

# NORTH DAKOTA LEGISLATIVE COUNCIL

## Minutes of the

### BUDGET SECTION

Tuesday, June 23, 2009  
Senate Chamber, State Capitol  
Bismarck, North Dakota

Senator Ray Holmberg, Chairman, called the meeting to order at 9:00 a.m.

**Members present:** Senators Ray Holmberg, Randel Christmann, Ralph L. Kilzer, Aaron Krauter, Karen K. Krebsbach, Elroy N. Lindaas, Tim Mathern, Carolyn Nelson, David O'Connell, Larry J. Robinson, Bob Stenehjem, Rich Wardner, John Warner; Representatives Larry Bellew, Rick Berg, Merle Boucher, Al Carlson, Jeff Delzer, Mark A. Dosch, Kathy Hawken, James Kerzman, Matthew M. Klein, Gary Kreidt, Joe Kroeber, Bob Martinson, Ralph Metcalf, Shirley Meyer, David Monson, Jon Nelson, Kenton Onstad, Chet Pollert, Bob Skarphol, Ken Svedjan, Blair Thoreson, Don Vigesaa, Francis J. Wald, Alon C. Wieland, Clark Williams

**Members absent:** Senators Bill Bowman, Tom Fischer, Tony S. Grindberg, Tom Seymour; Representatives Mary Ekstrom, Eliot Glassheim, Lee Kaldor, Keith Kempenich

**Others present:** Jim W. Smith, Director, Legislative Council

See [Appendix A](#) for additional persons present.

The legislative budget analyst and auditor reviewed the Legislative Council rules of operation and procedure for the 2009-10 interim.

### BUDGET SECTION DUTIES AND RESPONSIBILITIES FOR THE 2009-10 BIENNIUM

At the request of Chairman Holmberg, the Legislative Council staff presented a memorandum entitled [Budget Section Duties and Responsibilities for the 2009-11 Biennium](#). The memorandum lists the following Budget Section duties for the 2009-11 biennium:

1. Receive a status report on the State Board of Agricultural Research and Education (North Dakota Century Code (NDCC) Section 4-05.1-19(10)).
2. Receive statement from ethanol plants in operation before July 1, 1995, that received production incentives (Section 17-02-01).
3. Consider requests for higher education campus improvements and building construction (Section 15-10-12.1).
4. Receive report on sources of local funds received for construction projects of entities under the State Board of Higher Education (Section 15-10-12.3).
5. Consider designation of a center of excellence (Section 15-69-02).
6. Receive annual audits from center of excellence-awarded funds under Chapter 15-69 (Section 15-69-05).
7. Consider Game and Fish Department land acquisitions (Section 20.1-02-05.1).
8. Receive report on annual audits of renaissance fund organizations (Section 40-63-07(9)).
9. Receive report identifying every state agency that has not submitted a claim for property belonging to that agency (Section 47-30.1-24.1).
10. Consider relinquishment of agency rights to recover property (Section 47-30.1-24.1).
11. Consider requests to change or expand state building construction projects (Section 48-01.2-25).
12. Receive report on job insurance trust fund (Section 52-02-17).
13. Receive report on irregularities in the fiscal practices of the state (Section 54-14-03.1).
14. Consider requests for transfers exceeding \$50,000 (Section 54-16-04(2)).
15. Consider requests to accept and spend more than \$50,000 of federal funds which were not appropriated (Section 54-16-04.1).
16. Consider requests to accept and spend more than \$50,000 of other funds which were not appropriated (Section 54-16-04.2).
17. Consider requests for transfers of spending authority from the state contingencies appropriation exceeding \$50,000 (Section 54-16-09).
18. Receive report on tobacco settlement funds (Section 54-44-04(23)).
19. Prescribe form of budget data (Section 54-44.1-07).
20. Receive report on specified commodities and services exempted from the procurement requirements of Section 54-44.4-02.2.
21. Consider requests by the Information Technology Department to finance the purchase of software, equipment, or implementation of services (Section 54-59-05(4)).
22. Receive a report from the Information Technology Department (Section 54-59-19).

23. Receive periodic reports on the status of the risk management workers' compensation program (Section 65-04-03.1(5)).
24. Review and report on budget data (Legislative Council directive).
25. Consider requests by the Board of University and School Lands to invest in real property (Section 15-03-04).
26. Consider requests by the Game and Fish Department to reduce the balance of the game and fish fund below \$15 million (Section 20.1-02-16.1).
27. Consider the provision of contract services by the Developmental Center (Section 25-04-02.2).
28. Consider a waiver of exemption of special assessments levied for flood control purposes on state property (Section 40-23-22.1).
29. Consider requests to terminate the food stamp program (Section 50-06-05.1(17)).
30. Consider requests to terminate the energy assistance program (Section 50-06-05.1(19)).
31. Consider requests for transfers which will result in program elimination (Section 54-16-04(1)).
32. Consider requests to accept federal funds for a specific purpose or program which were not appropriated (Section 54-16-04.1(4)).
33. Receive reports on new correctional programs which exceed \$100,000 of cost during a biennium (Section 54-23.3-09).
34. Consider requests to use money in the capital improvements preliminary planning revolving fund (Section 54-27-22).
35. Consider requests to use cashflow financing (Section 54-27-23).
36. Receive report on transfers from the budget stabilization fund (Section 54-27.2-03).
37. Receive reports on purchases of "put" options (Section 54-44-16).
38. Consider objecting to budget allotments or expenditures (Section 54-44.1-12.1).
39. Consider the reduction of budgets due to initiative or referendum action (Section 54-44.1-13.1).
40. Consider requests for the distribution of Children's Services Coordinating Committee grants (Section 54-56-03).
41. Receive report on reductions made in homestead property income tax credit (Section 57-38-01.29).
42. Consider request to reduce the commercial property income tax credit (Section 57-38-01.30).
43. Consider extraterritorial workers' compensation insurance (Section 65-08.1-02).
44. Hold legislative hearings for federal block grants (2009 Senate Concurrent Resolution No. 4001).
45. Receive report on the number of employees receiving bonuses above the 25 percent limitation (Section 54-06-30 and 2009 House Bill No. 1030, Section 1).
46. Consider authorization of additional full-time equivalent (FTE) positions (Section 54-16-04.3 and 2009 House Bill No. 1027, Section 2).
47. Receive report on the status of the metrology program (2009 House Bill No. 1008, Section 3).
48. Receive report regarding any transfers between line items and between subdivisions in excess of \$50,000 (2009 House Bill No. 1012, Section 7).
49. Receive quarterly reports regarding the implementation of the comprehensive tobacco prevention and control plan and outcomes achieved (2009 House Bill No. 1015, Section 38).
50. Receive report regarding reintegration program expenditures and the program's impact on service members (2009 House Bill No. 1016, Section 11).
51. Receive reports regarding the status of the construction of the Great Plains Applied Energy Research Center (2009 House Bill No. 1350, Section 2).
52. Receive quarterly written summary reports regarding the status of the Veterans' Home construction project (2009 Senate Bill No. 2007, Section 8).
53. Receive semiannual reports regarding the status of implementation of the commercial vehicle information systems and networks (2009 Senate Bill No. 2011, Section 7).
54. Receive report regarding emergency snow removal grants distributed to counties, townships, and cities before June 30, 2009 (2009 Senate Bill No. 2012, Section 7).
55. Receive reports in the fourth quarter of 2009 and the third quarter of 2010 regarding emergency disaster relief grants awarded to political subdivisions (2009 Senate Bill No. 2012, Section 8).
56. Receive periodic reports regarding the use of state, federal, emergency, and other highway funding (2009 Senate Bill No. 2012, Section 11).
57. Receive summary report regarding the results of a consultant's evaluation of the Mill and Elevator (2009 Senate Bill No. 2014, Section 11).
58. Receive report regarding the status of the technology-based entrepreneurship grant program (2009 Senate Bill No. 2018, Section 13).
59. Receive report regarding tax-exempt property by school district (2009 Senate Bill No. 2018, Section 14).
60. Receive report regarding the status of the centers of excellence program and the centers

- of excellence fund (2009 Senate Bill No. 2018, Section 28).
61. Receive report regarding the status of the Veterans' Home exterior finishing construction projects (2009 Senate Bill No. 2075, Section 4).
  62. Receive report regarding the status of financing and grants provided to early childhood facilities (2009 Senate Bill No. 2225, Section 4).
  63. Receive periodic reports regarding the status of health information technology activities (2009 Senate Bill No. 2332, Section 7).
  64. Receive periodic reports regarding 2009 flood disaster-related expenditures, transfers, reimbursements, and general fund deposits (2009 Senate Bill No. 2444, Section 5).
  65. Consider authorizing the expenditure of additional federal stimulus or fiscal recovery funds in excess of funds appropriated for certain state agencies.
  66. Consider request for Secretary of State to borrow up to \$3,400,698 from the Bank of North Dakota for implementation of the North Dakota business development engine computer project (2009 House Bill No. 1002, Section 3).
  67. Consider request for the Agriculture Commissioner to lease additional office space (2009 House Bill No. 1009, Section 8).
  68. Consider request for Department of Human Services to borrow \$8.5 million from the Bank of North Dakota for medical assistance grants (2009 House Bill No. 1012, Section 4).
  69. Consider authorizing the spending of any additional federal funds that may be made available to this state under the American Recovery and Reinvestment Act of 2009 (2009 House Bill No. 1487, Section 1).
  70. Consider request for annual tuition increase of more than 4 percent (2009 Senate Bill No. 2003, Section 30).
  71. Consider request from the Department of Emergency Services to spend funds for matching federal disaster relief (2009 Senate Bill No. 2012, Sections 6 and 8).
  72. Consider request for 1 FTE position relating to minerals management (2009 Senate Bill No. 2013, Section 6).
  73. Consider a contingent appropriation if federal funds are not available for costs associated with a statewide longitudinal data system (2009 Senate Bill No. 2021, Section 3).
  74. Consider conducting budget tours and receiving budget tour group reports.
  75. Receive federal funds report.

### STATUS OF THE STATE GENERAL FUND

Chairman Holmberg called on Ms. Pam Sharp, Director, Office of Management and Budget, to present a report on the status of the general fund. A

copy of the information presented is on file in the Legislative Council office.

Ms. Sharp presented the following information on the status of the state general fund for the 2007-09 biennium based on revenue collections through May 2009:

Unobligated general fund balance - July 1, 2007		\$295,541,176
Add		
General fund collections through May 2009	\$2,561,941,484	
Forecasted general fund revenue for the remainder of the 2007-09 biennium	160,790,321	
Total estimated general fund revenue for the 2007-09 biennium		\$2,722,731,805
Total available		\$3,018,272,981
Less		
2007-09 biennium general fund ongoing appropriations	(\$2,317,447,307)	
2007-09 biennium general fund one-time appropriations	(139,526,649)	
Contingent appropriation (Section 50 of Senate Bill No. 2200)	(5,000,000)	
Supplemental (deficiency) appropriations	(112,339,319)	
Total appropriations		(\$2,574,313,275)
Estimated transfer to the budget stabilization fund <sup>1</sup>		(\$124,936,548)
Add		
Estimated unspent authority		62,224,701
Estimated general fund balance - June 30, 2009		\$381,247,859

<sup>1</sup>Transfer based on the required balance in the budget stabilization fund as determined by total appropriations approved by the 2009 Legislative Assembly.

Ms. Sharp said the supplemental 2007-09 deficiency appropriations approved by the 2009 Legislative Assembly totaled \$112 million, including approximately \$60 million for distributions to the state and political subdivisions for weather-related cost-sharing and a \$43 million transfer to the state disaster relief fund. Estimated unspent authority relates primarily to the Department of Human Services.

Ms. Sharp said the June 30, 2009, general fund balance estimated at the close of the 2009 Legislative Session was approximately \$321 million, \$60 million less than the current estimate. She said the increase is the result of greater than anticipated revenues during January through May 2009.

Representative Boucher requested information on the status of the state's major trust funds, including information on each fund's current balance compared to two years ago and the effect of any investment gains or losses on each fund during the past two years. Chairman Holmberg asked the Office of

Management and Budget to provide this information to the Budget Section at its next meeting.

Ms. Sharp presented the following information on the status of the permanent oil tax trust fund for the 2007-09 biennium:

Beginning permanent oil tax trust fund balance - July 1, 2007	\$143,270,662
Add	
Revenue collections through May 2009	460,414,586
Forecasted revenues for the remainder of the 2007-09 biennium (based on 2009 legislative forecast assumptions for oil price and production)	17,633,786
Total estimated funds available	\$621,319,034
Less expenditures and transfers	
Authorized by the 2007 Legislative Assembly	(145,716,541)
Authorized by the 2009 Legislative Assembly	(250,000)
Estimated permanent oil tax trust fund balance - June 30, 2009	\$475,352,493

Ms. Sharp said North Dakota oil production for April 2009 was 196,383 barrels per day, up slightly from 195,700 in March 2009. She said the current oil price is approximately \$60.40 per barrel and the rig count is 41, 34 fewer rigs than were operating in the state one year ago.

Ms. Sharp presented information on general fund revenue collections for May 2009 and the 2007-09 biennium to date. She said compared to the original 2007-09 legislative forecast, actual sales tax collections for May were \$6 million less than estimated, but for the biennium to date sales tax collections exceed the legislative forecast by \$132.7 million or 15.3 percent. She said individual income tax collections exceeded the legislative forecast for May by \$18.5 million and are \$184 million or 38.3 percent more than the original legislative forecast for the biennium to date. She said total revenues collected for the month exceeded the original legislative forecast by \$15.4 million and biennium to date are \$463.9 million or 22.1 percent more than the legislative forecast. She said the increase is primarily due to biennium to date increases in sales tax and individual and corporate income tax collections. She said corporate income tax collections have exceeded the biennium to date forecast by \$84.9 million or approximately 63.1 percent.

In response to a question from Senator Christmann, Ms. Sharp said the consumer price index has decreased 1.3 percent from one year ago, indicating it is unlikely the increases in sales tax revenue are the result of inflation. She said the Office of Management and Budget will work with the Tax Department to provide information on the individual economic sectors showing growth.

### TOBACCO SETTLEMENT PROCEEDS

Ms. Sharp presented information on the status of tobacco settlement proceeds received by North Dakota. She said the state received its most recent tobacco settlement payment in April 2009. She said

the total payments received to date are \$272.3 million and the next payment is anticipated to be received in April 2010. She said funds were deposited into two accounts as directed in the initiated measure adopted by voters in November 2008. She said the April 2009 payment totaled \$39.1 million, of which \$25 million was deposited in the tobacco settlement trust fund and \$14.1 million was deposited in the tobacco prevention and control trust fund. A copy of the report is on file in the Legislative Council office.

### IRREGULARITIES IN THE FISCAL PRACTICES OF THE STATE

Pursuant to NDCC Section 54-14-03.1, Ms. Sharp presented information on irregularities in the fiscal practices of the state. A copy of the information presented is on file in the Legislative Council office.

Ms. Sharp said the state agencies with fiscal irregularities include:

Agency	Amount	Reason
Office of Management and Budget	\$600	Temporary work to perform duties of vacant receptionist position
Aeronautics Commission	\$5,088	Temporary increase for interim director of the agency
Game and Fish Department	\$1,200	Temporary additional work for two individuals to share game warden supervisor duties
Department of Human Services	\$34,000	Severance pay resulting from a settlement agreement

### EQUITY POOL ALLOCATIONS

Ms. Sharp presented information on the 2009-11 biennium salary equity pool allocations. She said \$15.9 million, of which \$9 million is from the general fund, was allocated to 37 agencies. She said the executive recommendation provided equity adjustments in agency budgets totaling \$24.3 million, of which \$14 million was from the general fund. She said the Office of Management and Budget reviewed the executive recommendation, occupational and market disparities, economic growth areas, internal pay equity, recruitment, retention, and equity received in the 2007-09 biennium to determine the salary equity allocations.

Representative Berg requested the Office of Management and Budget provide a report comparing the salary equity pool allocations to equity amounts recommended in the 2009-11 Governor's budget. Later, Ms. Sharp provided the report and said nine agencies which would have received equity funding under the executive recommendation did not receive equity from the salary equity pool. A copy of the information presented is on file in the Legislative Council office.

Representative Carlson asked that additional information be provided on selected agencies that have had pay and market equity concerns, including specific information on how salary equity increases for the 2007-09 and 2009-11 bienniums have affected the

salaries of the affected employees and how the general salary increase funds were distributed to these and other employees within the agency. Chairman Holmberg asked the Office of Management and Budget to provide this information at the next Budget Section meeting.

Representative Berg asked for information summarizing how general salary increases were distributed among employees for each agency and the effect these distribution methods have had on salary compression issues of agencies. Chairman Holmberg asked the Office of Management and Budget to provide this information at the next Budget Section meeting.

Senator Warner asked for information on federal stimulus funds being retained by agencies for administration purposes. Chairman Holmberg asked the Office of Management and Budget to provide this information at the next Budget Section meeting.

### **AGENCY REQUESTS AUTHORIZED BY THE EMERGENCY COMMISSION**

Chairman Holmberg directed the Budget Section to consider agency requests which have been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to NDCC Sections 54-16-04.1, 54-16-04.2, and 54-16-09. The information relating to the requests was provided to the Budget Section prior to the meeting and is on file in the Legislative Council office.

#### **Department of Agriculture (Request #1698)**

Mr. Wayne Carlson, Program Manager, Department of Agriculture, provided information regarding a request to increase the grants line item by \$1 million to accept federal funds (\$750,000) and funding from the Office of Management and Budget (\$250,000) to assist livestock producers affected by severe winter conditions and spring flooding. The \$250,000 of funding from the permanent oil tax trust fund was appropriated to the Office of Management and Budget for the 2007-09 biennium in Section 3 of 2009 House Bill No. 1015. He said 301 applicants submitted claims totaling \$2.3 million. He said three types of claims were accepted--transportation of feed, flooded feed, and snow removal.

In response to a question from Representative Meyer, Mr. Carlson said documentation of loss was accepted from county agents, bankers, and other individuals. He said the program ends July 3, 2009, with payments to be made by July 15.

**It was moved by Representative Kerzman, seconded by Representative Kroeber, and carried on a roll call vote that pursuant to NDCC Sections 54-16-04.1 and 54-16-04.2 the Budget Section approve the request from the Department of Agriculture, which has been approved by the Emergency Commission, to increase the grants line item by \$1 million to accept federal funds (\$750,000) and funding from the Office of**

**Management and Budget (\$250,000) to assist livestock producers affected by severe winter conditions and spring flooding.** Senators Holmberg, Christmann, Kilzer, Krauter, Krebsbach, Lindaas, Mathern, Nelson, O'Connell, Robinson, Stenehjem, Wardner, and Warner and Representatives Bellew, Berg, Boucher, Delzer, Dosch, Hawken, Kerzman, Klein, Kreidt, Kroeber, Metcalf, Meyer, Monson, Nelson, Onstad, Pollert, Skarphol, Svedjan, Thoreson, Vigesaa, Wald, Wieland, and Williams voted "aye." No negative votes were cast.

#### **Veterans' Home (Request #1699)**

Ms. Sharp presented information regarding a request by the Veterans' Home to transfer \$25,000 from the capital assets line item to the operating expenses line item and to increase special funds spending authority in the operating expenses line item by \$75,000. She said the transfer and additional special funds spending authority are for increased operating expenses related to contract nursing and other operating costs, including utilities, travel, and supplies.

In response to a question from Representative Delzer, Ms. Sharp said the special funds are from fees charged nursing home residents.

In response to a question from Representative Skarphol, Ms. Lori Laschkewitsch, Budget Analyst, Office of Management and Budget, said collections have been more than budgeted for the 2007-09 biennium resulting in additional special funds being available.

Representative Delzer asked the Office of Management and Budget to provide information regarding the actual amount of Veterans' Home special funds carryover to the 2009-11 biennium compared to the anticipated amount of special funds carryover.

**It was moved by Senator Robinson, seconded by Senator Wardner, and carried on a roll call vote that pursuant to NDCC Section 54-16-04.2 the Budget Section approve the request from the Veterans' Home, which has been approved by the Emergency Commission, to transfer \$25,000 from the capital assets line item to the operating expenses line item and to increase special funds spending authority in the operating expenses line item by \$75,000.** Senators Krauter, Krebsbach, Lindaas, Mathern, Nelson, O'Connell, Robinson, Wardner, and Warner and Representatives Boucher, Hawken, Kerzman, Klein, Kreidt, Kroeber, Martinson, Metcalf, Meyer, Monson, Nelson, Onstad, Wald, and Williams voted "aye." Senators Holmberg, Christmann, Kilzer, and Stenehjem and Representatives Bellew, Carlson, Delzer, Dosch, Pollert, Skarphol, Svedjan, Thoreson, Vigesaa, and Wieland voted "nay."

### **Valley City State University (Request #1701)**

Dr. Steven W. Shirley, President, Valley City State University, presented information regarding a request by Valley City State University for \$276,596 from the 2007-09 state contingencies appropriation to increase the capital assets line item for repairs needed to the W. E. Osmon Fieldhouse. Dr. Shirley said the university had allocated \$100,000 of its 2009-11 deferred maintenance appropriation for the repair, but the total cost is now anticipated to be at least \$500,000. He said the university had also requested \$125,000 from the 2009-11 state contingencies appropriation which, when combined with the \$100,000 deferred maintenance appropriation and the \$276,596 contingency request, would have totaled approximately \$500,000, but that request was not approved by the Emergency Commission.

In response to a question from Representative Carlson, the legislative budget analyst and auditor said Valley City State University received appropriations of approximately \$1.5 million for extraordinary repairs; \$1 million for the development of a campus master plan and other campus repairs; and \$800,000 for support of strategic campus goals, including capital needs for the 2009-11 biennium. The legislative budget analyst and auditor said the 2007-09 biennium appropriation for extraordinary repairs was approximately \$796,000.

In response to a question from Representative Skarphol, Ms. Trudy Sipe-Collins, Vice President for Business Affairs, Valley City State University, said deferred maintenance needs at the university total \$7.2 million.

**It was moved by Senator Robinson, seconded by Senator Nelson, and carried on a roll call vote that pursuant to NDCC Section 54-16-09 the Budget Section approve the request from Valley City State University, which has been approved by the Emergency Commission, for \$276,596 from the 2007-09 state contingencies appropriation to increase the capital assets line item for repairs needed to the W. E. Osmon Fieldhouse.** Senators Holmberg, Krauter, Krebsbach, Lindaas, Mathern, Nelson, O'Connell, Robinson, Wardner, and Warner and Representatives Bellew, Boucher, Hawken, Kerzman, Klein, Kroeber, Metcalf, Meyer, Nelson, Onstad, Pollert, Wald, and Williams voted "aye." Senators Christmann, Kilzer, and Stenehjem and Representatives Berg, Carlson, Delzer, Dosch, Kreidt, Martinson, Monson, Skarphol, Svedjan, Thoreson, Vigesaa, and Wieland voted "nay."

### **UNIVERSITY OF NORTH DAKOTA - ACCEPTANCE OF DONATED ASSET**

Chairman Holmberg called on Mr. Rick Tonder, Associate Director of Facilities Planning, University of North Dakota, to present information regarding a request to accept a \$1.3 million addition to Harrington Hall (Jodsaas Center) on the University of North Dakota campus pursuant to NDCC Section

15-10-12.1. Mr. Tonder said in October 2007 the Budget Section approved the university's request to accept and spend \$1.3 million in donated funds for an addition to Harrington Hall. He said the University of North Dakota is requesting the Budget Section to approve this request to allow the university to accept the gift in the form of a completely constructed building rather than the gift of donated funds as previously approved by the Budget Section. He said the project is being financed and constructed by the University of North Dakota Alumni Foundation. A copy of the information presented is on file in the Legislative Council office.

**It was moved by Representative Wald, seconded by Senator Robinson, and carried on a roll call vote that the Budget Section pursuant to NDCC Section 15-10-12.1 approve the University of North Dakota request to accept a \$1.3 million addition to Harrington Hall.** Senators Holmberg, Christmann, Kilzer, Krauter, Krebsbach, Lindaas, Mathern, Nelson, Robinson, Wardner, and Warner and Representatives Bellew, Berg, Boucher, Dosch, Hawken, Kerzman, Klein, Kreidt, Kroeber, Martinson, Metcalf, Meyer, Monson, Nelson, Onstad, Pollert, Skarphol, Svedjan, Vigesaa, Wald, and Wieland voted "aye." Representative Delzer voted "nay."

### **UNIVERSITY OF NORTH DAKOTA - CHANGE IN SCOPE OF PROJECT**

Mr. Tonder presented information regarding a request to increase the authorization for construction of the Northern Plains Center for Behavioral Research from \$3,900,000 to \$3,913,697. He said the 2005 Legislative Assembly approved construction of the Northern Plains Center for Behavioral Research based on the estimated construction cost of \$3.9 million. He said the request was made prior to the award by the National Institute of Health. He said the final funding award exceeded the estimate by \$13,697. He said the university is requesting an increase in authorization to accept and expend the additional funds available. A copy of the information presented is on file in the Legislative Council office.

**It was moved by Senator Mathern, seconded by Representative Monson, and carried on a roll call vote that the Budget Section pursuant to NDCC Section 48-01.2-25 approve the University of North Dakota request to increase the authorization for construction of the Northern Plains Center for Behavioral Research from \$3,900,000 to \$3,913,697.** Senators Holmberg, Christmann, Kilzer, Krauter, Krebsbach, Lindaas, Mathern, Nelson, O'Connell, Robinson, Wardner, and Warner and Representatives Bellew, Berg, Boucher, Delzer, Dosch, Hawken, Kerzman, Klein, Kreidt, Kroeber, Metcalf, Meyer, Monson, Nelson, Onstad, Pollert, Skarphol, Svedjan, Thoreson, Vigesaa, Wald, and Wieland voted "aye." No negative votes were cast.

## STATE AGENCY UNCLAIMED PROPERTY

Chairman Holmberg called on Ms. Linda Fisher, Administrator, Unclaimed Property Division, Land Department, to present a report regarding state agencies that have not submitted a claim for unclaimed property belonging to that agency pursuant to NDCC Section 47-30.1-24.1.

Ms. Fisher said the 2003 Legislative Assembly enacted NDCC Section 47-30.1-24.1 in an effort to resolve the issue of state agency unclaimed property. She said this section provides that within one year of receipt of state agency property, the administrator of unclaimed property is to notify the agency by certified mail; the commissioner of University and School Lands is to present a report to the Budget Section identifying every state agency that has not submitted a claim for property belonging to that agency within one year of the receipt of the date of the certified mail receipt; and upon approval of the Budget Section, the agency relinquishes its right to recover its property. She presented the Budget Section a list of the six state agencies that did not respond to the certified mailing, which is attached as [Appendix B](#). A copy of the information presented is on file in the Legislative Council office.

**It was moved by Representative Klein, seconded by Senator Wardner, and carried on a roll call vote that pursuant to NDCC Section 47-30.1-24.1 the Budget Section approve the list provided by the Land Department of state agencies relinquishing their rights to recover unclaimed property.** Senators Holmberg, Christmann, Kilzer, Krauter, Krebsbach, Lindaas, Mathern, Nelson, O'Connell, Robinson, Wardner, and Warner and Representatives Bellew, Berg, Boucher, Delzer, Dosch, Hawken, Kerzman, Klein, Kreidt, Kroeber, Metcalf, Meyer, Monson, Nelson, Onstad, Pollert, Skarphol, Svedjan, Thoreson, Vigasaa, Wald, Wieland, and Williams voted "aye." No negative votes were cast.

## DEPARTMENT OF HUMAN SERVICES

### Status of Medicaid Management Information System

Ms. Maggie Anderson, Director, Medical Services Division, Department of Human Services, presented information regarding the status of the Medicaid management information system project. She said the agency anticipates provider enrollment will be available November 2009 and full implementation is scheduled for May 2010. She provided the following project funding summary through May 2009:

Description	Budget	Spent Through May 2009	Remaining
General fund	\$3,643,133	\$2,621,960	\$1,021,173
Federal funds	55,218,418	27,960,250	27,258,168
Other funds	3,667,820	1,007,603	2,660,217
<b>Total project</b>	<b>\$62,529,371</b>	<b>\$31,589,813</b>	<b>\$30,939,558</b>

A copy of the report is on file in the Legislative Council office.

In response to a question from Representative Skarphol, Ms. Anderson said the project has been delayed 10 months.

In response to a question from Representative Nelson, Ms. Anderson said the number of Medicaid claims currently in the process of being paid is approximately 37,000.

In response to a question from Senator Mathern, Ms. Anderson said the vendor contract includes a penalty clause requiring the vendor to pay for certain additional expenses resulting from the delay.

In response to a question from Representative Dosch, Ms. Anderson said the agency does not anticipate the project will exceed the budgeted amount.

## TOBACCO PREVENTION AND CONTROL COMMITTEE

Chairman Holmberg called on Ms. Kathleen Mangskau, Chair, Tobacco Prevention and Control Executive Committee, to present information regarding the implementation of the comprehensive tobacco prevention and control plan pursuant to 2009 House Bill No. 1015. Ms. Mangskau said the committee has conducted a series of meetings to draft the five-year tobacco prevention and control state plan, convened public forums to gather input on the draft plan, and revised the draft plan based on input received at the forums and from the Tobacco Free North Dakota website. She said the plan will be released in July 2009.

Ms. Mangskau said the committee has allocated \$6.1 million to provide grants to local public health units to implement the Centers for Disease Control and Prevention-based best practice programs in local communities. She said the committee has worked with the Division of Tobacco Prevention and Control at the State Department of Health to develop the funding formula and has developed grant review process guidelines and review forms. She said a special initiative grants program is being developed to provide funding for special projects and to the tribes and other groups with high tobacco use rates.

Ms. Mangskau said the committee met with the Office of Management and Budget to finalize a line item budget, a copy of which is attached as [Appendix C](#). She said the committee is developing the position descriptions for staff and is seeking rental space and office furniture.

A copy of the report is on file in the Legislative Council office.

## WEATHER-RELATED COST-SHARING FUNDS

Chairman Holmberg called on Ms. Kelly Schmidt, State Treasurer, to provide information regarding weather-related cost-sharing funds distributed to cities, counties, and townships pursuant to 2009 Senate Bill No. 2012. Ms. Schmidt said a total of

\$59.9 million was distributed to political subdivisions on June 23, 2009, as follows:

- Ten million dollars to townships;
- Forty-one million four hundred thousand dollars to counties and cities;
- Seven million five hundred thousand dollars to the state highway fund; and
- One million dollars to the public transportation fund.

Ms. Schmidt said information regarding the amounts paid to the individual cities, counties, and townships is available on the State Treasurer's website. A copy of the report is on file in the Legislative Council office.

Representative Carlson asked why the distributions were not made earlier and why the State Treasurer did not provide a listing to the Budget Section of actual distributions to each political subdivision.

Ms. Schmidt said because of general fund cashflow issues and because computer system changes were necessary, the distributions were unable to be made until June 23. She said the report listing each political subdivision's distribution is very large; therefore, she said an Internet link to the State Treasurer's website is provided for Budget Section members to access the information.

Senator Krauter asked the State Treasurer to provide a written report detailing the payments received by each political subdivision to the Budget Section.

### **EMERGENCY SNOW REMOVAL GRANTS**

Chairman Holmberg called on Major General David Sprynczynatyk, Adjutant General, to provide information regarding emergency snow removal grants distributed to counties, townships, and cities pursuant to 2009 Senate Bill No. 2012. Major General Sprynczynatyk provided maps illustrating the percentage of normal snow depth and snow removal grant funding by county. He said grants were provided to those counties and cities that during the first quarter of 2009 spent more than 200 percent of their average cost for snow removal for the same period over the past five years. Major General Sprynczynatyk said a total of \$7.7 million has been distributed to 123 cities, 39 counties, and 2 tribal regions. He said 15 cities, 13 counties, and 2 tribal regions either did not request assistance or did not qualify. He said the final distribution total may be slightly higher. A copy of the report is on file in the Legislative Council office.

### **FLOOD DISASTER-RELATED EXPENDITURES**

Major General Sprynczynatyk presented information regarding 2009 flood disaster-related expenditures, transfers, reimbursements, and general fund deposits pursuant to 2009 Senate Bill No. 2012. He said he anticipates the federal match for most of

the flood response and flood recovery costs to be 90 percent, resulting in a \$130.7 million federal share, \$3.5 million local share, and \$14.5 million state share. He said because the state is providing one-half of the local share, the local share will be approximately 3 percent rather than 6 percent of the total. He said Federal Emergency Management Agency cost-share reimbursements to date total \$8.3 million. He said to date \$5 million has been transferred to the National Guard emergency fund, and there have been no general fund deposits. A copy of the report is on file in the Legislative Council office.

### **USE OF STATE, FEDERAL, EMERGENCY, AND OTHER HIGHWAY FUNDING**

Mr. Francis Ziegler, Director, Department of Transportation, presented information regarding the anticipated use of state, federal, emergency, and other highway funding during the 2009 construction season pursuant to 2009 Senate Bill No. 2012. He said the state will bid approximately 292 projects totaling \$383 million for the 2009 construction season. He said the department has received \$170.1 million for roads and bridges through the American Recovery and Reinvestment Act of 2009, of which \$157 million will be used for roads, \$8 million for bridges, and \$5.1 million for transportation enhancements. He estimates the department will spend \$93 million of American Recovery and Reinvestment Act funding on projects in 2009. A copy of the report is on file in the Legislative Council office.

### **BUDGET STATUS REPORT FOR THE 2009-11 BIENNIUM**

At the request of Chairman Holmberg, the legislative budget analyst and auditor presented the Legislative Council report entitled [61<sup>st</sup> Legislative Assembly Budget Status Report for the 2009-11 Biennium](#). The report provides information on the status of the general fund and estimated June 30, 2009, ending balance, legislative changes to general fund revenues, and legislative appropriation changes to the executive recommendation.

### **LEGISLATIVE CHANGES TO THE GOVERNOR'S RECOMMENDED APPROPRIATIONS**

At the request of Chairman Holmberg, the legislative budget analyst and auditor presented the Legislative Council report entitled [61<sup>st</sup> Legislative Assembly Legislative Changes to the Governor's Recommended Appropriations for the 2009-11 Biennium](#). The report provides information on legislative changes to the executive budget and is a compilation of the statements of purpose of amendment for action taken on appropriation bills during the session.

## ANALYSIS OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET 2009-11 BIENNIUM

At the request of Chairman Holmberg, the legislative budget analyst and auditor presented the Legislative Council report entitled [61<sup>st</sup> Legislative Assembly Analysis of Legislative Changes to the Executive Budget 2009-11 Biennium](#). The report provides information on legislative changes to the executive budget, FTE positions, ongoing and one-time general fund appropriations, federal fiscal stimulus funding, one-time funding, major programs, and related legislation for each state agency. The report also includes an analysis of major special funds and statistical information. The legislative budget analyst and auditor said the reports are available online at the Legislative Council website.

### VETERANS' HOME REPORT

Chairman Holmberg announced that the Legislative Council staff distributed to each member a written summary report from the Veterans' Home administrator regarding the status of the Veterans' Home construction project pursuant to 2009 Senate Bill No. 2007. A copy of the report is on file in the Legislative Council office.

## COMMITTEE DISCUSSION AND STAFF DIRECTIVES

Chairman Holmberg announced future meetings of the Budget Section are tentatively scheduled for Tuesday, September 15, 2009, December 15, 2009, and March 11, 2010.

**It was moved by Senator Robinson, seconded by Representative Klein, and carried on a voice vote that the Budget Section meeting be adjourned subject to the call of the chairman.**

Chairman Holmberg adjourned the meeting at 12:05 p.m.

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Sheila M. Sandness  
Fiscal Analyst

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Allen H. Knudson  
Legislative Budget Analyst and Auditor

ATTACH:3