSC now offers a Bachelor of Applied Science Degree in Energy Management in addition to five Associate Degree energy programs and non-credit training.
- The Center has partnered with Basin Electric Power Cooperative to implement a "Grow Your Own" internship program. Eligible students may apply for internships at Basin's three power plants. Upon completion of the program, students may be offered a position. If offered full-time employment, tuition reimbursements will be awarded based upon pre-established guidelines.
- BSC has partnered with Turtle Mountain Community College (TMCC) to offer its Process Plant Technology Program online to TMCC students. The partnership graduated its first students in 2008.
- BSC has developed separate education and training partnerships with the U.S. Navy, U.S. Army, and U.S. Air Force.
- Private sector partners work alongside BSC to refine the instructional curriculum to assure it reflects the demands of the 21st Century energy industry.

Additionally, six private sector companies have provided job shadow opportunities for BSC students at North Dakota Energy facilities since 2006.

- Over the next 10 years, the Center reports that 728 new jobs are projected as new or expanded facilities become operational. Additionally, the Center reports that 3,350 energy construction jobs are projected through the year 2014.

Williston State College Petroleum Safety and Technology Center

Purpose of Center

The Petroleum Safety and Technology Center (PSTC) trains workers for the oil and gas industry. The Center works closely with its industry partners to develop and maintain state-of-the-art training programs. The hands-on training sessions are designed to help oil and gas production workers work safely and efficiently.

State and Matching Funds

Total COE Award: \$400,000
Match Received to Date: \$1,183,044
Anticipated Total Match: \$1,183,044

Approved: March 8, 2006
Funded: May 2006

Private Sector Partners

Hess Corporation, Vetco Gray, Marathon Oil, Nabors Drilling, Key Energy, St. Mary Land and Exploration (aka: Nance Petroleum), Halliburton Energy Services, Weatherford Services, Baker Oil Tools, Schlumberger, National Oilwell Inc., Howard Supply, Capital Safety, Modern Machine, Interstate Powersystems, Stewart and Stevenson, Hickman Sales and Service, Williston Fire and Safety, GC Products

Project Summary and Highlights

- The Center reports that its private sector partners have created 66 new jobs so far.
- Over 100 oilfield-related businesses have requested training from the PSTC.
- The 40-Hour New Hire Training Program has had 322 participants in 35 classes.
- The 8-16-24-Hour Safety Awareness classes have educated 1,070 individuals in 106 classes.
- 4,230 participants have taken part in over 375 safety training classes offered by the PSTC.
- The Center has partnered with Turtle Mountain Community College and Fort Berthold Community College in the delivery of the Floorhand for Well Servicing Program. The 40-Hour Safety Training program was also delivered at each of these two colleges.
- The Center reports that 1,200 people are projected to be hired through 2010 to fill the industry need.

University of North Dakota
Petroleum Research, Education, and Entrepreneurship Center of Excellence

Purpose of Center

The focus of the Petroleum Research, Education, and Entrepreneurship Center of Excellence is to improve our understanding of the Williston Basin oil deposit, with special attention to the Bakken Formation. The Center aims to develop enhanced oil recovery techniques as well as techniques for CO₂ sequestration. Other Center objectives are to develop geothermal systems using oil field waters to generate electrical power and to address other challenges and opportunities relating to petroleum exploration and production.

State and Matching Funds

Amount Approved: \$3,000,000
Anticipated Match: \$7,958,373

Approved: September 2008
Funded: n/a

Private Sector Partners

Schlumberger, HIS, American Petroleum Institute, Five ND petroleum operators: Encore Acquisition Company, Hess Corporation, Marathon Oil Corporation, St. Mary Land & Exploration Co., Whiting Petroleum Corporation

Project Summary and Highlights

- This Center was authorized for a Centers of Excellence Grant in September 2008. It was initially approved by the Centers of Excellence Commission and ultimately received approval from the Legislative Budget.
- This Center is working to secure the required match and has not yet received its first disbursement of state funds.

University of North Dakota
Sunrise BioProducts: A Center of Excellence for Chemicals, Polymers, and
Composites from Crop Oils

Purpose of Center

The purpose of SUNRISE is to invent, develop and commercialize green industrial chemicals, polymers, and fiber composites using crop oils as the primary raw material. The mission of SUNRISE is to, 1) conduct research that contributes to solving energy-related problems, 2) research and develop improved crop-based options for fuels, chemicals, and polymers that are currently produced from fossil fuels, 3) increase UND and NDSU research competitiveness in chemicals, polymers and composites from crop oils, 4) and produce graduates to support growth in this industry in North Dakota.

State and Matching Funds

Amount Approved: \$2,950,000

Anticipated Match: \$9,165,132

Approved: September 2008

Funded: n/a

Private Sector Partners

SUNRISE Renewables; Bayer CropScience; Northwood Mills; Kadrmas, Lee, and Jackson; and Global Agricultural Solutions

Project Summary and Highlights

- This Center was authorized for a Centers of Excellence Grant in September 2008. It was initially approved by the Centers of Excellence Commission and ultimately received approval from the Legislative Budget Section.
- This Center is working to secure the required match and has not yet received its first disbursement of state funds.

Life Sciences Centers of Excellence

**University of North Dakota
Research Foundation – Center of Excellence in Life Science and
Advanced Technologies**

Purpose of Center

The Center of Excellence in Life Science and Advanced Technologies (COELSAT) is focused on commercializing research into products that are developed and made in North Dakota.

State and Matching Funds

Total COE Award: \$3,500,000

Match Received-to-Date: \$10,606,298

Anticipated Total Match: \$11,047,425

Approved: March 8, 2006

Funded: March 2007

Private Sector Partners

PCL/Perkins & Will, UNDRF/BORDERS, Avianax, Alion Science and Technology, Ideal Aerosmith, Novadigm, Laserlith, Sunrise Renewable Company, DMD, Dakota Harvest

Project Summary and Highlights

- Construction of the 50,000 sq. ft., state-of-the-art, secured facility is nearing completion. The first tenants have begun moving into the building. Center leadership reports the COELSAT is near capacity and will have room for only one additional tenant.
- UNDRF/BORDERS is a North Dakota company successful in creating eight jobs at \$440,000 total annual payroll and anticipates 120 jobs to be created between corporate partners and UNDRF by 2009 as a result of continued partnerships.
- Avianax is a North Dakota startup company and Sunrise Renewable Company has formed a presence in North Dakota as a result of their partnership with COELSAT.
- Avianax and Aldevron are partnering on research projects that have lead to the formation of Schiltz Farms in Tolna, N.D. Three employees have been hired and 12 to 14 more employees are projected.
- Ideal Aerosmith and Laserlith have identified a project to collaborate on, which grew out of their co-presence in the COELSAT facility.

**North Dakota State University
Center for Biopharmaceutical Research and Production**

Purpose of Center

The Center for Biopharmaceutical Research and Production will design, develop and produce biopharmaceutical products including efficient DNA vaccines. The Center will fuel biopharmaceutical and life sciences sectors to discover and develop new vaccines and other biopharmaceuticals to treat some of the most challenging diseases facing humankind. The Center's long-term goal is to develop vaccines and biopharmaceutical products as well as encompass pre-clinical and clinical studies in conjunction with its private sector partners.

State and Matching Funds

Amount Approved: \$2,000,000

Anticipated Match: \$4,742,000

Approved: September 2008

Funded: n/a

Private Sector Partners

Aldevron, Clinical Supplies Management (CSM), ParaClin, PRACS Institute, and MeritCare

Project Summary and Highlights

- This Center was authorized for a Centers of Excellence Grant in September 2008 after receiving approvals from the Centers of Excellence Commission and the Legislative Budget Section.
- This Center is working to secure the required match and has not yet received its first disbursement of state funds.

**University of North Dakota Research Foundation
Center of Excellence for Passive Therapeutics**

Purpose of Center

The purpose of the Center of Excellence for Passive Therapeutics is to develop passive (antibodies) therapeutics from agriculture products for people exposed to or infected with viral infections or diseases. Once shown effective in pre-clinical and clinical trials, therapeutic products using antibodies from goose eggs will be produced in their entirety in North Dakota.

State and Matching Funds

Amount Approved: \$2,650,000

Approved: September 2008

Anticipated Match: \$8,400,000

Funded: n/a

Private Sector Partners

Mayo Clinic; Avianax; Aldevron; Schiltz Goose R&D; Schiltz Goose Farms, North

Project Summary and Highlights

- This Center was authorized for a Centers of Excellence Grant in September 2008 after receiving approvals from the Centers of Excellence Commission and the Legislative Budget Section.
- This Center is working to secure the required match and has not yet received its first disbursement of state funds.

Technology & Entrepreneurial Centers of Excellence

UND Center for Innovation

Purpose of Center

The first North Dakota Center of Excellence, the Ina Mae Rude Entrepreneur Center, was opened in January 2005 and supports North Dakota entrepreneurs by helping launch new ventures, commercialize new technologies and secure access to capital from private and public sources. In 2003, the Legislature allocated \$800,000 to support the Entrepreneur Center at the Center for Innovation Foundation.

State and Matching Funds

State Funds: \$800,000

Funded: October 2003

Total Match: \$3.5 million of which \$2.65 million is from entrepreneur donors

Project Summary and Highlights:

- Since January 2005, the Center for Innovation has helped create 172 jobs with an estimated total payroll of \$8.21 million in 51 businesses.
- The Center is currently housing 19 businesses and has incubated 62 businesses (with student ventures) in the past three years.
- The Center has developed nine angel funds around the state engaging more than 110 angel investors.
- The Center hosts the Dakota Venture Group, the nation's first student-run venture fund which has a triple-bottom line function of investment return, entrepreneur finance education for students, and funding new ventures in North Dakota including syndication with angel investors.
- The Center has been ranked in the top 1 percent of 2,300 entrepreneurship programs nationwide by Entrepreneur Magazine and Princeton Review and has received six National Awards for Excellence in innovation and entrepreneurship. The Center is one of twelve incubators worldwide designated as a "Soft Landings International Incubator" by the National Association of Business Incubators because of its assistance to companies expanding internationally.
- The Center provides educational content for the Innovate ND program as well as assists program participants with entrepreneur development such as business planning, financial projections and gaining access to capital.
- The Center houses 14 offices with over 140 workstations featuring an extensive IT infrastructure and Wet Lab. The Center's average occupancy is 85-90 percent. The incubator is known as the most high-tech, multi-tenant facility in North Dakota.
- Two profile companies are Datacom International, which has operations at the incubator and in Cooperstown, N.D.; and Ntractive, a top five winner of the Innovate ND competition, which has a dedicated server room in the incubator. Both companies received a majority of their start-up funds from angel investors.

North Dakota State University Technology Incubator

Purpose of Center

The Technology Incubator, located in the NDSU Research & Technology Park, houses high growth start-up companies doing research and development while offering students an opportunity to gain real-world experience working for entrepreneurs. Originally called the Center for Technology Enterprise, The Technology Incubator received \$1.25 million in funding from the North Dakota Development Fund in 2005.

The Technology Incubator currently has eight tenants. The incubator staff offers technical assistance in numerous areas such as developing business and marketing plans, financing/venture capital, commercialization services, university relationships, and strategic planning.

State and Matching Funds

State Funds: \$1.25 million

Funded: November 2004

Total Match: \$6,150,000

Project Summary and Highlights:

- The Technology Incubator opened its 52,600 sq. ft. building in March 2007.
- The incubator and its 8 tenants have 96 total employees with a total annual payroll of \$5.87 million.
- The Technology Incubator will see its first “graduate” invest in its own facility in 2009 when incubator tenant, Appareo Systems, moves into its new, multi-tenant facility to be located in the NDSU Research and Technology Park.
- The incubator increases entrepreneurial awareness by hosting regular educational events and forums.
- The incubator has an advisory board consisting of various professional disciplines that provide a link to the business community.
- A new coaching and mentoring program is being developed to provide assistance to entrepreneurs located in The Technology Incubator.
- A Virtual Incubator will soon be launched to provide rural entrepreneurs with access to The Technology Incubator’s programs and services.
- Over 20 students are working directly with clients in The Technology Incubator.

Valley City State University
Institute for Customized Business Solutions–Enterprise University

Purpose of Center

The basic purpose of the Enterprise University (EU) at VCSU is to support private sector partners through the training of people who are highly skilled with software that is designed to support an entire enterprise. The Center develops customized coursework and training programs targeted at the specific needs of its business partners. Program graduates have the skills to pursue careers in high-demand technology fields. The Center's Enterprise Application Model (EAM) is a unique approach to information technology services used to attract, grow, and create information technology businesses to meet national demand for high-quality and reasonable costs in enterprise IT services.

State and Matching Funds

Total COE Award: \$1,000,000

Match Received to Date: \$5,020,703

Anticipated Total Match: \$5,020,703

Approved: March 8, 2006

Funded: May, 2006

Private Sector Partners

Alliance Pipeline, Microsoft, Atidan

Project Summary and Highlights

- Eagle Creek Software is a Minnesota company that, with the help of the Enterprise University, has expanded to Valley City. Eagle Creek has 92 employees of which 51 have successfully completed the training program offered by the EU.
- An advisory council of regional industry leaders was formed to identify IT talent needs, shape the business plan, and identify growth opportunities for the Center.
- The EU has influenced and supported an effort at VCSU to add SAP and Microsoft business process management software applications to the curriculum. VCSU students have gained valuable experience and have enhanced their ability to meet the needs of North Dakota businesses.
- The EU has a pending contract with Microsoft to deliver training courses to Microsoft's partners.
- The EU has established a partnership with Alliance Pipeline to provide SAP training to their employees.
- The Center has partnered with Atidan, LLC to develop training materials for an update to one of its client's Customer Relationship Management software.
- The EU has partnered with the NDSU Research Technology Park to develop a Virtual Incubator website based on Microsoft SharePoint. The Center will create SharePoint training based on the knowledge acquired in the project.
- The EU has collaborated with the Information Technology Council of North Dakota and contributed towards their "IT Career Awareness Program."

**Dickinson State University
Strom Center for Entrepreneurship and Innovation – Institute for
Technology and Business**

Purpose of Center

The Strom Center for Entrepreneurship and Innovation – Institute for Technology and Business is focused on helping technology-based businesses start or expand in rural North Dakota. The Institute identifies new technology-related opportunities and helps businesses adapt and implement new technologies and leadership strategies for growth.

The Center has developed a customized leadership program and delivered it to private-sector partner Killdeer Mountain Manufacturing. The program is designed to be adaptable to other companies that may be interested in the program.

State and Matching Funds

Total COE Award: \$1,150,000

Match Received to Date: \$4,144,293

Anticipated Total Match: \$4,501,293

Approved: June 14, 2006

Funded: October, 2006

Private Sector Partners

Killdeer Mountain Manufacturing (KMM)

Project Summary and Highlights

- The customized leadership program has been expanded to include a certificate program in entrepreneurial leadership. The program will help present leaders and help identify potential leaders. A communications course was also developed and added to the program. The program enhancements were developed following a recommendation from Boeing Corporation, one of KMM's chief clients.
- The first course in the customized entrepreneurial leadership program was offered in fall semester 2007 with the second course offered spring semester 2008. A total of 95 participants attended one or both courses.
- The Center reported that it has supported 140 new jobs at \$3.2 million total annual payroll through their partnership with KMM. The Center has supported KMM's expansion in the areas of accounting, human resources, information technology, and leadership development.
- A Pre-Engineering Program has been developed in cooperation with North Dakota State University (NDSU). Students will enroll at Dickinson State University for their first two years of engineering education and then transfer to NDSU to complete the program. The intent is that their senior project may involve KMM or another company in the Dickinson region. The objective of the program is not only to produce more engineers, but to encourage engineering students from western North Dakota to return to the region upon graduation.
- The Center redesigned and maintains a local website, www.dickinsonnd.com, which was developed as a recruiting tool for Dickinson and the southwest area.
- The Center has spearheaded the revision and expansion of the Dickinson Community Profile which is used by a variety of organizations as a marketing tool for relocation.

Appendix A

Economic Impact of North Dakota Centers of Excellence Program, 2007

F. Larry Leistritz, Dean A. Bangsund, and Nancy M. Hodur¹

In recent years, economic development has become increasingly linked to technology and information. As a result, policy makers have attempted to facilitate partnerships between universities and private sector businesses. The success of public-private partnerships in areas like the Silicon Valley of California, the Research Triangle of North Carolina, and the Austin, Texas area offers support for the concept of technology-based development. The Centers of Excellence program is North Dakota's initiative to participate in technology and information-based economic development.

The 2003 Legislative session authorized funding for three pilot Centers of Excellence projects. Then in 2005, the Legislature approved Senate Bill No. 2032 expanding the concept into the Centers of Excellence in Economic Development program. The legislation called for a \$50 million state investment over multiple biennia, to be leveraged on a 2-to-1 basis with private sector and federal funds. The Legislature approved \$20 million for the initiative in the 2005-07 biennium, which launched 11 different Centers throughout the state. These Centers are located in Fargo (4), Grand Forks (3), Valley City, Devils Lake, Dickinson, and Williston (for additional information, see Goettle 2008). The 2007 Legislature approved additional funding for the program. As of March, 2008, two Centers were fully operational, nine Centers were in the early stages of their planned activities, and three Centers were under development. In addition, two Centers had been authorized for new funding, but had not yet received funds.

The purpose of this report is to estimate the economic impacts of the Centers of Excellence program for 2007. The analysis is based on payroll and associated costs reported by each Center in their 2007 annual reports, as well as start up costs reported by the Centers.

Methods

The initial task in any impact assessment is estimating the direct impacts (or "first-round effects") of the activity being studied. In this study, information on payroll and start up costs, as well as direct employment, were drawn from the 2007 report from each Center. Other expenditures by the Centers and/or their private sector partners were assumed to bear the same relationship to payrolls as has been found in past studies of the economic impact of R&D activities (Leistritz and Coon 2008), exported services (Coon and Leistritz 2001), and manufacturing (Coon and Leistritz 1997). The North Dakota Input-Output Model was used to estimate the secondary economic impacts based on these data.

The North Dakota Input-Output Model consists of interdependence coefficients or

¹The authors are respectively professor and research scientists in the Department of Agribusiness and Applied Economics, North Dakota State University, Fargo.

multipliers that measure the level of business activity generated in each economic sector from an additional dollar of expenditures in a given sector. (A sector is a group of similar economic units, e.g., the firms engaged in retail trade make up the retail trade sector.) For a complete description of the input-output model, see Coon and Leistritz (1989). The model estimates the changes in gross business volume (gross receipts) for all sectors of the area economy resulting from the direct expenditures associated with the Centers of Excellence program. The increased gross business volumes are used to estimate secondary employment and tax revenues based on historic relationships. The procedures used in the analysis are parallel to those used in estimating the impact of other facilities and activities (Leistritz and Coon 2008; Bangsund and Leistritz 2004 & 2007, Hodur et al. 2006). Empirical testing has confirmed the model's accuracy in estimating changes in levels of economic activity in North Dakota. Over the period 1958-2006, estimates of statewide personal income derived from the model averaged within 4 percent of comparable values reported by the U.S. Department of Commerce (Leistritz et al. 1990, Coon and Leistritz 2008).

Results

The economic impact of the Centers of Excellence program was analyzed in four segments. The first of these examined impacts associated with the R&D, training, and educational activities of the Centers. Two Centers had developed important private sector partners, one in exported services and the other in manufacturing. These activities were analyzed separately. Finally, several Centers had major one-time start-up expenditures in 2007, which formed the basis for the fourth component of the analysis.

Table 1 summarizes economic impacts of the Centers' R&D and related activities. The 2007 estimated direct expenditures by the 12 Centers that reported some level of activity totaled \$27.3 million. The Centers' direct expenditures illustrate the high level of leveraging associated with the program. As of March, 2008, the total state investment of \$23 million had been leveraged with nearly \$100 million in matching funds from private and other sources (Goettle 2008). The Centers also reported 296.25 jobs, including Center and partner employees. The Centers' direct expenditures resulted in estimated secondary effects of \$55.2 million for a total impact of \$82.5 million. Estimated secondary employment was 408 jobs, for a total employment effect of almost 800.

The estimated economic impacts of the Center partner engaged in exported services are summarized in Table 2. The partner firm had direct employment of 102 and annual direct expenditures to North Dakota entities of \$7.9 million. These resulted in secondary economic impacts of almost \$16.2 million, for a total economic impact of \$24.1 million. The total employment impact was estimated at 220.

A second Center partner was engaged in manufacturing, and the economic impacts of its operations are summarized in Table 3. The firm had 95 employees and 2007 expenditures to North Dakota entities of \$4.9 million. These resulted in an estimated secondary impact of \$10.9 million for a total impact of \$15.8 million. Secondary employment was estimated at 76 jobs, for a total employment effect of 171.

The economic impacts associated with the Centers' one-time start-up expenditures in 2007 are summarized in Table 4. The one-time expenditures totaled \$18.8 million, of which \$17.7 million were to the construction sector. Four Centers had multi-million dollar construction expenditures in 2007. Total economic impacts associated with these expenditures were \$46.7 million. This level of economic activity would support about 169 jobs.

The economic impacts associated with the Centers of Excellence program in 2007 are summarized in Table 5. The direct economic impacts of Center and partner activities total \$59 million. The total economic impact (contribution) was \$169 million. Direct employment by Centers and partners totaled 493.25 and total employment effects totaled 1,359.25. These levels of increased economic activity also generate additional state tax collections. Sales and use tax collections are estimated to increase by \$1.8 million while personal income tax collections increase by \$0.9 million.

Discussion

The Centers of Excellence program is North Dakota's major initiative to participate in technology and information-based economic development. Although the program is still in its early stages and most Centers are in early stages of development, the economic effects of the program to date are encouraging. With a direct economic impact of \$59 million and total impact of \$169 million in 2007, the program's contribution to the North Dakota economy is already substantial. Further, it is noteworthy that the two operational Centers (UND Center for Innovation and NDSU Technology Incubator) are already making impressive contributions. In 2007, these two Centers combined for 233 direct jobs (Center staff plus tenants) and a payroll of \$10.7 million. As the other Centers become fully established and partner facilities are developed, the program's economic contribution can be expected to increase considerably.

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Table 1. Direct, Secondary, and Total Economic Impacts of North Dakota Centers of Excellence R & D Activities, 2007

Sector	Expenditures/Receipts		Total
	Direct	Secondary	
	-----	\$000 -----	
Communications& public utilities	730	2,796	3,526
Retail trade	4,773	17,203	21,876
Finance, insurance & real estate	5,550	3,815	9,365
Business & personal services	876	1,509	2,385
Professional & social services	876	2,188	3,064
Households	14,604	18,744	33,348
Other ¹	0	8,961	8,961
Total	27,309	55,216	82,525
Employment	296.25	408	799.25

¹ Includes agriculture, mining, construction, transportation, manufacturing, and government.

Table 2. Direct, Secondary, and Total Economic Impacts of North Dakota Centers of Excellence Partner Activities, Exported Services, 2007

Sector	Expenditures/Receipts		Total
	Direct	Secondary	
	-----	\$000 -----	
Transportation	132	81	213
Communications & public utilities	264	815	1,079
Ag. Processing & manufacturing	44	399	443
Retail trade	1,144	5,052	6,196
Finance, insurance, & real estate	1,584	1,124	2,708
Business & personal services	264	445	709
Professional & social services	88	638	726
Households	4,400	5,425	9,825
Other ¹	0	2,213	2,213
Total	7,920	16,192	24,112
Employment	102	118	220

¹ Includes agriculture, mining, construction, and government.

Table 3. Direct, Secondary, and Total Economic Impacts of North Dakota Centers of Excellence Partner Activities, Manufacturing, 2007

Sector	Direct	Expenditures/Receipts	
		Secondary	Total
	-----	\$000	-----
Construction	270	361	631
Transportation	67	52	119
Communications & public utilities	112	485	597
Ag. processing & manufacturing	607	649	1,256
Retail trade	517	3,100	3,617
Finance, insurance & real estate	1,011	683	1,694
Business & personal services	45	273	318
Professional & social services	22	374	396
Households	2,247	3,503	5,750
Other ¹	0	1,410	1,410
Total	4,898	10,890	15,788
Employment	95	76	171

¹ Includes agriculture, mining, and government.

Table 4. Direct, Secondary, and Total Economic Impacts of North Dakota Centers of Excellence, One-time Impacts of Startup Activities, 2007

Sector	Expenditures/Receipts		
	Direct	Secondary	Total
	-----	\$000	-----
Construction	17,747	978	18,725
Communications & public utilities	117	1,185	1,302
Retail trade	132	7,998	8,130
Finance, insurance & real estate	26	1,649	1,675
Business & personal services	44	568	612
Professional & social services	66	807	873
Households	744	11,495	12,239
Other ¹	0	3,131	3,131
Total	18,876	27,811	46,687
Employment	0	169	169

¹ Includes agriculture, mining, transportation, manufacturing, and government.

Table 5. Summary of Economic Impacts of the Centers of Excellence Program, 2007

Item	R&D Activities	Partner Exported Services	Partner Manufacturing	One-time Start-up	Total
Direct Impact (\$000)	27,309	7,920	4,898	18,876	59,003
Total Impact (\$000)	82,525	24,112	15,788	46,687	169,112
Direct Employment (FTE jobs)	296.25	102	95	0	493.25
Total Employment (FTE jobs)	799.25	220	171	169	1,359.25
Sales & use taxes (\$000)	1,013	287	167	376	1,843
Personal income taxes (\$000)	500	147	86	184	917

Proposed Amendments to House Bill No. 1015

Page 1, line 3, after the second semicolon insert "to create and enact a new section to chapter 15 - 69 of the North Dakota Century Code; to amend and reenact subsection 2 of section 15-69-04 and section 15-69-05 of the North Dakota Century Code, establishing a centers of excellence fund;"

Page 1, line 5 after the semicolon insert "to provide a continuing appropriation;" and remove "and" and after "intent" insert "; and to declare an emergency"

Page 3, after line 18 insert:

SECTION 8. A new section to chapter 15-69 of the North Dakota Century Code is created and enacted as follows:

Centers of excellence fund-Continuing appropriation. The centers of excellence fund is a special fund in the state treasury. All moneys in the centers of excellence fund are appropriated to the department of commerce on a continuing basis for the purpose of implementing and administering this chapter. Interest earned on moneys in the fund must be credited to the fund.

SECTION 9. AMENDMENT. Subsection 2 of section 15-69-04 of the North Dakota Century Code is amended and reenacted as follows:

2. The commission shall meet as necessary to review all complete applications; consider the potential need for independent, expert review of complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers; direct the ~~office of management and budget~~ department of commerce to distribute funds to the centers; monitor centers for compliance with award requirements; review changes in assertions made in center applications; and conduct postaward monitoring of centers.

SECTION 10. AMENDMENT. Section 15-69-05 of the North Dakota Century Code is amended and reenacted as follows:

15-69-05. (Effective through July 31, 2011) Use of funds - Terms of funds - Distribution of funds.

1. A center shall use funds awarded under this chapter to enhance capacity; enhance infrastructure; and leverage state, federal, and private sources of funding. A center awarded funds under this chapter may not use the funds to supplant funding for current operations or academic instructions or to pay indirect costs.

2. As a condition for receipt of funds under this chapter, a center shall agree to provide the board, foundation, and budget section of the legislative council with annual audits on all funds distributed to the center under this chapter. The annual audits must be provided until the completion of the commission's postaward monitoring of the center. As a condition for receipt of funds under this chapter, a center shall agree to provide the commission with the information necessary to monitor the postaward activities of the center.

3. Before the commission directs the ~~office of management and budget~~ department of commerce to distribute funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds for each

dollar of state funds to be distributed under this chapter. The matching funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The matching funds may include a combination of cash and in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making funding recommendations and designation determinations, the commission, board, foundation, and budget section shall give major consideration to the portion of the matching funds provided in cash by the private sector.

4. The commission shall direct the ~~office of management and budget~~ department of commerce to distribute the funds awarded under this chapter in disbursements consistent with the center's budget and timeframe outlined in the approved award. The commission may not direct distribution of funds under this chapter if there are no private sector partners participating or if the statutorily required matching funds are not available.

5. If, before funds are distributed by the ~~office of management and budget~~ department of commerce, a center undergoes a change in the terms of or assertions made in its application, the commission may direct that the office of management and budget withhold all or a portion of any undistributed funds pending commission review of the changes.

6. The commission may use funds ~~appropriated~~ for the centers of excellence program to pay for the commission's administrative expenses, which may include contracting for independent, expert reviews of complete applications and centers of excellence forums. The amount of funds the commission uses each biennium for administrative expenses may not exceed two and one-half percent of the ~~funds~~ appropriated for transfers to the program that biennium.

SECTION 9. TRANSFER. The amount appropriated for the centers of excellence included in Sections 1 and 2 of this Act shall be transferred to the centers of excellence fund, as directed by the centers of excellence commission, during the biennium beginning July 1, 2009 and ending June 30, 2011.

SECTION 10. TRANSFER. The Office of Management and Budget shall transfer all undistributed funds appropriated for the centers of excellence for the biennium beginning July 1, 2007 and ending June 30, 2009, to the centers of excellence fund, as directed by the centers of excellence commission.

Page 3, line 24 replace "providing funding to centers of excellence" with "transferring funds to the centers of excellence fund"

Page 5 after line 31 insert:

SECTION 16 EMERGENCY. Sections 13 and 15 of this Act are declared to be an emergency.

Renumber accordingly

DEPARTMENT OF COMMERCE TESTIMONY ON HB 1015

MARCH 2, 2009, 8:30 A.M.

SENATE APPROPRIATIONS COMMITTEE

HARVEST ROOM

SENATOR RAY HOLMBERG, CHAIRMAN

SHANE GOETTLE – COMMISSIONER, ND DEPARTMENT OF COMMERCE

Good morning, Mr. Chairman, and members of the committee. I am Shane Goettle, Commissioner of the North Dakota Department of Commerce and I am here before you today in regards to the Centers of Excellence portion of HB 1015.

As you may be aware, HB 1015 had contained the Governor's recommendation for Centers of Excellence, which is \$20 million for the 2009-2011 biennium. The House Appropriations committee thought it was more appropriate to deal with Centers of Excellence in the Department of Commerce's budget (SB 2018) and removed the \$20 million in future funding from HB 1015. You then added the \$20 million to SB 2018 for Centers of Excellence. What remain in HB 1015 are the funds that have been committed to Centers, but not yet expended.

Two year ago, the legislature made a few changes to the Centers of Excellence program. These changes included giving the Department of Commerce the responsibility to provide staff services to the Centers of Excellence Commission and assist them in the ongoing monitoring of the Centers. Another change was that the funds would now be distributed over the budgeted timeline of the Center, instead of a lump sum payment. Having the funds distributed over time has given the Centers of Excellence Commission a tool in holding Centers accountable by having the ability to withhold future payments based upon the Centers performance. However, it did raise an issue in that the funds are distributed over multiple biennia.

The House included \$8,741,543 in committed Centers of Excellence funds for the 2009-2011 biennium. They asked us what we anticipated needing for the 2009-2011 biennium and this is the number we provided. We do have issues with having this specific number as an appropriation. Although we currently anticipate needing this exact amount, it does not take into account the very reason we use distributions as a tool. The Centers may not be performing exactly as anticipated, which may require some distributions to be withheld and others sped up. Another issue is that it doesn't contain the \$1,003,889 that would be needed during the 2011-13 biennium.

Our preferred method, and the one that you adopted in SB 2018, is the creation of a Centers of Excellence fund with a continuing appropriations. This method allows distributions to the Centers as the circumstances on the ground dictate, regardless of what biennium it is. It is also the method that is used in other programs such as the Agricultural Products Utilization Commission, Workforce Enhancement Grants, the ND Development Fund, and the Industrial Commission programs (Lignite, Oil & Gas, and Renewable Energy), among other grant programs.

Scheduled Disbursements as of February 4, 2009*								
2007 Approved Centers	2007-2009 Approved Amount	2008 Q2	2009		2010		2011 Q1	2012 Q1
			Q1	Q2	Q1	Q2		
Dakota Center for Technology Optimized Agriculture	\$400,000							
Center for Agbiotechnology: Oilseed Development	\$1,500,000		\$221,500		\$77,000		\$68,000	\$33,500
Center for Surface Protection	\$2,000,000	\$776,661	\$389,500		\$325,500		\$392,500	\$392,500
Unmanned Aircraft Systems Center of Excellence	\$1,500,000	\$830,054		\$555,938		\$667,401		

2008 Approved Centers

Center for Integrated Electronic Systems	\$2,050,000		\$566,171		\$606,338		\$496,629	\$380,862
SUNRISE BioProducts	\$2,950,000		\$983,333		\$983,333		\$983,334	
Petroleum Research, Education, & Entrepreneurship Center	\$3,000,000		\$1,110,369		\$1,102,737		\$786,894	
Center for Biopharmaceutical Research and Production	\$2,000,000		\$1,151,350		\$416,415		\$432,235	
COE for Passive Therapeutics	\$2,650,000		\$2,134,236		\$515,764			
COE in Space Technology and Operations	\$1,000,000		\$115,510		\$354,903		\$399,560	\$130,027
Entrepreneurial Center for Horticulture	\$400,000		\$200,000		\$66,000		\$67,000	\$67,000

Quarter Total	\$1,606,715	\$6,871,969	\$1,225,884	\$4,447,990	\$667,401	\$3,626,152	\$1,003,889
Running Total	\$1,606,715	\$8,478,684	\$9,704,568	\$14,152,558	\$14,819,959	\$18,446,111	\$19,450,000

Note: There have been two Centers that received approval, but were subsequently withdrawn and did not receive COE funds. These include Minot State University's Great Plains Knowledge and Data Center (\$2.1 million) and the UND Biomedical Device Research, Development, and Commercialization Center (\$2.5 million).

* The scheduled disbursements are based upon the Centers meeting benchmarks and conditions of awards. Disbursement schedules may change based upon the progress made by each Center.



February 3, 2009

Re: Impact of Center of Excellence in Life Sciences and Advanced Technologies

Members of the House Appropriations' Government Operations Division:

What has been the immediate impact of COELSAT on North Dakota? What is the real short and long term value to the regional for economic development?

These are great direct questions that will be answered addressed concisely.

REAC 1 housing COELSAT opened at the end of September with the UND Research Foundation BORDERS and administrative group moving in October followed in the next month by Avianax and DMD, a Grand Forks consulting group.

Since then Alion, an international R&D company, and UND's Engineered Center Surface to work cooperatively in adjoining research facilities – which did not exist for them. Other cluster companies in advanced engineering that have moved into REAC 1 are Ideal Aerosmith, of Minnesota, and Laserlith Corp, of California, who are exploring a partnership to develop products in a new market sector for both in addition to their R&D programs.

In life sciences cluster, NovaDigm, of California, and Avianax, a new North Dakota company that is a partnership between Intraglobal Biologics, of South Dakota, and UNDRF. Avianax's R&D is a collaboration between UNDRF's research arm and UND's Department of Microbiology and Immunology. Other integral partners include Schiltz Foods and Farms, of South Dakota, who have recently purchased and formed Schiltz Goose Farms North in Tolna and are looking to build facilities for Schiltz Goose R&D. The research partnership includes the Mayo Clinic and Aldevron. Avianax, Aldevron and UNDRF are looking at a longer strategic relationship focused on viral therapeutics.

In a third cluster, Sunrise Renewable Company, a newly formed North Dakota company in a partnership with Global Agricultural Solutions, of Utah. Finally, Dakota Harvest is expanding its business from 3rd Street operations, where its kitchen will be fully utilized.

All research and laboratory space housing COELSAT are occupied. When fully operational, REAC 1 tenants including UNDRF will employ 120 high tech, high wage jobs. More importantly, it will facilitate new opportunities as these companies look at new business development and production facilities coming out their R&D. These opportunities will impact other areas and not just Grand Forks. A good example is Tolna where new jobs have been and are being created.

Would these companies be in North Dakota without COELSAT and REAC 1. No. These facilities do not exist in Grand Forks and, in some cases, North Dakota. COELSAT together with the Center of Excellence in Passive Therapeutics and Sunrise BioProducts is building infrastructure and new technology for North Dakota using intellectual property and intellectual capital from ND universities. Together with support by federal, local and corporate stakeholders, these are changing market sectors and developing new high tech products for the future in North Dakota.

I firmly believe that the Center of Excellence mission and vision has exceeded its expectations in funding COELSAT in creating short and long economic development for North Dakota. This would not have happened without the COE program.

Jim Petell,
Executive Director


A handwritten signature in black ink, appearing to read "J Petell", written in a cursive style.



AgBiotechnology and Oilseeds NDSU-COE

Summary to

North Dakota House Appropriations'
Government Operations Division
February 4 2009



Partners, Collaborators and Supporters

- **Bill Wilson and Phil McClean***, NDSU project leaders
- **NDSU researchers and collaborators**
 - Breeder:
 - Mukhlesur Rahman (University of Manitoba)
 - Marcelo Melani (previous breeder)
 - Pilot plant: Dennis Wiesenborn et al.
 - Darrin and Rachel
 - Regional research centers in
 - Minot, Carrington, Langdon, Prosper, Williston, Hettinger, Rugby
- **Partners**
 - Monsanto: Luke Bozeman*, project lead St. Louis
 - ADM: Velva Eric Mack and Tom Binder at Decatur
 - Future canola processor in ND



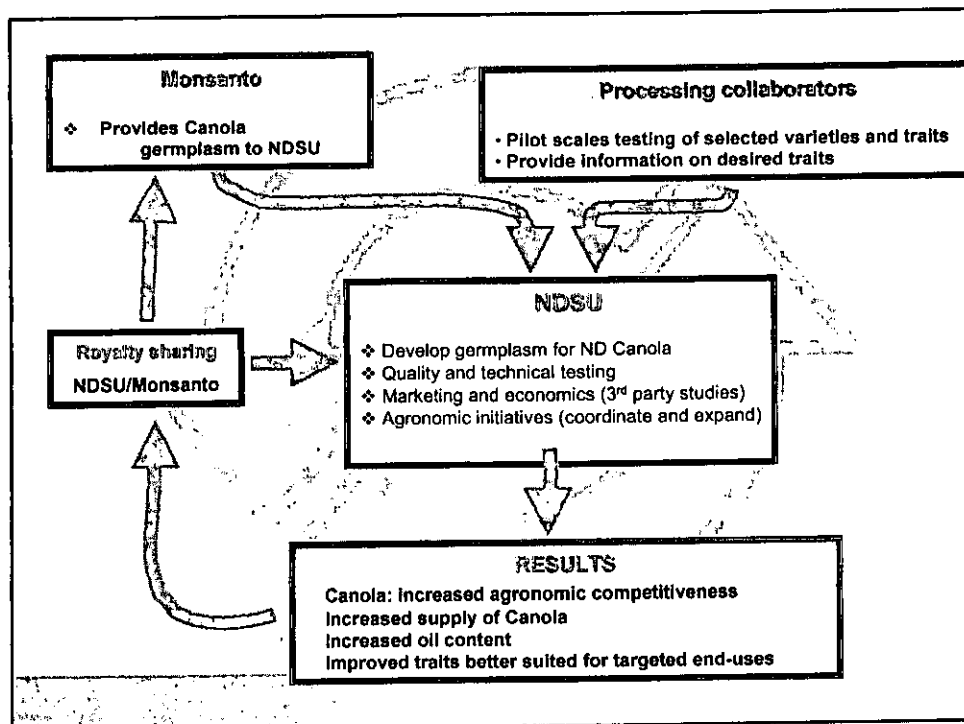
Goal: COE I and II

▪ COE I:

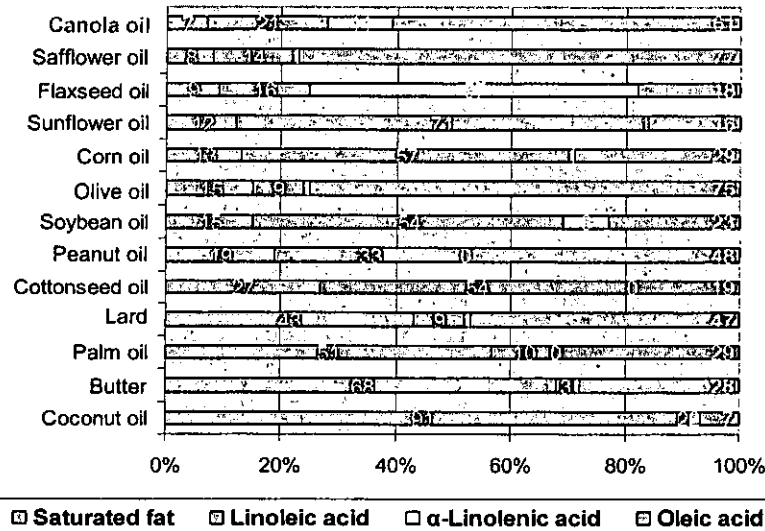
- Improve genetics and processing for canola grown in ND (all existing breeding occurs outside ND)

▪ COE II: Expand to accelerate breeding

- Accelerate the breeding program
 - Improving testing capabilities
 - Use of molecular tools in plant breeding
 - Gear up for seed release (commercialization)



Canola oil is healthy cooking oil



Why Canola?

- Canola oil is for the production Biodiesel
- ND is a leading producer of canola with about 90% of the US production
- Canola meal is one of the most widely used protein sources in animal feeds

Activities during past 17 Months

- Research team in place in all areas
 - Breeding
 - Quality analysis
 - Economics and agbusiness
 - Field stations
- Canola breeding program
 - 2 full years of breeding efforts
 - ND Plots
 - ND Greenhouse work
 - Winter nurseries in Chile

Release Status

- 3 lines identified for release: Open Pollinated
 - Announce in July 2009 for 2010 season
- Hybrid Program
 - In the process of implementing a hybrid breeding program which will result in longer-term accelerated benefits in release of new lines, with greater yields.

Agreements and Outlook

- Research Agreement
 - Near complete
- Commercialization agreement
 - Organization, release, royalty distribution etc
 - Focus
 - Hybrids
 - All will contain Monsanto's new RR2 and NUE traits
 - Major features
 - Sustainable program
 - Release to seed companies that are licensees of Monsanto
 - Through NDSU
 - Royalty sharing
 - Details: likely worked out in next 6 months
 - Must be preceded by the Res Agreement

Canola Breeding Program

Summary of Work to Date



Canola Breeding Objectives

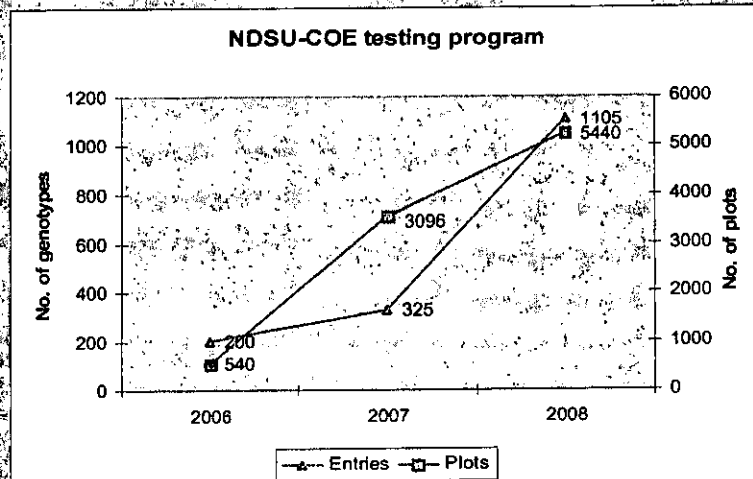
General scheme: modified pedigree method with early generation testing

Objectives:

- 1- High seed yield
 - 2- High oil content
 - 3- Canola oil standards (00)
 - 4- Low saturated fatty acids
 - 5- Resistance to WM and blackleg
 - 6- Resistance to lodging
 - 7- Resistance to shattering
- High oil/acre



Testing Program



Breeding program on Schedule:

Season	Activities
Summer (April – Aug)	<ol style="list-style-type: none"> 1. Advance yield trial (7-8 locs) 2. Early generation (F4) testing (3 Locs) 3. Nursery trial-1 and bagging (F2-F3; BC1- BC1S1) 4. Nursery trial-2 and bagging (EGT : F4 to F5) 5. Disease (Blackleg + Sclerotinia) trial 6. Breeder seeds increase 7. Growers' field trial 8. Seed quality analysis 9. Data analysis and line selection
Winter – 1 (Sept – Jan)	<ol style="list-style-type: none"> 1. Crossing in Greenhouse 2. Generation advancement at WN Chile
Winter – 2 (Jan – April)	<ol style="list-style-type: none"> 1. Backcross + F2 seed generation 2. Data recording from WN Chile 3. Seed quality analysis of WN lines
Continue.....	



Combined result: 2006, 2007, 2008 - AYT

NDSU experimental lines and hybrids performance

Line	2006			2007			2008			Combined (2006+2007+2008)			
	Yield kg/ha	Oil (%)	Oil kg/ha	Yield kg/ha	Oil (%)	Oil kg/ha	Yield kg/ha	Oil (%)	Oil kg/ha	Yield kg/ha	Oil (%)	Oil kg/ha	Over Ave Hybrid
330662	2,587	43.7	1,131	2,069	44.1	935	1,902	43.1	850	2186	43.6	972	(+) 9.6
427626	2,637	41.3	1,090	1,724	42.9	754	1,824	42.7	822	2062	42.3	889	(+) 0.2
330416	2,410	39.8	950	1,902	42.0	822	1,944	43.1	866	2085	41.6	883	(-) 0.5
330685	2,381	42.6	1,006	1,833	43.4	804	1,834	42.5	812	2009	42.8	874	(-) 1.5
330652	2,587	41.9	1,003	1,660	37.7	648	1,873	42.4	826	2040	40.7	852	(-) 3.9
330476	2,043	41.8	853	1,953	39.9	781	1,944	42.8	866	1980	41.5	833	(-) 6.1
Top hybrid	2,621	40.2	1054	2,199	38.6	878	2,034	41.8	878	2285	40.2	937	(+) 5.6
Ave. hybrid	2,356	41.0	966	1,954	40.8	820	1,988	42.8	874	2099	41.5	887	
LSD (0.05)	347	1.6	149	275	1.0	119	212	0.6	94.5	270	2.2	124	



Result: 2008 EGT (New lines for future)

2008 OP Rows	Yield (kg/ha)	Oil (%)	Oil (kg/ha)	Ave Hybrid (kg/ha)	Best Hybrid (kg/ha)	Over best hybrid
33101	3367	45.5	1511	1170	1305	+15.7
32028	2744	47.8	1312	1088	1163	+12.8
33186	3093	44.8	1380	1087	1233	+11.9
32656	3293	45.0	1483	1258	1407	+5.4
33107	3320	45.1	1448	1330	1375	+5.3
32057	3036	45.9	1387	1214	1320	+5.1
33096	2753	46.2	1267	1150	1207	+5.0
33125	2875	44.4	1277	1196	1228	+4.0
33108	2695	46.7	1228	1177	1202	+2.2
33098	2932	46.8	1363	1240	1336	+2.0
Average	3010	45.8	1366	1192	1278	

Hybrid checks: Dekalb 72-55, IS 71-45



Summary

- Breeding and Technology
 - The Canola breeding program is very accelerated in order to achieve the goals of the COE. The COE has been successful in its goals.
 - It has identified lines and crosses that have productivity gains in ND
 - These are in the area of 10-15% when measured in terms of oil content per acre
 - These will have a major impact on processor margins, and ultimately returns growers in North Dakota
- Technology
 - Monsanto has fulfilled its agreement in terms of providing top quality lines having greater potential in North Dakota
- Outlook
 - Release of several Open Pollinated lines to be announced in 2009
 - Converting the breeding program to hybrid breeding program and all future lines will be released as hybrids
 - Developing a commercialization plan with Monsanto for release of future lines. This includes royalty setting and sharing between NDSU and Monsanto

Testimony on HB 1015
House Appropriations - Government Operations Division
John Harris, President & CEO
Prairie Public Broadcasting
February 4, 2009

Mr. Chairman and members of the committee, thank you for the opportunity to speak with you today about the budget request for Prairie Public Broadcasting, North Dakota's public television and radio network.

For the record, I am John Harris, President & CEO of Prairie Public Broadcasting.

In my remarks today I will comment on Prairie Public's services, the status of our conversion to digital technology, and on the appropriation recommended in the Governor's budget.

First, I will summarize Prairie Public's services to the state.

Prairie Public began broadcasting in 1964 with its first television transmitter and offices located in Fargo. Since that time, Prairie Public has grown to serve our region with eight digital television transmitters, eight radio transmitters and eleven radio translators.

North Dakota's public broadcasting network has had a long-standing partnership with the state of North Dakota in providing quality public television and radio services that address important local needs.

Prairie Public works with schools, state agencies, colleges and universities, private foundations, businesses and other entities to create programming that has regional and statewide relevance. We provide comprehensive and in-depth coverage of important issues and statewide news on both radio and television.

Entire families can tune to Prairie Public and find the quality programming for which public broadcasting is known and trusted. In fact, a recent Roper poll asked Americans what they considered to be the "best use of tax dollars." They ranked Public Television second only to Military Defense, and Public Radio was ranked fifth.

Prairie Public's mission is to educate, involve and inspire the people of our region.

Education is at the top of our agenda, so in addition to broadcasting PBS and NPR national offerings such as *Nature*, *NOVA*, *Masterpiece Theatre*, *Morning Edition* and *Car Talk*, Prairie Public locally produces each year quality television and radio programming that focuses on our communities.

Some of the programs produced by Prairie Public recently include *Prairie Churches*; *Reducing Our Footprint: the Role of Carbon Markets*; *Our State Fair: The North Dakota Experience*; and *North Dakota Musicians*. Many more are in production.

Other programs we broadcast that are on-going are *Hear It Now* hosted by Merrill Piepkorn each weekday afternoon on radio and *Prairie Pulse*, a weekly community affairs program on television.

In addition to the *NewsHour with Jim Lehrer*, *BBC World News*, *All Things Considered* and other national news programming, Prairie Public provides local coverage of political and business news. Prairie Public and AARP worked together to provide statewide debates on key elections this past year, and Dave Thompson is once again hosting *Legislative Review* each week throughout the session.

Prairie Public also has a very strong commitment to outreach and community service. By combining public television's greatest assets with local outreach training, Prairie Public has made a positive impact on the lives of our children.

In partnership with The North Central Council for School Television over the years, Prairie Public provides all North Dakota schools with cost effective supplemental classroom resources and services in niche areas of identified need. Thanks to this partnership and partnerships with other public services agencies, Prairie Public leverages a vast repository of local and national public broadcasting resources and grant opportunities to achieve advancement in these areas of need.

Today, Prairie Public supports preK-12 services including classroom resources and teacher effectiveness training, an early childhood education initiative, on-site and online professional development for teachers, and a website for supplemental resources for North Dakota studies.

The Prairie Public and PBS partnership allows schools in North Dakota to take advantage of millions of dollar and years of research for the best possible impact on student achievement.

The state of North Dakota has, for years, played a vital supporting role in the operation of our television, radio and outreach services. While the appropriation from the state does not cover all expenses, the state of North Dakota provides an important part in building the foundation for support from many other sources.

Below you will see a breakdown of our revenue sources and expenditures, and we want to make certain that you understand that Prairie Public is continually seeking revenue from other sources, in order to maximize the investment from the state of North Dakota.

Prairie Public Broadcasting Funding Sources

Members/Business	25%
Earned Income	19%
CPB	14%
Production/Federal Grants	28%
North Dakota	10%
Minnesota	4%

Prairie Public Broadcasting Expenses

Programs	43%
G & A	17%
Engineering	22%
Fund Raising	10%
Information Services	8%

Our most recent Annual Report and a sample of our program guide are also included in your handout.

Next, I will summarize the progress Prairie Public has made toward the federal mandate for TV broadcasters to convert operations from analog to digital.

For the past ten years Prairie Public has been concentrating on meeting the FCC mandate for digital broadcasting. We have signed on eight digital television transmitters and Prairie Public has used a portion of your funding to "match" grants from federal sources.

We have received grants totaling approximately \$21 million in the past 10 years, with over \$16 million of that coming from federal sources. The remaining "matching" dollars have come from the state of North Dakota, the state of Minnesota, and from local resources.

We will continue to use the dollars requested from the state of North Dakota in this biennium to allow us to access federal funds when possible and bring dollars back to our state.

One of the projects under consideration will provide better service to the Williston area. Prairie Public is requesting funding that would allow us to build out a new channel 11 that will more closely replicate our former analog service in that area.

We also want to provide a higher power radio station and bring the latest in FM technology to the Williston area. Currently, many of the surrounding communities rely on small translators that provide marginal service.

The Prairie Public Bismarck facilities continue to have studio conversion needs for the digital transition. We plan to purchase HD studio cameras, an HD production switcher, HD monitors and conversion equipment.

In addition, Prairie Public is concerned about the overall structural integrity of the broadcast towers that serve Minot and Bismarck. To restore the towers' structural loading and safety margins, funding is requested to remove the decommissioned analog equipment and install new LED lighting per FAA specifications as required.

At the present time, I can report that Prairie Public has almost 16,000 active members who contribute annually to help support programming expenses for the organization. These citizens are partners with Prairie Public in providing a strong and viable Public Broadcasting entity for their communities.

I cannot express enough the thanks Prairie Public and its members extend to you for your support. Technology continues to change, but Prairie Public's mission to provide services that educate, involve and inspire has not.

In House Bill 1015 of this biennium's budget, the Governor has recommended \$3,353,338. We ask that you support his recommendation as it allows us a base of support to continue the digital conversion and operate the infrastructure required to provide public television, public radio and educational services to homes, schools and workplaces throughout the state.

In closing, let me remind you that Prairie Public is a community owned and operated station that belongs to the citizens of our region. It is a public/private partnership that with your support can continue to thrive for all the citizens of North Dakota.

Mr. Chairman and Members of the Committee, on behalf of the Board of Directors and Staff of Prairie Public I thank you for your time and consideration.

Prairie Public Broadcasting, Inc.

KWSE Ch. 11 @ 84.9KW Omni
15-Oct-08 10:36:15
08293Oct1508Aques
2000 Census
100% 3-second topo data
200 x 194 cells
1802m x 1804m size
Profile: 200 meters

Population Comparison

KWSE - After Maximization = 54,000
KWSE - Before Maximization = 34,000
Increased Service = 20,000

Field Intensity(dBuV/m)

Greater than 3800
Area: 37060 sq km
Population: 64000
Households: 26000
Less than 3600
Area: 87320 sq km
Population: 69000
Households: 33000

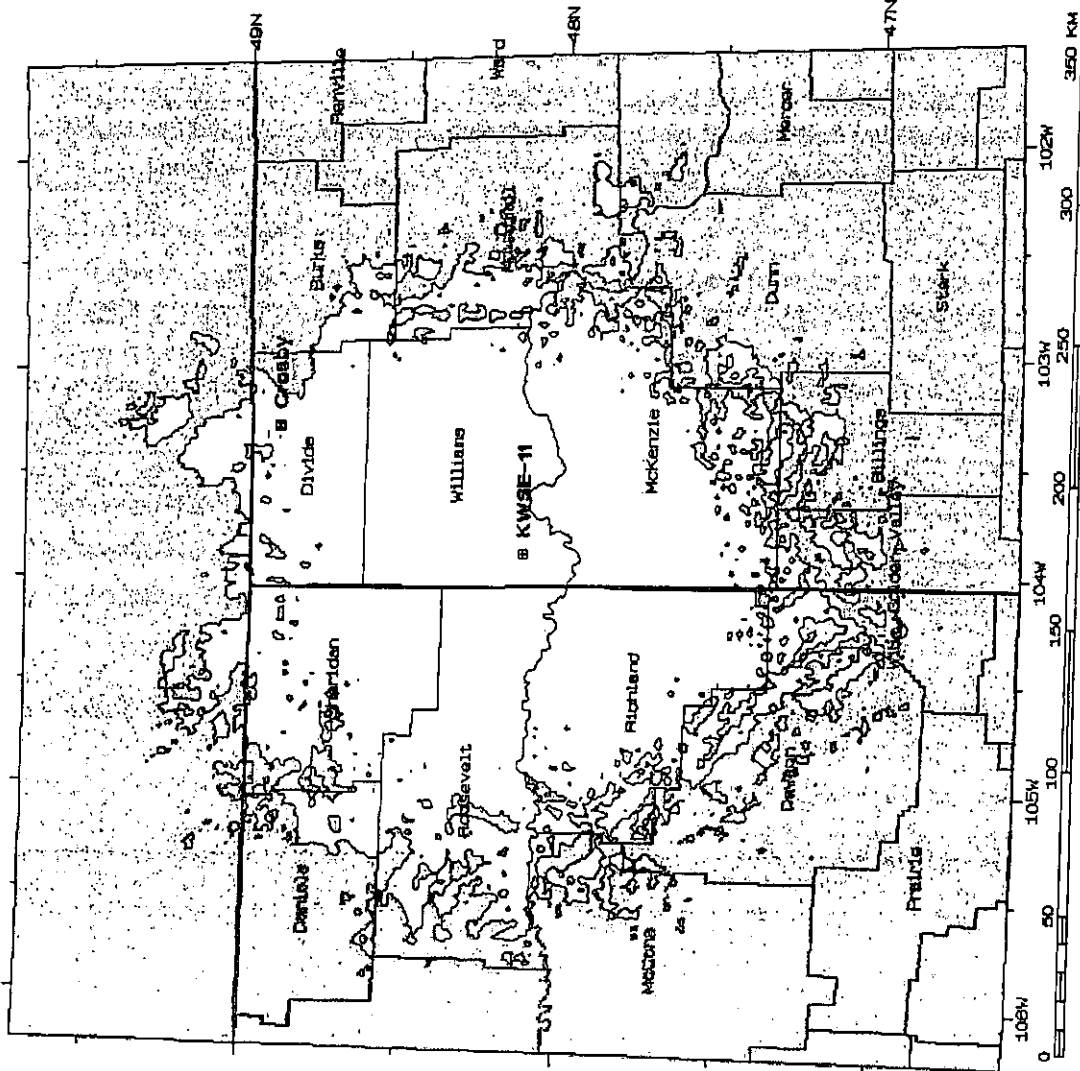


Exhibit D-1
KWSE-DT Channel 11 @ 84.9W ERP
36 dbu, 50/90 Curves, Longely-Rice
Prairie Public Broadcasting, Inc.
Fargo, North Dakota

Prairie Public Broadcasting, Inc.

KPPR-50KW@463RC Williston

14-Sep-07 09:01:03

CS293Sep1407A.ques

2000 Census

100% 3-second topo data

200 x 194 cells

1802m x 1804m size

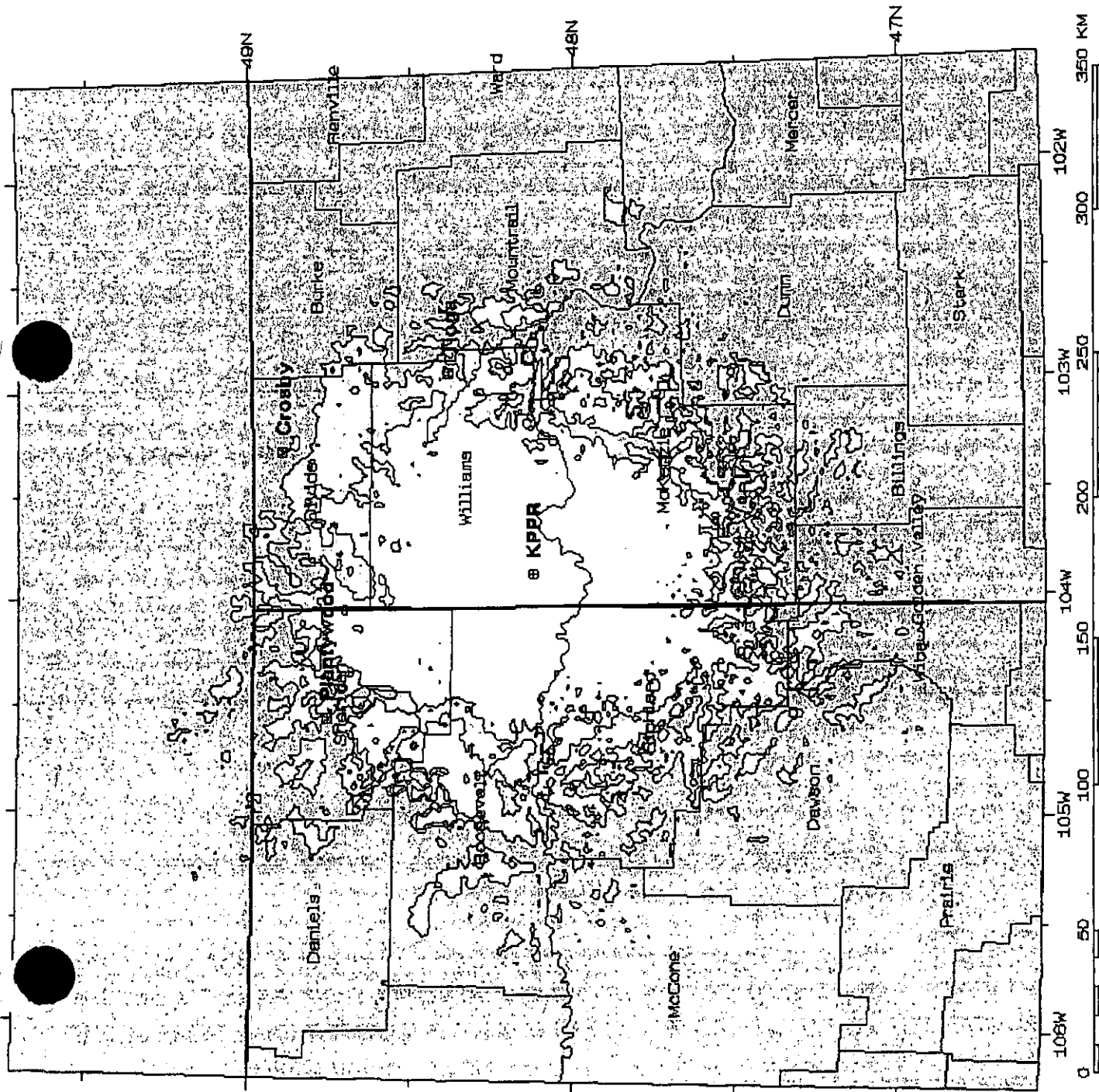
Profile: 200 meters

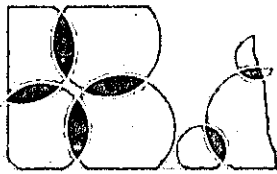
Field Intensity(dBuV/m)

Greater than 60.00
Area: 14680 sq km
Population: 31000
Households: 15000

47.00 to 60.00
Area: 11510 sq km
Population: 8000
Households: 4000

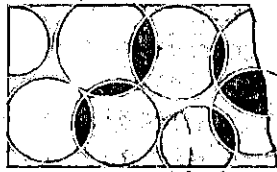
Less than 47.00
Area: 98200 sq km
Population: 84000
Households: 40000





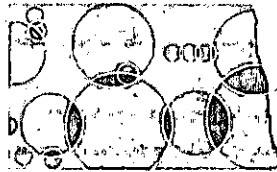
Television

KBME 3 Bismarck
Cable 2 Brandon
KDSE 9 Dickinson
KJRE 19 Ellendale
KFME 13 Fargo
KGFE 2 Grand Forks
KSRE 6 Minot
KWSE 4 Williston
Cable 3 Winnipeg
Cable 2 Brandon



Digital Television

KBME-DT3 Bismarck
KCGE-DT16 Crookston/Grand Forks
KMDE-DT25 Devils Lake
KDSE-DT9 Dickinson
KJRE-DT19 Ellendale
KFME-DT13 Fargo
KSRE-DT6 Minot
KWSE-DT4 Williston



Radio

90.5fm Bismarck
91.9fm Beach
91.9fm Bowman
89.5fm Crary
91.9fm Crosby
91.5fm Devils Lake
89.9fm Dickinson
91.9fm Fargo
89.3fm Grand Forks
90.7fm Grand Forks
91.9fm Harvey
91.9fm Hettinger
91.5fm Jamestown
91.7fm Lakota
88.9fm Minot
88.3fm Thief River Falls
91.9fm Tioga
89.5fm Williston
91.9fm Plentywood, MT

Listen online at
www.prairiepublic.org

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207 North 5th Street
PO Box 3240
Fargo ND 58108-3240
701-241-8900 800-359-6900
701-239-7850 Fax

Bismarck Office
1814 North 15th Street
Bismarck ND 58501
701-224-1700
701-224-0555 Fax

Prairie Public Television
(Manitoba), Inc.
PO Box 2540
Winnipeg MB R3C 4B3

www.prairiepublic.org
info@prairiepublic.org

Prairie Public Broadcasting, Inc.

Television
Radio
Education Services
Enterprises



2007 Annual Report



Prairie Public Broadcasting, Inc.

(Fiscal Year 2007 began October 1, 2006, and ended September 30, 2007.)



Prairie Public
Broadcasting provides
quality radio, television,
and public media services
that educate, involve, and
inspire the people of the
prairie region.



PBS

Prairie Public is a member of the Public Broadcasting Service, a private, nonprofit corporation that provides quality television programming and related services.

Prairie Public Broadcasting is a trusted public media service dedicated to building an exciting and productive future for our region and its people by offering a window on the world and creating a forum for discussion of important issues.

When you support Prairie Public Broadcasting, your contribution goes to work to make great television and radio programs happen. It works to secure the very best of PBS and NPR programming, along with high quality, original productions created to meet your interests and needs. Individual and community support is a crucial part of Prairie Public's success, and this annual report celebrates our dedicated partners and contributors.



Prairie Public is a member of National Public Radio, a privately supported, nonprofit membership organization that serves its audience in partnership with independently operated, noncommercial public radio stations.

Meetings!

Another year has passed in Prairie Public's long and steadfast history in the prairie region. In a few years we'll celebrate our 50th anniversary!

Prairie Public began serving the prairie region in 1964 as an educational television broadcaster. Supporters of public broadcasting envisioned a resource that could bring educational programs into every home—to inform and inspire a public that was just beginning to realize the potential for the new medium called "television." The goals of those visionaries have been realized by every possible measurement.

Education continues to be the basis for all our programming, and the delivery systems have grown. Radio was added to Prairie Public's broadcast capabilities in 1981. In the '90s, prairiepublic.org became an important source for supplemental content.

Today, household computers, cell phones, a myriad of audio and video load devices, digital options, hundreds of television and radio choices are changing how we communicate with one another and how we access information.

Public broadcasting is on the leading edge of this communication innovation, offering podcasts, video on demand, blog opportunities, and new, high definition television and radio broadcasts to a public with a robust appetite for more information.

Competition for the eyes and ears of the public is at an all-time high, so we continually ask ourselves: what makes public broadcasting different? What can we do to make public broadcasting truly extraordinary?

Of course, Prairie Public airs the finest radio and television programs available from our national affiliates and distributors. Yet what makes Prairie Public extraordinary is the time we take to produce local programs and outreach materials that enhance the economic, economic, and social health region.



In fiscal year 2007, Prairie Public produced a record number of local productions. Radio provided daily local and regional news, presented a

series of reports on health access issues, and preserved a bit of regional history in a narrative series. Television and radio worked together to produce a multimedia series about methamphetamine and the stress that addiction places on our health, legal, and family systems. Prairie Public's television crew collected World War II memories from veterans, and they also created documentaries about small town revitalization, agricultural conservation, and the history of the Old Red Trail—now known as Interstate 94. And we produced a groundbreaking 13-part cultural magazine series that examines the unique lifestyles of North America's Indian Nations. The program premiered at the Smithsonian Institution's National Museum of the American Indian in Washington, D.C. in January 2007 and is distributed nationwide.

You can see further evidence of our commitment to community in the collection of photos that grace the cover of this report. The Prairie Public staff, the board, and I know that this entity we call public broadcasting is a cooperative effort. We do it for the community, and we couldn't do it without your support.

As you page through this annual report, you'll get more details about some of this year's projects. Know that everything we do, we do for you, your family, and your community. Thank you for your continued support—thank you for helping Prairie Public be extraordinary.

John Harris
President & CEO
Prairie Public Broadcasting

2007 Television Highlights

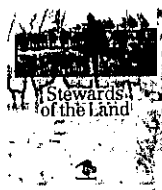
High quality dance, theater, film, literature, fine art, and music programming inspire our viewers, and popular British comedies tickle their funny bones.

Prairie Public's nature programs are the measure by which other networks set their standards, and public television's how-to programming built the base for numerous imitations. Prairie Public is home to television's longest-running, most-watched history series, and its news programs—encompassing the worlds of business, finance, health, and government—offer opinion and analysis that is vital to an informed public.

But perhaps the most impressive of all Prairie Public's accomplishments are the local productions that support the needs of our immediate community.

In 2007, Prairie Public brought some of the region's top musicians into the television studio to create **Sound Check** and **North Dakota Jazz**—two multi-episode series with music from blues and country to funk and fusion.

Indian Pride, a Prairie Public show for television that puts the spotlight on the unique lifestyles of North America's Indian Nations, is the first series of its kind to be produced for a mass audience. Prior



to its nationwide television premiere, the series was screened at a reception at the Smithsonian Institution's National Museum of the American Indian in Washington, DC.

Prairie Public's local documentary, **The Old Red Trail**, is a historical retrospective of the development of what we now know as Interstate 94. The production follows Interstate 94 from east to west, stopping off to tell stories about the people who live along what was once "The Red Trail" and examining how the evolution of North Dakota's primary east-west route influenced the state's development.

Two 2007 Prairie Public productions contribute to the economic health and vitality of our region. **Old To New: Remodel, Restore, Revitalize** examines the history of change affecting small town economies, and **Stewards of the Land** chronicles the experiences of four farm families that participated in a five-year Conservation Agriculture program study.

Prairie Public's service to community is further evidenced in the numerous broadcast hours devoted to local productions that air every week. Examples include **Prairie Pulse**, which brings newsmakers into the Prairie Public studio for lively discussions, and **Red River Showcase**, which travels across the region to spotlight the interesting people and places of Manitoba, North Dakota, and Minnesota.

2007 Radio Highlights

Listeners choose Prairie Public for reliable and thorough reports from the regional and national radio news teams, entertaining and dependable community news on **Hear It Now** with Merrill Piepkorn, daily nostalgia and history with **Dakota Datebook**, and informed political and election coverage.

Expanding Web resources, podcasts, and archived audio open a world of possibilities—and now, via online streaming, listeners can choose from two music format options: classical and traditional, or an eclectic mix of award-winning adult alternative music with

rock, and jazz. **Into Music** with Mike Olson, and **World**

Most important are the local productions that reflect the needs of the communities that radio serves. In 2007, Prairie Public produced a series of television and radio programs that examine issues of importance in the fight against methamphetamine. The four television documentaries and series of radio programs in the **Rural Meth Awareness Project** address meth's effect on our community—our judicial systems, treatment providers, communities, and families.



Public interest in documenting and preserving German-Russian ethnic identity inspired the launch of the series **Growing Up German Russian: A Radio Series** and **Voices of the Heartland**. The fascinating radio narratives are gleaned from the oral histories of the Dakota Memories Oral History Project. Listeners and students can also access the short stories online in the audio and transcript archives.

Access to health care is consistently identified as a critical problem not only in agricultural and rural areas, but also among vulnerable populations in cities and small towns. As remedies are considered that may address some of the health care access problems, Prairie Public informs the discussion and explores solutions with more than 50 online and on-air **Health Access** reports and essays.

Prairie Public travels across North Dakota, attentive that the state is "one big neighborhood with very long streets," to continue its popular radio **Café Chats**. The community radio discussions are broadcast from cafes and coffee houses across the state to put the spotlight on local newsmakers, community concerns, and neighborhood news.

In 2007, the Prairie Public news team was honored with five Northwest Broadcast News Association awards and eleven North Dakota Associated Press Broadcasters Association awards.

NBNA Conference Awards
Series: *Base of Change*
Soft Feature: *Tire Ranch*
Writing: *Tire Ranch*
Use of Sound: *Bird Banding*

Associated Press Awards
Features: *Prairie Chicken*
Features: *Bird Banding*

Enterprise:
C02—Great Plains
Enterprise: *EMT Shortage*
Sports: *Hockey Night*
Agriculture: *Drought Rally*
Best Use of Sound:
Bird Banding
Political Reporting: *Absentee*
Spot: *Colch Harbor*
Series/Documentary:
Lewis and Clark
General Reporting: *No Go Joe*

2007 Education Services

Prairie Public knows the learning spark can be kindled at a very young age, and offers engaging resources that encourage a child's natural curiosity and love of learning.

To help their co-viewing parents use Prairie Public's education resources, trained Prairie Public staff travel across the broadcast region to lead free **Ready To Learn** workshops and coordinate school family events.

Teachers know that well-designed educational programming can stimulate children's brains and help them learn, so they use **Prairie Public's instructional resources** to support and expand their classroom instruction. Through television, video on demand, and the Web, students can travel to faraway lands, interact with experts, and find a world of valuable learning. Web resources, including **lesson plans and classroom activities**, further support teachers and their students, and the **Lending Library** stores and loans hundreds of hours of classroom video to member schools upon request—at no charge.

Prairie Public staffers connect with educators at conferences, conventions, and on-site visits—helping to spread the word about the services offered. And online professional development courses through **PBS TeacherLine** bring the learning full circle—training the teachers who help light the lifelong learning spark.

2007 Community Engagement

In addition to building strong neighborhood ties via television, radio, and online communications, Prairie Public connects with its audience at community events across the region.



At **Share A Story** events and other family-centered events, kids of all ages learn about the business of broadcasting, the importance of literacy, and the joy of lifelong learning.

Parents and caregivers learn how to use television as a tool—to help their kids "view actively," develop critical thinking skills, and "talk, read, and do" activities that reinforce their television experiences.



Children across the vi area have made friends with colorful characters from their favorite kids' shows, and hundreds of kids participate annually in the **Reading Rainbow Young Writers and Illustrators Contest**.



Adults benefit from Prairie Public's community engagement, too. **Read ND** returned for its second year with its virtual book club that celebrates and promotes North Dakota literature.

In fiscal year 2007, Prairie Public hosted live **concert performances** with Blue Man Group, Daniel O'Donnell and

Andre Rieu, offered **painting workshops** with Buck Paulson, and screened important documentaries in partnership with the North Dakota Department of Transportation, Audubon Dakota, the Smithsonian Institution, and the Fargo Air Museum.

The Prairie Public Broadcasting Family 06-2007

The Prairie Public Broadcasting Family is fortunate to have dedicated, hardworking and enthusiastic people to guide the organization and serve on its boards and advisory councils.

Prairie Public Broadcasting Board of Directors

The Board of Directors is the governing body of the organization, and members are appointed to serve two three-year terms.

Clyde Allen (Chair), Moorhead, MN
John Andrist (Past Chair), Crosby, ND
Howard Barlow, Fargo, ND
Richard Becker, Grand Forks, ND
Claudia Berg (Vice Chair), Bismarck, ND
Sally Berrell (Secretary), Fargo, ND
Karen Ehrens, Bismarck, ND
John E. Harris III
(President & CEO), Fargo, ND
Ray Holmberg, Grand Forks, ND
Scott Kelsh, Fargo, ND
Leslie Malcolmson, Winnipeg, MB
Dave Monson, Osnabrock, ND
Michael Pole, Bismarck, ND
Samuelson, Bismarck, ND
Sprynczynatyk, Bismarck, ND
Taylor, Winnipeg, MB
Ramona Two Shields, Parshall, ND
Kenneth Zealand (Treasurer), Winnipeg, MB

Television Community Advisory Board

The Television Community Advisory Board reviews the programming goals established and the services provided by Prairie Public and advises the Board of Directors whether the programming and other policies are meeting the specialized educational and cultural needs of the communities served.

James Elletson, Detroit Lakes, MN
Randall Mann, Fergus Falls, MN
Larry Niederhoffer, Winnipeg, MB
Joy Query, Fargo, ND
Albert Samuelson, Bismarck, ND
ShaunAnne Tangney, Minot, ND
Rich Velt, Lake Park, MN



Radio Council

The Radio Council was established to allow the three partners in radio—Prairie Public Broadcasting, University of North Dakota, and North Dakota State University—to be informed about the network's progress and plans and to provide input to management.

Daniel Buchanan, Jamestown, ND
Paul Ebeltoft, Dickinson, ND
Verna Gowin, Hazen, ND
John E. Harris III
(President & CEO), Fargo, ND
Britt Jacobson, Valley City, ND
Dr. Kerry Kerber, Grand Forks, ND
Mary Loyland, Grand Forks, ND
Paul Nyren, Streeter, ND
Michael Pole, Bismarck, ND
Dr. Thomas Riley, Fargo, ND
Dr. Craig Schnell, Fargo, ND

North Central Council for School Television

NCCST is an organization of public schools in North Dakota and northwest Minnesota that contracts with Prairie Public to create a virtual educational service unit and to provide links between educators and educational resources.

Don Blaeser, Fertile-Beltrami Public Schools
Jeff Fastnacht, Ellendale Public Schools
Dr. David Flowers, Fargo Public Schools
Dr. Robert Grosz, Fargo Public Schools
Larry Guggisberg, Roseau Community Schools
Dr. Paul Johnson, Bismarck Public Schools
Steven L. Johnson, Lisbon Public Schools
Jason Kersten, Bottineau Public Schools
Dr. Dave Looyen, Minot Public Schools
David Monson, Edinburg Public Schools
Dr. Mark Sanford, Grand Forks Public Schools
Dr. David Smotte, Jamestown, ND
Steve Swiontek, Devils Lake Public Schools
Robert Tollefson, Washburn/Wilton Public Schools
Robert Toso, Jamestown Public Schools
Dr. Dana Wallace, West Fargo Public Schools
Bradley Webster, Rolette Public Schools



**Prairie Public Broadcasting, Inc.
Annual Financial Report
for the Year Ending 9/30/07**

**Business and
Foundation
Support**

Prairie Public Broadcasting thanks the following businesses and foundations for investing \$1,000 or more in underwriting support for television and radio program services.

Sources	Television		Radio		PPB Total
	Amount	%	Amount	%	
Corporation for Public Broadcasting ¹	\$874,492	14%	\$195,189	8%	\$1,069,681
Membership	\$1,324,161	21%	\$314,400	13%	\$1,638,561
Local Production Funding ²	\$1,578,652	25%	\$112,611	5%	\$1,691,263
State of North Dakota	\$629,995	10%	\$153,076	6%	\$783,071
Grants ⁴	\$426,192	7%	\$1,075,949	44%	\$1,502,141
Underwriting	\$152,424	2%	\$159,530	7%	\$311,954
State of Minnesota	\$271,066	4%	\$0	0%	\$271,066
Fees, Rents	\$627,499	10%	\$228,442	9%	\$855,941
Charitable Gaming	\$394,496	6%	\$161,133	7%	\$555,629
Other	\$24,445	1%	\$24,661	1%	\$49,106
TOTAL SOURCES	\$6,303,422	100%	\$2,424,991	100%	\$8,728,413
Uses					
DTV System Construction	\$305,250	5%	\$0	0%	\$305,250
Programming & Production	\$2,084,944	38%	\$752,565	28%	\$2,837,509
Administration	\$842,628	15%	\$344,172	13%	\$1,186,800
Engineering	\$908,085	16%	\$179,233	7%	\$1,087,318
Fundraising	\$582,322	10%	\$183,099	7%	\$765,421
Long Term Debt Retirement	\$114,341	2%	\$46,703	2%	\$161,044
Information Services	\$273,102	5%	\$84,709	3%	\$357,811
System Upgrade & Replacement	\$302,580	6%	\$1,040,368	37%	\$1,342,948
Transferred to Prairie Public Endowment	\$175,000	3%	\$75,000	3%	\$250,000
TOTAL USES	\$5,588,252	100%	\$2,705,849	100%	\$8,294,101
EXCESS (DEFICIT) SOURCES OVER USES	\$715,170		(\$280,858)		\$434,312

Financial data provided from Eide Bailly LLP audited financial statements of Prairie Public Broadcasting, Inc.

Note 1. Grants include unrestricted support for operations and grants for capital construction and equipment from the Corporation for Public Broadcasting and the U.S. Department of Commerce. Grants for capital construction and equipment totaled \$209,406 for television and \$858,811 for radio.

Note 2. Major funding for local productions was provided by Rural Crime and Justice Center, Minot State University; U.S. Department of Agriculture; N.D. Department of Transportation; and UND Energy & Environmental Research Center.

Additional organizations providing funding are acknowledged in the "Additional Support" section of the annual report.

Local support comprised of membership and underwriting is the largest source of unrestricted support for Prairie Public Broadcasting, Inc.

Platinum Sponsors • \$10,000 or more

Benedictine Health System, Duluth, MN
Blue Cross Blue Shield/Nordian, Fargo, ND
North Dakota Humanities Council, Bismarck, ND
North Dakota State College of Science, Wahpeton, ND

Gold Sponsors • \$5,000 to \$9,999

Alex Stern Family Foundation, Fargo, ND
Basin Electric Power Coop, Bismarck, ND
Eventide, Moorhead, MN
Farhart Wolff P.C., Mohall, ND
Great River Energy/Coop Power, Bismarck, ND
Hornbacher's Foods, Fargo, ND
Inn at the Forks, Winnipeg, MB
MDU Resources Foundation, Bismarck, ND
Nilles Law Firm, Fargo, ND
North Dakota Farm Bureau, Bismarck, ND
Otter Tail Power Company, Fergus Falls, MN

Silver Sponsors • \$2,500 to \$4,999

any Homes, Fargo, ND
Moose Bar & Grill, Grand Forks, ND
Crierhouse Hotel, Winnipeg, MB
Dakota Supply Group, Fargo, ND
Edward Jones, Statewide, ND
Farmers Union Insurance, Jamestown, ND
Gate City Bank, Fargo, ND
Heart Institute of North Dakota, Grand Forks, ND
Kadmas Lee & Jackson, Bismarck, ND
Lignite Energy Council, Bismarck, ND
North Dakota Association of Counties, Bismarck, ND
North Dakota Association of RECs, Bismarck, ND
Nodak Mutual Insurance Co., Fargo, ND
Norsk Hostfest, Minot, ND
North Dakota Education Association, Bismarck, ND
Spirit Lake Casino, Devils Lake, ND
Spotless Janitorial, Bismarck, ND
St. Alexius Medical Center, Bismarck, ND
University of Mary, Bismarck, ND
University of North Dakota, Grand Forks, ND
Vaaler Insurance, Grand Forks, ND
Vogel Law Firm, Fargo, ND
Walrus Restaurant, Bismarck, ND
West Acres Shopping Center, Fargo, ND

Bronze Sponsors • \$1,000 to \$2,499

702 Communications, Moorhead, MN
7th Avenue Auto Salvage, Fargo, ND
Benedictine Health System, Grand Forks, ND
Bing Grains, Grand Forks, ND
Brett & West Engineers, Topeka, KS
Bismarck State College, Bismarck, ND

Bismarck-Mandan Symphony, Bismarck, ND
Bush Foundation, St. Paul, MN
Creative Kitchen, Fargo, ND
Dakota Harvest Bakors, Grand Forks, ND
Dan's Supermarket, Bismarck, ND
David C. Thompson Law, Grand Forks, ND
Devonshire House, Washburn, ND
DFC Consultants, Ltd., Fargo, ND
Diamond Willow, Detroit Lakes, MN
Dickinson State University, Dickinson, ND
Dr. Jay Anderson, DDS, Grand Forks, ND
Family Vision Clinic, Bismarck, ND
Fargo Theatre, Fargo, ND
Hammacher's Inc., Fargo, ND
Hartz Foundation, Thief River Falls, MN
HB Sound & Light, Grand Forks, ND
Independent Living Resource Centre, Winnipeg, MB
Jade Presents, Fargo, ND
Jamestown College Friends of Prairie Public, Jamestown, ND
Lifetime Eyecare Associates, Jamestown, ND
Lundeen Foundation, Fergus Falls, MN
Maring Williams Law Office, Bismarck, ND
Minot Prairie Quilters, Minot, ND
Nash Finch Company, Fargo, ND
North Dakota Bed & Breakfast Association, Wahpeton, ND
North Dakota Farmers Union, Jamestown, ND
Northern Home Furniture & Design, Fargo, ND
Northland College, East Grand Forks, MN
Pearson Christensen & Clapp, Grand Forks, ND
Plum Creek, Fergus Falls, MN
Prairie Business Magazine, Fargo, ND
Ramkota Hotel, Bismarck, ND
Red Star Guitar, Fargo, ND
Retina Consultants Ltd., Fargo, ND
River City Jewelers, Grand Forks, ND
Scan Design, Fargo, ND
Sewing Machines Plus, Mandan, ND
Shultz & Associates, Fargo, ND
Signature Jewelers, East Grand Forks, MN
Stained Glass Workshop, Fargo, ND
Starion Financial, Mandan, ND
State Bank & Trust, Fargo, ND
Tesoro Mandan Refinery, Mandan, ND
The Evergreens, Fargo, ND
The Winery, West Fargo, ND
Turtle Mountain Band of Chippewa Indians, Belcourt, ND
United Tribes Technical College, Bismarck, ND
Valley Imports, Fargo, ND
West Funeral Home, West Fargo, ND
Whitey's Café, East Grand Forks, MN
Xcel Energy, Fargo, ND
Zuger Kirmis & Smith, Bismarck, ND

Investors Circle Support

Prairie Public Broadcasting gratefully acknowledges the generosity and commitment of Investors Circle members, a dedicated group of donors who have made gifts totaling \$1,000 or more between October 1, 2006, and September 30, 2007.

Investors Circle members play a crucial role in helping us to acquire and develop new programs and projects, turn ideas into reality, and fulfill our mission in the communities we serve.

Gold Investors • \$5,000 to \$9,999

Jane Groves, Winnipeg, MB

Silver Investors • \$2,500 to \$4,999

G. W. Battershill, Winnipeg, MB
Joyce and Margaret Beggs, Winnipeg, MB
Noel and Judy Fedje, Fargo, ND
John Klaj, Klaj Juba Architects, Las Vegas, NV
David and Marie Scott, Winnipeg, MB
Kenneth and Pat Zealand, Winnipeg, MB
Anonymous, Fargo, ND (2)

Bronze Investors • \$1,000 to \$2,499

Gloria Y. Anderson, Fargo, ND
Jenaifer, Cindy and Jay Anderson, Lloyd E. Anderson, LP-Pinehurst, Bismarck, ND
John and Elaine Andrist, Crosby, ND
Mr. and Mrs. John C. Arneson, Moorhead, MN
Ray and Barbara Bailey, Winnipeg, MB
MacDonald and Taylor Barnes, Jamestown, ND
Richard and Joanne Becker, Grand Forks, ND
Claudia Berg and Robert Matz, Bismarck, ND
Sally and Robert P. Berrall, Fargo, ND
David and Julie Blehm, Fargo, ND
Kim and Barb Booth, Fargo, ND
Jim Bullis, Fargo, ND
Brad and Julie Burgum, Casselton, ND
Dr. Elizabeth A. Burns and Dr. Roger A. Zinser, Grand Forks, ND
James W. Burns, Winnipeg, MB
Jeffrey T. and Ann Clark, Fargo, ND
Senator Kent Conrad and Lucy Calautti, Washington, DC
Cubex Limited, Winnipeg, MB
Bob and Virginia Dambach, Fargo, ND
Jane Dynes, Fargo, ND
M. Joy and D. Bruce Erickson, Fargo, ND
Dr. David R. Field and Mrs. Sherri Field, Bismarck, ND
Dr. Walter Frank and Mrs. Carolyn Frank, Bismarck, ND
Margot Funke, Winnipeg, MB
Dr. Rosanne Gasse, Brandon, MB
Verna L. Gowin, Hazen, ND
Reuben Gums, Jamestown, ND
Dorothy Gustafson, Detroit Lakes, MN
John and Suzanne Harris, Fargo, ND
Laura A. Hine, East St. Paul, MB
Gregory Hoffman, Fargo, ND
Christie Iverson and Greg Wentz, Bismarck, ND
James and Elizabeth Kertz, Fargo, ND
Drs. Kimberly T. Krohn and John A. Fishpaw, Minot, ND
Carol Jean Larsen, Bismarck, ND
Evelyn M. Larson, Fargo, ND
Michael Marclit, Fargo, ND
Michael M. Miller, Fargo, ND
Anne and Paul Moroz, Winnipeg, MB
Gerald and Jean Newborg, Bismarck, ND
Lee Nordin, Grand Forks, ND
Dave Novodvorsky, Bottineau, ND

Paul and Anne Nyren, Streeter, ND
Richard and Barbara Owens, Bismarck, ND
John Q. Paulsen, Fargo, ND
John and Rebecca Petrik, Bismarck, ND
Michael and Jane Pole, Bismarck, ND
Richard and Arlette Preston—

Seventh Avenue Auto Salvage, Fargo, ND
Harold Pritchard, Winnipeg, MB
Marjorie Reed, Winnipeg, MB
M. Eleanor Rensvold, Fargo, ND
Al and Carol Samuelson, Bismarck, ND
Richard J. and Mary Scott, Winnipeg, MB
Dr. Gus and Mary Staahl, Fargo, ND
Dr. and Mrs. Norman E. Stanger, Winnipeg, MB
Tom Steen, Grand Forks, ND
Karen Stoker-Burgum, Fargo, ND
Dr. Judy A. Strong, Moorhead, MN
Richard Sutton, Winnipeg, MB
Reeh and Pamela Taylor, Winnipeg, MB
Jack and Miriam Treeman, Winnipeg, MB
David and Nan Vaaler, Grand Forks, ND
Joyce and Sidney Waldron, Winnipeg, MB
Anonymous, Anchorage, AK
Anonymous, East Grand Forks, ND
Anonymous, Fargo, ND (2)
Anonymous, Jamestown, ND
Anonymous, Medina, ND
Anonymous, Minot, ND
Anonymous, Winnipeg, MB (7)

T. L. Donat Legacy Circle

Prairie Public Broadcasting extends special recognition to members of the T. L. Donat Legacy Circle. Named for Dr. Ted Donat, Prairie Public's founder, the Legacy Circle provides an opportunity for donors to leave a significant legacy to the community by making a provision for the organization in their wills or through other estate gifts.

The following individuals have authorized Prairie Public to recognize them for their generous legacy commitments.

Paul Hunter, Winnipeg, MB
Carol Jean Larsen, Bismarck, ND
Barbara Owens, Bismarck, ND
Richard Owens, Bismarck, ND
Layton Raean, Fargo, ND
Vick Reynolds, Winnipeg, MB

If you have provided for Prairie Public Broadcasting in your will or trust, please let us know. By doing so, you will help us to plan for the future and will allow us to thank you for your outstanding commitment to the mission of public broadcasting.

Bequests

The following have honored Prairie Public with gifts in their estates. With deep regard, we remember these friends for their special commitment to sustaining Prairie Public for future generations.

Estate of Harvey Malcolm Baker
Estate of Mary Louise Finney
Estate of Olinda Fritzer
Estate of Noel Howell
Estate of Robina Scott Sands
Estate of Edith M. Sears
Estate of Olga E. Wohstor

Endowment: Building the Future

Prairie Public Broadcasting Endowment Fund

The fund, established in fiscal year 2007, is a board-designated fund comprised of unrestricted assets allocated to the fund in accordance with policies adopted by the board of directors. The purpose of the fund is to provide long-term general support to meet the financial needs of Prairie Public. The fund is managed by Bremer Trust based upon the investment policies approved by Prairie Public Broadcasting's board of directors. On September 30, 2007, the fund had a balance of \$250,000.

Other Endowment Funds

Through endowed gifts from many sources, Prairie Public Broadcasting has established endowment funds at the foundations listed below. These professionally managed endowments provide annual interest income that helps ensure the ongoing operation of Prairie Public and maintain programming excellence in the prairie region. Prairie Public thanks those who have established or contributed to these endowed funds and recognizes these foundations for managing the funds at their institutions.

Fargo-Moorhead Area Foundation Fargo, North Dakota

Miss L. Falk Local Production Fund
Lucien L. Barnes and Edna Barnes Fund, a component of the Fargo-Moorhead Area Foundation
Prairie Public Broadcasting Fund:
American Hospital Association for Small or Rural Hospitals
Evelo, Inc.
Anita Marquart Estate
Shirley Orn Weaver for Tom Orn Memorial
Raymond and Bernice Schramm Estate
Hattie Starcher Estate
Carol L. Stoudt Donor Advised Fund (II)

The North Dakota Community Foundation Bismarck, North Dakota

Bremer Banks
Prairie Public Television Fund
Bismarck Prairie Public Television Fund:
Otto Bremer Foundation
Ruth Landfield

The Winnipeg Foundation Winnipeg, Manitoba

W.R. and Linda McQuade Endowed Fund
Prairie Public Television (Manitoba), Inc.
Endowed Funds:
William O. Chubb
Lois Erickson
Margaret Houston
Warren and Lyn Keates
Lawrie Pollard
Anonymous

Additional Support

A broad base of individual, corporate, and foundation support generates substantial municipal, state, and federal support for Prairie Public Broadcasting's services. Funds support operations, capital improvements, and specific outreach programs and productions. Prairie Public received support from the following in fiscal year 2007.

Berdie and Irvin Cohen
Endowment Fund through The Jewish Foundation of Manitoba
Corporation for Public Broadcasting
Forest County Potawatomi
Jamestown College
Lake Agassiz Arts Council
Marshall First Bank
Mississippi Choctaw Tribe
National City
North Dakota Council on the Arts
North Dakota Department of Transportation
North Dakota Humanities Council
National Endowment for the Humanities
through North Dakota State University
North Dakota State University Libraries
Germans From Russia Collection
Otto Bremer Foundation
of St. Paul, Minnesota
Public Broadcasting Service
The Seminole Tribe of Florida
Sisseton Wahpeton Oyate
State of Minnesota
State of North Dakota
Talaris Research Institute
Tri-College International
Watershed (NDSL)
United Sugars Corporation
U.S. Department of Agriculture
Rural Development
U.S. Department of Commerce Public
Telecommunications Facilities Program
U.S. Department of Education
U.S. Department of Justice through a grant from the Rural Crime and Justice Center, Minot State University
University of North Dakota
University of North Dakota Energy and Environmental Research Center—U.S. Department of Energy NETL Program
Winnipeg Foundation

Matching Support

Your gift to Prairie Public Broadcasting helps us qualify for matching grants from sources including the National Endowment for the Humanities. When you renew your membership in Prairie Public or give an additional gift, it is often matching dollar for dollar by those grants. If for some reason you do not wish your membership to be matched by eligible grant funds, please contact us at 800-359-6900 or info@prairiepublic.org

Thank you to the businesses listed below that matched contributions made by their employees to Prairie Public.

3M Foundation
AXA Foundation
Burlington Northern Santa Fe Foundation
Gate City Bank
IBM Corporation
Merrill Lynch & Co. Foundation
Microsoft Matching Gifts Program
Prudential Foundation
US Bankcorp
Xcel Energy Services Inc.

If we have inadvertently omitted or incorrectly acknowledged your support, please contact us at 800-359-6900, ext. 510.

Testimony on HB 1015
Senate Appropriations
John Harris, President & CEO
Prairie Public Broadcasting
March 2, 2009

Mr. Chairman and members of the committee, thank you for the opportunity to speak with you today about the budget request for Prairie Public Broadcasting, North Dakota's public television and radio network.

For the record, I am John Harris, President & CEO of Prairie Public Broadcasting.

In my remarks today I will comment on Prairie Public's services, the status of our conversion to digital technology, and on the appropriation recommended in the Governor's budget.

First, I will summarize Prairie Public's services to the state.

Prairie Public began broadcasting in 1964 with its first television transmitter and offices located in Fargo. Since that time, Prairie Public has grown to serve our region with eight digital television transmitters, eight radio transmitters and eleven radio translators.

North Dakota's public broadcasting network has had a long-standing partnership with the state of North Dakota in providing quality public television and radio services that address important local needs.

Prairie Public works with schools, state agencies, colleges and universities, private foundations, businesses and other entities to create programming that has regional and statewide relevance. We provide comprehensive and in-depth coverage of important issues and statewide news on both radio and television.

Entire families can tune to Prairie Public and find the quality programming for which public broadcasting is known and trusted. In fact, a recent Roper poll asked Americans what they considered to be the "best use of tax dollars." They ranked Public Television second only to Military Defense, and Public Radio was ranked fifth.

Prairie Public's mission is to educate, involve and inspire the people of our region.

Education is at the top of our agenda, so in addition to broadcasting PBS and NPR national offerings such as *Nature*, *NOVA*, *Masterpiece Theatre*, *Morning Edition* and *Car Talk*, Prairie Public locally produces each year quality television and radio programming that focuses on our communities.

Some of the programs produced by Prairie Public recently include *Prairie Churches*; *Reducing Our Footprint: the Role of Carbon Markets*; *Our State Fair: The North Dakota Experience*; and *North Dakota Musicians*. Many more are in production.

Other programs we broadcast that are on-going are *Hear It Now* hosted by Merrill Piepkorn each weekday afternoon on radio and *Prairie Pulse*, a weekly community affairs program on television.

In addition to the *NewsHour with Jim Lehrer*, *BBC World News*, *All Things Considered* and other national news programming, Prairie Public provides local coverage of political and business news. Prairie Public and AARP worked together to provide statewide debates on key elections this past year, and Dave Thompson is once again hosting *Legislative Review* each week throughout the session.

Prairie Public also has a very strong commitment to outreach and community service. By combining public television's greatest assets with local outreach training, Prairie Public has made a positive impact on the lives of our children.

In partnership with The North Central Council for School Television over the years, Prairie Public provides all North Dakota schools with cost effective supplemental classroom resources and services in niche areas of identified need. Thanks to this partnership and partnerships with other public services agencies, Prairie Public leverages a vast repository of local and national public broadcasting resources and grant opportunities to achieve advancement in these areas of need.

Today, Prairie Public supports preK-12 services including classroom resources and teacher effectiveness training, an early childhood education initiative, on-site and online professional development for teachers, and a website for supplemental resources for North Dakota studies.

The Prairie Public and PBS partnership allows schools in North Dakota to take advantage of millions of dollar and years of research for the best possible impact on student achievement.

The state of North Dakota has, for years, played a vital supporting role in the operation of our television, radio and outreach services. While the appropriation from the state does not cover all expenses, the state of North Dakota provides an important part in building the foundation for support from many other sources.

Below you will see a breakdown of our revenue sources and expenditures, and we want to make certain that you understand that Prairie Public is continually seeking revenue from other sources, in order to maximize the investment from the state of North Dakota.

Prairie Public Broadcasting Funding Sources

Members/Business	25%
Earned Income	19%
CPB	14%
Production/Federal Grants	28%
North Dakota	10%
Minnesota	4%

Prairie Public Broadcasting Expenses

Programs	43%
G & A	17%
Engineering	22%
Fund Raising	10%
Information Services	8%

Our most recent Annual Report and a sample of our program guide are also included in your handout.

Next, I will summarize the progress Prairie Public has made toward the federal mandate for TV broadcasters to convert operations from analog to digital.

For the past ten years Prairie Public has been concentrating on meeting the FCC mandate for digital broadcasting. We have signed on eight digital television transmitters and Prairie Public has used a portion of your funding to "match" grants from federal sources.

We have received grants totaling approximately \$21 million in the past 10 years, with over \$16 million of that coming from federal sources. The remaining "matching" dollars have come from the state of North Dakota, the state of Minnesota, and from local resources.

We will continue to use the dollars requested from the state of North Dakota in this biennium to allow us to access federal funds when possible and bring dollars back to our state.

One of the projects under consideration will provide better service to the Williston area. Prairie Public is requesting funding that would allow us to build out a new channel 11 that will more closely replicate our former analog service in that area.

We also want to provide a higher power radio station and bring the latest in FM technology to the Williston area. Currently, many of the surrounding communities rely on small translators that provide marginal service.

The Prairie Public Bismarck facilities continue to have studio conversion needs for the digital transition. We plan to purchase HD studio cameras, an HD production switcher, HD monitors and conversion equipment.

In addition, Prairie Public is concerned about the overall structural integrity of the broadcast towers that serve Minot and Bismarck. To restore the towers' structural loading and safety margins, funding is requested to remove the decommissioned analog equipment and install new LED lighting per FAA specifications as required.

At the present time, I can report that Prairie Public has almost 16,000 active members who contribute annually to help support programming expenses for the organization. These citizens are partners with Prairie Public in providing a strong and viable Public Broadcasting entity for their communities.

I cannot express enough the thanks Prairie Public and its members extend to you for your support. Technology continues to change, but Prairie Public's mission to provide services that educate, involve and inspire has not.

In House Bill 1015 of this biennium's budget, the Governor's budget had recommended \$3,353,338. Today, we ask that you reinstate the \$2,016,000 removed by the House Appropriations Committee and support the Governor's recommendation at its full request level. This allows Prairie Public a base of support to operate the infrastructure plus dollars to continue the digital conversion. In turn, this will allow Prairie Public to provide public television, public radio and educational services to more homes, schools and workplaces throughout the state.

In closing, let me remind you that Prairie Public is a community owned and operated station that belongs to the citizens of our region. It is a public/private partnership that with your support can continue to thrive for all the citizens of North Dakota.

Mr. Chairman and Members of the Committee, on behalf of the Board of Directors and Staff of Prairie Public I thank you for your time and consideration.

Testimony on HB 1015
Senate Appropriations
John Harris, President & CEO
Prairie Public Broadcasting
March 2, 2009

Recap:

Prairie Public Broadcasting is the public television, radio and media services that have served the State of North Dakota for more than forty-three years. We understand that the Governor has requested a hold even budget and we do request continued operating funds of \$1,337,138.

In addition we have requested one time only funding for critical projects.

	Project Costs
Williston Channel 11 DTV (Includes Transmitter & Tower)	1,650,000
Williston High Power Radio	400,000
Bismarck Studio Upgrades	699,980
Grand Forks DTV (KGFE project)	398,395
Fargo Studio Upgrade and Lighting Package	480,000
Minot & Bismarck analog tower eq. removal & LED Lighting	275,000
Ellendale Transmitter/Antenna Equipment	152,424
	4,055,799
State Request	2,016,202
Remaining Funds to be generated	2,039,597

The above projects are listed in priority order. While these are not the total project needs for Prairie Public, these are critical projects that require attention. The total cost for the listed projects is estimated at \$4,055,799. Prairie Public will continue to seek matching grants to assist with the funding but the grant programs are competitive and Prairie Public might not receive funding for all the grants we submit. If this occurs, we would have to reevaluate the priorities and complete the projects that we can, with the funding available. Therefore, Prairie Public is requesting the additional project funding of \$2,016,200.

Mr. Chairman and Members of the Committee, thank you for your time and consideration. If have further questions, please let me know.

2

Mathern, Tim

Subject: FW: Flood-Related Expenses

From: Sprynczynatyk, David MG NGND [mailto:david.sprynczynatyk@us.army.mil]

Sent: Wednesday, April 29, 2009 9:53 AM

To: Mathern, Tim; Woeste, Roxanne K.

Cc: Krauter, Aaron J.

Senator,

As I read and understand 2012 there is enough to cover 50% of the local cost share based on a 90/10% federal cost share. The end result will be 90/7/3%, federal/state/local.
Dave

From: Mathern, Tim

To: Sprynczynatyk, David MG NGND; Woeste, Roxanne K.

Cc: Krauter, Aaron J.

Sent: Wed Apr 29 09:29:58 2009

Thanks Dave.

Roxanne, Is there enough \$ in 2012 so counties, cities, and townships have the match money needed for the potential \$200 million expenditure?

From: Sprynczynatyk, David MG NGND [mailto:david.sprynczynatyk@us.army.mil]

Sent: Wednesday, April 29, 2009 9:05 AM

To: Mathern, Tim; Woeste, Roxanne K.

Senator,

No, flood response and recovery is estimated at up to \$200 million. We won't have final numbers for some time, but we feel pretty good about the \$200 million figure. The only time I have heard reference to one billion dollars is in the context of the cost of permanent flood control for Fargo and the area. I know the Governor has been a part of that discussion.
Dave

From: Mathern, Tim

To: Woeste, Roxanne K.

Cc: Sprynczynatyk, David MG NGND

Sent: Wed Apr 29 08:55:53 2009

Subject: RE: Flood-Related Expenses

thought Governor was saying this would be 1 billion.

am asking what costs are of any nature where the item might have a match requirement to federal funds.

From: Woeste, Roxanne K.

Sent: Wednesday, April 29, 2009 8:45 AM

To: Mathern, Tim

Senator Mathern,

This email is in response to your request regarding a summary of flood-related expenses for the recent disasters by general category. The Adjutant General has informed the Legislative Council office that the current cost estimate for state and local costs for flooding disasters is approximately \$200 million. The Adjutant General is in the process of putting together a summary of the expenses by general category. We will provide you a copy of the summary as soon as it is received.

Roxanne Woeste

Roxanne Woeste

Tim Mather

Disaster Recovery and Mitigation

Disaster Recovery manages and coordinates presidential declared disaster including Public Assistance and Hazard Mitigation. Nationally, North Dakota is on states that maintain a "managing state" status. The Division of Homeland Security disaster program management responsibilities instead of FEMA; however, coordin FEMA is an on-going process. When damages during an event exceed the predetermined threshold, a Presidential Declaration results and activates federal disaster programs. Nearly one billion dollars in assistance have been distributed to local, state entities since 1993. There are three specific programs that are coordinated through the Disaster Recovery Section

The Public Assistance Program (PA) provides aid to state or local governments to pay the costs of repair or rebuild a community's damaged public infrastructure, public and public parks to pre-disaster condition. Generally, public assistance programs pay 75 percent of the approved project costs. Public Assistance may include debris emergency protective measures and public services, repair of damaged public property needed by communities for essential government functions and grants for public school. The remaining 25 percent is a shared state and local responsibility.

The Individual and Households and Other Needs Assistance Program (IA) provides assistance up to predetermined limits for home damage repair, transportation replacement, and funeral expenses. IA provides several areas of assistance to include funding for crisis counseling, unemployment assistance, and loans from the Small Business Administration. IA funds will not duplicate any funds being covered by insurance or other federal program. IA funds are restricted in total amount that will be paid out. The cost equates to 75 percent federal and 25 percent state.

The Unified Hazard Mitigation Assistance Program (HMA) provides funding for projects that will reduce or permanently eliminate future risk to lives and property. Home acquisition, floodways and floodplains, lift station repair and construction of flood walls are three types of qualifying projects. There are five specific programs funded through the HMA program; Hazard Mitigation Grant Program (HMGP), Pre-Disaster Mitigation Grant Program (PDM), Flood Mitigation Grant Program (FMA), Repetitive Flood Claims Grant Program (RFCGP) and the Severe Repetitive Loss Grant Program (SRL). The federal cost share is 75 percent. Depending on the program, the remaining 25 percent is a state and/or local responsibility.

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More North Dakota counties qualify for federal disaster assistance

The Federal Emergency Management Agency has approved additional federal funding for 16 counties and two American Indian reservations in North Dakota.

The Federal Emergency Management Agency has approved additional federal funding for 18 counties and two American Indian reservations in North Dakota.

In total, 43 counties and three reservations have been approved for a wide range of public assistance programs, which pay 75 percent of the cost of emergency work or replacement of disaster-damaged facilities.

Of those 43 counties, 31, including Grand Forks, have been approved for the full range of FEMA public assistance. Those counties also may apply for assistance from the Hazard Mitigation Grant Program, which will provide additional resources, including road and bridge repair, debris removal and assistance with buildings, equipment and water control facilities.

The 12 newly declared counties eligible for public assistance are Bottineau, Bowman, Eddy, Griggs, McHenry, Mountrail, Pierce, Steele, Towner, Traill, Ward and Wells.

Grand Forks County also is among 33 counties approved for individual assistance, making low-cost disaster loans available from the U.S. Small Business Administration. Grant, McHenry, Oliver, Pierce, Stark, Walsh and Ward counties, as well as the Spirit Lake and Standing Rock reservations, have been added to that list.

To register for FEMA disaster assistance, call (800) 621-3362, (800) 462-7585 or log on to www.disasterassistance.gov.

For more information on North Dakota recovery, log on to www.fema.gov/midwestfloods.

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Northwood Debt Before and After Tornado Damage			
City		School	
Street Revenue	\$530,000.00	General Obligation	\$1,090,000.00
Sewer Revenue	\$520,000.00	State School Const. Loan	\$428,700.00
Water Revenue	\$697,800.00	Johnson Controls	\$289,500.00
Electrical Revenue	\$570,000.00		
	\$2,317,800.00		\$1,808,200.00
Issued after Tornado		Issued after Tornado	
School Special Assessment	\$725,000.00	State Loan	\$1,700,000.00
Mobile Home Development	\$150,000.00		
Totals	\$3,192,800.00		\$3,508,200.00

Taxes Lost Due to Abatements				
Entity	Mills	Value	Taxes lost	Total by Entity
City	76.1	1,309,200	\$4,482.77	\$4,482.77
County	105.0	1,309,200	\$6,187.74	\$6,187.74
Park	31.3	1,309,200	\$1,844.60	\$1,844.60
Fire	5.0	1,309,200	\$294.57	\$294.57
School Gen	185.0	1,309,200	\$10,899.09	
School S & I	29.7	1,309,200	\$1,749.75	\$13,532.55
School Bldg	10.0	1,309,200	\$589.14	
Technology	5.0	1,309,200	\$294.57	
State	1.0	1,309,200	\$58.91	\$58.91
Garrison Diversion	1.0	1,309,200	\$58.91	\$58.91
GF Soil Conservation	1.0	1,309,200	\$58.91	\$58.91
Totals	450.1		\$26,518.96	\$26,518.96

Northwood Disaster Expenses and Cost Share					
	Total Damage	Insurance	Amount After Insurance	15% Local Share	1/2 of Local Share
City	\$3,197,909.24	\$404,024.72	\$2,793,884.52	\$419,082.68	\$209,541.34
Airport	\$51,685.85	\$42,815.85	\$8,870.00	\$1,330.50	\$665.25
Fire District	\$308,709.62	\$285,113.99	\$23,595.63	\$3,539.34	\$1,769.67
Park District	\$149,075.18	\$124,540.90	\$24,534.28	\$3,680.14	\$1,840.07
School District	\$14,253,381.00	\$7,600,000.00	\$6,653,381.00	\$998,007.15	\$499,003.58
(Non-covered)	\$1,763,495.00	\$0.00	\$0.00	\$1,763,495.00	\$881,747.50
					1,380,751.00
	\$19,724,255.89	\$8,456,495.46	\$9,504,265.43	\$3,189,134.81	\$1,594,567.41

*School non-covered items: land cost, infrastructure, demolition (foundation removal), bid higher than estimate

Northwood Public School Finance Fact Sheet

MILL LEVY

Northwood Public School is at the maximum of mills it can levy in the following categories:

General Fund	185 mills
Technology	5 mills
Building Fund	10 mills
Sinking & Interest	32 mills
Total	232 mills (The State Average is 217 and Northwood is ranked 11 th among High School Districts)

DEBT LOAD

Maximum debt load for the Northwood Public School is approximately 3 million dollars. This is a maximum set by state law and is based on our total taxable valuation.

PRE-TORNADO DEBT

2004 General Obligation Bonds	1,090,000
2004 State School Construction Loan Refinanced	428,700
Johnson Controls payoff	<u>289,500</u>
TOTAL	1,808,200

POST-TORNADO DEBT (2009 balances)

2004 General Obligation Bonds	995,000
2004 State School Construction Loan Refinanced	370,000
2008 State School Construction Loan	<u>1,640,000</u>
SUBTOTAL	3,005,000
Special Assessment	<u>725,000</u>
TOTAL	3,730,000

BUILDING PROJECT COSTS (FEMA participation)

Total	12,851,271.00
Insurance deduct	7,600,000.00
FEMA share	3,938,453.25
State share	525,127.10
Northwood share	787,690.35

BUILDING PROJECT COSTS (ACTUAL)

TOTAL	13,415,913
Additional NW share	564,632

SITE COSTS (no FEMA participation in any site costs)

Northwood cost:	1,041,700
Land Acquisition	114,000

DEMOLITION COSTS (FEMA participation)

Total	335,443
FEMA	251,582
State	33,544
Northwood	50,316

DEMOLITION COSTS (no FEMA participation)

Northwood Cost:	43,163
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OTHER PROJECT WORKSHEETS (PW'S)

Estimated other costs, such as relocation, storage, etc:

Total	1,066,667
FEMA	800,000
State	106,666
Northwood share:	160,000

TOTAL NORTHWOOD COST OF PROJECT

New Building	787,691
Additional Bldg costs	564,632
Site Costs	1,041,700
Land purchase	114,000
Demolition	50,316
Additional Demolition	43,163
Other project wkshts	160,000
GRAND TOTAL:	2,761,502