

2011 SENATE APPROPRIATIONS

SB 2001

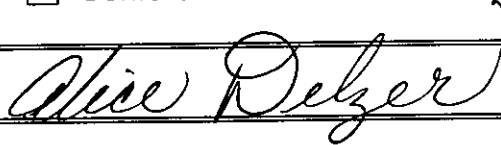
2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

SB 2001
01-12-11
Job # 12787

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

An appropriation for defraying the expenses of the Governor's Office

Minutes:

See attached testimony.

Chairman Holmberg called the committee back to order on SB 2001 regarding the Appropriation for the office of the Governor. All committee members were present except Senator O'Connell. Joe Morrisette, OMB and Roxanne Woeste, Legislative Council were also present.

Ron Rauschenberger, of the Governor's Office presented the budget and testified in favor of SB 2001 and provided Testimony attached # 1.Meter 5.45)

Chairman Holmberg I have a question that deals with all of these budgets. We changed our process for mileage to following a federal rate. Gas prices have gone up a great deal, what is the rate right now, is it 50cents? When does the federal government change, in other words will we get June 1st they will all of a sudden change.

Ron The feds can change yearly.

Chairman Holmberg We had another budget reduced their travel, but that was mostly out-of-state travel for conferences.

Joe Morrisette It can change at any time, as the feds change it will change for the state. Roxanne indicated it went up to 51 cents per mile in January.

Senator Warner Normally when you have retirements there is always accumulated sick leave, vacation time and that comes out of generally accumulated monies left over from vacancies that were unfilled and such. Is that when you had a transition out? Is that what the transition money is for?

Ron Yes, the transition money, a number of people would still have vacation time that they haven't used and that is a big bulk of the money that would be paid out because you would have all eighteen people leaving at once, so that would hit you through normal process your rollup allows if an employee leaves and you have that kind of rollup some money from

in between filling FTEs that you can take care of one or two employees here or there. in a small agency like ours. You know the larger agencies have more openings. It all kind of balances out but ours would be all 18 people probably leaving at once and therefore, extra dollars to buy out the vacation times and also if they have been in employment for 10 years or more, they are entitled to 10% of their sick leave bought out also. And so in this case there could be some people that have been there that long or longer, that would all come out of that money because it wouldn't be a normal rollup that would cover that kind of, you know, people exiting.

Senator Warner That accounts for the most of the difference between the incoming? He was told that is correct.

Chairman Holmberg Any amount that is not expended for that specific purpose has to come back to the general fund.

Ron That is correct. One other thing, for the transition in a number of people may want to, and we kind of been doing this with Governor Hoeven leaving and Governor Dalrymple taking over, we have had some transition with people coming and going. We have kind of had to balance that within our budget that we have and for instance, in our communications department we wanted someone in there a month with the communicator that was leaving to kind of learn the ropes, so we have had to use our rollup for things for that so we have done that. But it kind of shows us that, and with the 3 or 4 leaving, having to buy their vacation out, you realize if all 18 left, just what would be taking place at one time.

Senator Warner Could you elaborate some other things that money could be used for? Can it be used moving expenses for people you are recruiting, can it be used for recruiting trips, fly in for interviews, hiring a person to help people with job searches, can it be used for those kinds of things?

Ron We do not pay for trips in or out to interview nor for recruiting trips, or moving expenses; however it could be used for advertising. We do advertize some of these positions during those transition modes. We have done that at times, for certain cabinet or positions that we felt if it needs to be an engineer or something of expertise so it could be used for some of those recruiting types of things but not for the moving expenses.

V. Chair Grindberg I'm looking at the ed.gov website US Department of Education and I am intrigued by this education jobs fund program, which describes here as a new federal program that provides 10 billion in assistance to states to save or create education jobs for the 2010-2011 school year. Jobs funded under this program include those that provide education or related services for early childhood, elementary and secondary education. What are we planning to do with this money? We are not losing any teacher jobs, are we?

Ron you are correct. We are not losing teacher jobs. We are a unique state that isn't. That has been a discussion with the Emergency Commission. When this application took place some other states have used it for some other things involved in school funding, such as retirements or other things they can shore up, for instance if you are a state that isn't losing, as it says it's based on your legislative approval. He was asked what bill this is in.

Joe It's in the DPI Appropriation Bill. It's a special line within that bill with an emergency clause, also attached in that bill because it has to be received by the governor's office. The governor's office had to submit the application so the process would be received by the governor's office past the DPI who would distribute it when school districts submit a claim for reimbursement for appropriate teacher salary and benefit expenses.

V. Chair Grindberg I might have been out of the room but did the Superintendent talk about that?

Chairman Holmberg It is in the book, I don't think they dwelt on that at all. There are those that suggest that the money should be used to shore up TFFR. Remember, there was a request initially for money that the interim committee found lacking in merit, and there are those that have suggested that that money be used for that. Is it pretty free as far as what to what it actually can be used for?

Ron It's typical of some funds that originally came out with some fairly strict regulations and then they realized the one model didn't fit everybody so they made it quite flexible.

Chairman Holmberg But that will be a decision the Legislature can make. He was told this is all based on Legislature approval.

Senator Wanzek I'm kind of wondering, in the last session, why do we run those stimulus dollars through the governor's budget if it's for education?

Joe It is unfortunate that it has to work that way because then the funds end up being appropriated in the budget twice, once in the governor's office and once in DPI, but that is the requirement that the funds be received by the governor's office so that was just mechanically how it had to be processed. It is a federal requirement.

V. Chair Grindberg The requirement of Congress was that who is accountable in each state for the funds and they made the governor's office of each state accountable for the ARRA funds.

Ron The governor literally has to sign a legal document saying we accept these funds and they will be appropriated properly or else legal action can be brought, so that's why it's run through the governor's office.

Chairman Holmberg closed the hearing on the governor's budget.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

SB 2001
01-25-2011
Job 13373 (Meter 00-2.27)

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A DISCUSSION ON THE GOVERNOR'S BUDGET (Several bills were discussed on this Job: 2001, 2002, 2003, 2004, 2005, 2009, 2012, 2013, 2018, 2020)

Minutes:

You may make reference to "attached testimony."

Chairman Holmberg called the committee to order on 1-25-11 at 1:30 pm for general discussion with full committee. Joe Morrisette, OMB and Becky J. Keller, Legislative Council were also present.

We will run through some bills real quickly. If you recall some days ago on the 12th we had the governor's budget. In all of these budgets we haven't had discussion in our Caucus and I don't know if the Democrats have had discussion in their Caucus on the salary levels, so I would suggest we look at these. We leave the whole issue of compensation which includes retirement, which is in the House as far as bills go, you can ask for further clarification in 2001, the governor's budget. Keep in mind they have that transmission in and transmission out and that had to do with sick leave and vacation time. They are all at-will people. When a new governor comes in, if a new governor comes in in 2012, all of the people would be gone and we'd have to pay off their... (laughter concerning that issue, whether new party gets in) There was really nothing else in the budget. If you recall there was the federal stimulus money which is required to go through and that Education Jobs Fund, I had the Council look at that issue. That was a \$21M. What options do we have? We have no options. That money has to go out to schools based upon the formula that we used within (inaudible, someone coughed). (Meter 1.42)

What we will do is move on with this bill. There is no subcommittee on this bill. Senator O'Connell will carry the bill when we finally take action looking at the salary aspects.

The discussion on SB 2001 was closed.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

SB 2001
02-10-2011
Job # 14304 (starting at Meter 5.57)

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

The Office of the Governor.

Minutes:

You may make reference to "attached testimony."

Chairman Holmberg stated we will look at SB 2001 for final passage recommendations. 2001 is the budget for the Governor's office that Senator O'Connell has described to us twice.

Senator O'Connell moved Do Pass on SB 2001. Seconded by Senator Robinson

Chairman Holmberg call the roll on a DO PASS on SB 2001.

A Roll Call vote was taken. Yea: 12 Nay: 0 Absent: 1. (Senator Senator Wanzek came in later and voted yes, making the final vote 13 yeas).

Senator O'Connell will carry the bill.

The hearing was closed on SB 2001.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee

Harvest Room, State Capitol


SB 2001, 2004, 2005, 2009, 2018, 2014

04-05-2011

Job # 16331

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

DISCUSSION ON SEVERAL BILLS, NO ACTION TAKEN; SENATE BILLS 2001, 2004, 2005, 2009, 2018, 2014.

Minutes:

You may make reference to "attached testimony."

Chairman Holmberg called the committee to order on Tuesday, April 5, 2011 in the Harvest Room. Roll call was taken.

Chairman Holmberg: Our meeting here was to take roll and tell you what we are doing on the 12th order today and then to brake out for ½ hour for subcommittee work and then we come back and we will I work on some of the 31 bills that we have left to handle in committee.

SB 2001 is the Governor's budget. The only change the House made is to make it clear that the \$21M plus change, that is a pass-through from the federal government is to be considered one time funding and not to be built into a base budget. I plan **to concur** on that budget.

SB 2004 is the State Auditor. This committee put in some requirements for a private audit of the process they use up there to do performance audits where there is some concern and complaining about. The House took that out. We will not concur. The Conference Committee will be Grindberg, Holmberg, Robinson.

SB 2005 was the State Treasurer. What they (the House) did there is we had not agreed to the Treasurer's request for more money, we did not put it in. The House put it in. We will not concur. Conference Committee will be Grindberg, Holmberg, Robinson.

SB 2009 is the Ag. Commissioner. The House made a bunch of changes. I won't go into them because I don't have them in front of me. The Conference Committee will be Christmann, Wanzek, O'Connell.

SB 2018 DO CONCUR, That's the State Historical Society. They (the House) made minor changes in that and the Historical Society is fine with the changes that they made so we will concur on that and the carrier is Senator Erbele.

SB 2014 on Protection and Advocacy. They (the House) took \$50,000, remember they had a pretty decent increase in funding this time, they took \$50,000 out of that budget. They didn't

tell the agency where to take the money from. They said reduce your general fund by \$50,000. And Senator Christmann isn't here right now, and I would like him to have been here for this. There he is. (Senator Christmann came into the meeting at that time).

Senator Warner: I would urge a do not concur.

Senator Krebsbach: I would recommend that we do not concur.

Chairman Holmberg: OK, we will do not concur. Let us do, he's very busy but, let's do Erbele, and do you want to be on that, Randy, you're pretty busy.

Senator Christmann: I can be on that one.

Chairman Holmberg: OK, Conference Committee will be Christmann, Erbele, and Warner. That's the end of that. We will come back at 9:40 a.m. The discussion was closed and committee dismissed.

Date: 2-10
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2001

Senate Appropriation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By O'Connell Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Warner	✓	
Senator Bowman	✓		Senator O'Connell	✓	
Senator Grindberg	✓		Senator Robinson	✓	
Senator Christmann	✓				
Senator Wardner	✓				
Senator Kilzer	✓				
Senator Fischer	✓				
Senator Krebsbach	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment O'Connell

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

Wanzek can Vote.

REPORT OF STANDING COMMITTEE

SB 2001: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2001 was placed on the Eleventh order on the calendar.

2011 HOUSE APPROPRIATIONS

SB 2001

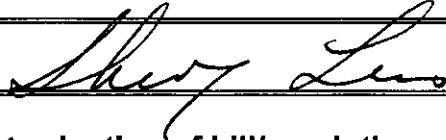
2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Government Operations Division
Medora Room, State Capitol

SB2001
March 4, 2011
Recorder Job# 14936

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the office of the governor; to amend and reenact sections 54-07-04 and 54-08-03 of the North Dakota Century Code, relating to the salaries of the governor and lieutenant governor; and to declare an emergency.

Minutes:

Chairman Thoreson: Opened the hearing on SB2001. It was noted that all members were present.

Ron Rauschenberger, Chief of Staff for Governor Dalrymple, North Dakota Office of the Governor: See attached testimony 2001.3.4.11A.

Chairman Thoreson: What do those expenses go for?

Ron Rauschenberger: Those expenses, if a new governor is elected, part of that is for the buy out of vacation time, sick leave, etc, of any employees that have been there; because all 18 likely would be leaving at one time. It also provides some funding for training or be in the transition of governors. Most of it is for transition out; some of it is for transition in.

Chairman Thoreson: \$50,000.00 is to go out and that would be enough to cover all that sick leave and vacation time?

Ron Rauschenberger: Yes. Many times the 2 administrations will agree on one person who handles the in and out, in an administrative capacity; sometimes it's an outside neutral person that comes and does that also.

Chairman Thoreson: Was there any of that that took place with the transition between Governor Hoven and Governor Dalrymple.

Ron Rauschenberger: Because of the same team we've been able to handle that. There has been some of that because some of the people did leave.

Chairman Thoreson: Do you know the total dollar that was expended for that?

Ron Rauschenberger: I do not right off hand.

Chairman Thoreson: If you could get that, I'd be interested to see what it was.

Ron Rauschenberger: Sure.

Testimony continued.

Representative Klein: This education job program is this something new or has this been going on? What does it involve, could you expand a little bit on that?

Chairman Thoreson: I did have a conversation with Joe about that and I did ask for some more information; but, if you'd like to touch on it Ron and then maybe Joe if you'd like to fill in on what this is?

Joe Morrisette, Office of Management and Budget: It was passed in August of 2010 and the state was required to submit an application for the funds within a certain number of days after the legislation was passed. The state submitted that application through the governor's office; it was approved in September. The funds are available, we know the exact amount that's available to the state. Based on the federal regulations, the funds have to go through the governor's office. They have to go to school districts, either based on the Title 1 formula or the School Aide formula; so in our application, we stated that they would go out under the School Aide formula just like the ERRA money did.

Representative Klein: So the school districts have to apply for these funds or what's the procedure there?

Joe Morrisette: The regulations say the state can't make a school district apply if they previously already applied for ERRA money. Every district has applied for that; so, all they have to do is notify the Department of Public Instruction. I should note that this same dollar amount is also included in the Department of Public Instruction bill as a special line in their bill.

Chairman Thoreson: So it's double appropriated?

Joe Morrisette: It's double appropriated. They'll come through the governor's office, pass to DPI, DPI will pass them out to the school districts; they just need to let DPI know that they have spent the required amount that's available to them for qualifying expenditures, which is teacher salaries and teacher benefits.

Chairman Thoreson: This is a one-time thing from what you understand?

Jim Morrisette: That's correct.

Chairman Thoreson: These are going to be used by these districts; but, there's not a guarantee that they'll come back in the future. If there's some written document or cheat sheet we could have with some of that information, I'd appreciate it.

Jim Morrisette: Absolutely.

Representative Dahl: Is there a specific purpose that they have to use these funds for? Does it have to go to capital projects?

Jim Morrisette: The only allowable use is teacher's salary and benefits. If you would like I can provide a copy of the approval from the feds and there's also a guidance document that DPI has developed that will go out to districts.

Chairman Thoreson: I would like to see that. I don't know when DPI's budget was discussed but I think we need to share that.

Ron Rauschenberger: The federal program really probably didn't fit North Dakota like it was intended to; because every other state has teachers being laid off, furloughed, etc. That was the purpose of this federal program; I think it's a little different in our case as we don't have any teachers laid off.

Representative Dahl: I was wondering what specific purpose you can use it for and if there's provisions that say that we can't offset that money by spending less of our general fund money.

Jim Morrisette: There are pretty strict rules against sub-planting at the state level and the state can't free up monies and add anything to their rainy day fund; they're pretty clear on that. They're not so clear at the local level, once a school district gets it, if they free up their own monies and carry those over to be used in a subsequent budget period; that seems to be ok with the feds.

Chairman Thoreson: If a state doesn't have money, then they're free to do what they want with it basically?

Jim Morrisette: The guidance was clear on that at the state level, the state can't sub-plant; once it goes to the local districts as long as they spent that much on teachers, they can do what they want.

Representative Brandenburg: So this money has all gone out to the school districts?

Ron Rauschenberger: No. That will be appropriated by the legislature.

Chairman Thoreson: These dollars have been appropriated on the federal level?

Ron Rauschenberger: Correct. I assume we'll deal with it when your DPI budget comes.

Representative Kroeber: The government lobbyist that we had that we paid Iowa's \$50,000.00 to \$60,000.00 for, that's in the OMB budget?

Ron Rauschenberger: That's in our budget. That's in part of our operating which we continue to have.

Representative Kroeber: Will you still continue to use that?

Ron Rauschenberger: Yes. We use that extensively as does every other state; for purposes dealing with national governors, western governors, Midwestern governors, the Hall of States and they correspond with all the other states.

Representative Kroeber: I thought the reasoning that was in there was when we had 3 democrats that were in so that the republican governor would have some direct contact with Washington. I was under the impression that we wouldn't need that anymore.

Ron Rauschenberger: We still feel very strongly on state right's on dealing on some federal issues as our state sees fit. We feel it's very necessary to have.

Representative Kroeber: How much is that?

Ron Rauschenberger: That's \$60,000.00 a year.

Representative Kroeber: Biennium or year?

Ron Rauschenberger: Year.

Chairman Thoreson: You had a \$10,000.00 contingency. What is that line for?

Jim Morrisette: It's not been used; it's available there to be transferred in the event that there would be an unexpected expenditure.

Chairman Thoreson: That person is in Washington, DC?

Ron Rauschenberger: That's correct.

Chairman Thoreson: Who do we work with there?

Ron Rauschenberger: Christa Carmen. We've had Christa 8-10 years.

Chairman Thoreson: Is she located in the Hall of the States?

Ron Rauschenberger: Yes, she has been.

Representative Kroeber: Is she hired by the governor?

Ron Rauschenberger: Yes.

Chairman Thoreson: The senate didn't do much with this bill and I'd like to hold it for a bit. I'd like to get the follow up information on this federal money before we take any action.

Representative Kroeber: The \$400,000.00 from the Ag fuel tax fund; is this \$400,000.00 additional or replacing some other? How many dollars are in the fuel tax fund?

Sheila Sandness, North Dakota Legislative Council: I'd have to check on that; I'm not familiar with that fund.

Jim Morrisette: It is in the Agricultural committee.

Chairman Thoreson: Has that been heard yet?

Jim Morrisette: It doesn't look like it.

Chairman Thoreson: Is that something that came forward from the governor's office; this bill?

Jim Morrisette: It was introduced by senator Flakoll.

Chairman Thoreson: Closed the hearing.

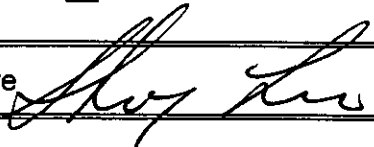
2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Government Operations Division
Medora Room, State Capitol

SB2001
March 16, 2011
Record Job# 15531

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the office of the governor; to amend and reenact sections 54-07-04 and 54-08-03 of the North Dakota Century Code, relating to the salaries of the governor and lieutenant governor; and to declare an emergency.

Minutes:

Representative Kempenich: Opened the discussion on SB2001.

Representative Dahl: With regard to that \$21.5 million is that an actual application North Dakota made or is this just a pot of money that gets divided by the federal government?

Joe Morrisette, North Dakota Office of Management and Budget: They did apply; there was a deadline to apply and if the state didn't apply, the feds said they would allocate it out. See attached testimony 2001.3.16.11A.

Representative Glassheim: Can it replace state funds?

Representative Kempenich: Once it hits the district it can free up funds that they already have.

Representative Glassheim: In effect will this be a property tax decrease?

Representative Kempenich: It can be. It depends on if we fund a higher amount 2 years from now.

Representative Dahl: It does look like one time funding but is there anything more specific that we can put in here to specifically articulate that this is one time funding; not to be added to base budgets? Or does it already do that?

Joe Morrisette: I think it already does that.

Representative Dahl: As I understand it it's kind of 2 separate issues. The school district can use this for whatever they want. If they want to do property tax or building projects, it's really up to them once the money gets down to the district level. Is that correct?

Joe Morrisette: In order to get the money, they have to report to DPI that they've already incurred qualifying expenditures of an amount equal to what their allotment is. Qualifying expenditures are only salaries and benefits. Once they get them and they spend them, that means they're not spending some other revenue. Then that other revenue can be used for whatever they want; because it's their own local revenue.

Representative Kempenich: Originally at one point they were looking at the increased funding of TFFR. We can't as a state dictate but if it rolls out the way it's been rolled out where there's a requirement of the district match.

Representative Glassheim: Referenced testimony 2001.3.16.11A.

Representative Kempenich: If the committee wishes to put it in because it is a one time funding. It will be a separate line item next biennium as it comes forward it will be highlighted because it's money outside of general fund; if it doesn't show again as federal fund, it's going to have to be a general fund expenditure 2 years from now.

Representative Glassheim: Except if they find a way to actually pay teacher's salaries and replace their own local funds. We don't want to prevent them from doing that.

Representative Kempenich: Explained the green sheet.

Joe Morrisette: The largest part of that is the \$86 million that went from the governor's office to DPI in the current biennium; and the rest is called the government services pool which included money for Minot and UND. It had to go through the governor's office and then to the institutions.

Representative Kempenich: Did OMB track that?

Joe Morrisette: We've done various reports on those expenditures.

Representative Kempenich: Where is SB2222?

Chairman Thoreson: I think it's in the agriculture committee.

Roxanne Woeste, North Dakota Legislative Council: SB2222 is scheduled for a hearing tomorrow on house agriculture at 10:30.

Representative Dahl: It looks like there's \$17,000.00 fewer dollars going for operating expenses. What is the reason for that decrease?

Joe Morrisette: Basically, it was to fit in with the base budget requirements. When we built the budget, in order to fund what the salary projections were, there had to be a slight reduction in operating and so it hit various account codes. There was a small increase budgeted for the ITD rates; but some of the other account codes were where we felt they could be.

Representative Kempenich: Does the governor's office just pay what the DOT charges to cover the cost of operating on the plane?

Ron Rauschenberger, Chief of Staff for Governor Dalrymple, North Dakota Office of the Governor: Actually DOT covers us when we fly; unless, it's not the governor and just a representative.

Representative Kempenich: Is that \$400,000.00 coming through the governor's office with that crop insurance bill?

Joe Morrisette: That's the way it's worded right now it's appropriated through the governor's office.

Representative Kempenich: How come they didn't do it through the agriculture department?

Roxanne Woeste: That appropriation is in SB2222 so that bill is kind of stand alone.

Representative Kempenich: Is the fuel tax something the governor has?

Roxanne Woeste: No, I don't why they selected to appropriate to the governor. That's how that's worded.

Representative Thoreson: Since we did announce this as a working committee this afternoon and Representative Brandenburg is not here, perhaps, we should wait.

Representative Kempenich: I was asking what the committee wanted to do with the \$400,000.00.

Representative Kempenich: Closed the hearing on

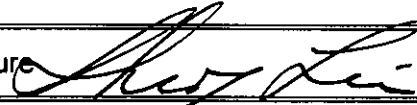
2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Government Operations Division
Medora Room, State Capitol

SB2001
March 25, 2011
Recorder Job# 15993

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the office of the governor; to amend and reenact sections 54-07-04 and 54-08-03 of the North Dakota Century Code, relating to the salaries of the governor and lieutenant governor; and to declare an emergency.

Minutes:

Chairman Thoreson: Opened the discussion on SB2001. It was noted that members were present.

Joe Morrisette, North Dakota Office of Management: It summarizes the various change packages that the Adjutant General used when they prepared their budget. The first set of columns with the yellow highlight is what was in their budget request. The next set what was in their recommendation and the final columns are what was in the senate version.

Chairman Thoreson: This was a request we made yesterday when the Adjutant General was before us.

Representative Dahl: Explained her amendment. See attached amendment 2001.3.25.11A.

Chairman Thoreson: It remove or change any of that funding or designate where it can go into; because, I believe there were lots of things at our level where we couldn't really tell them how to spend it.

Representative Dahl: Made a motion to move the amendment.

Representative Kempenich: Seconded the motion.

Representative Glassheim: This says it's just one time funding, it's not in the base budget. They could come in and ask for additional money. It's not automatically part of the base?

Chairman Thoreson: From what I understand that's correct.

Representative Dahl: That's correct

Chairman Thoreson: We've had some discussion or not whether we should be taking the money. I'm still concerned about tying into these federal dollars.

A voice vote was taken and the amendment was carried.

Representative Kempenich: Made a motion for a "Do Pass as Amended"

Representative Dahl: Seconded the motion.

A roll call vote was made for a "Do Pass as Amended". 6 Yea's 0 Nay's 1 Absent.

2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

SB 2001

3/29/11

16096

☐ Conference Committee

Committee Clerk Signature

Meredith Tracholt

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the governor; relating to the salaries of the governor and lieutenant governor; and to declare an emergency.

Minutes:

You may make reference to "attached testimony."

Chairman Delzer: Called the committee to order. Roll was called and a quorum was declared. We'll start with SB 2001, the governor's budget.

Representative Dahl: This is a pretty simple budget. She went over the green sheet. There is also amendment .01001.

Chairman Delzer: The \$65,000 for transition in and out, if there isn't a change in governor, does that get returned to the general fund?

Representative Dahl: That's correct. I move adoption of amendment .01001.

Representative Thoreson: Second.

Chairman Delzer: We have a motion to amend with .01001. Is there any discussion? Motion carries by voice vote.

Representative Dahl: I move Do Pass as Amended.

Representative Klein: Second.

Chairman Delzer: Discussion? Seeing none, we'll call the roll for a Do Pass as Amended. The motion carries 20-0-1, and Representative Dahl will be the carrier.

VR
3/29/11

PROPOSED AMENDMENTS TO SENATE BILL NO. 2001

Page 2, after line 15, insert:

**"SECTION 3. ONE-TIME FUNDING - EDUCATION JOBS FUNDS -
DEPARTMENT OF PUBLIC INSTRUCTION.** The federal education jobs funding of
\$21,517,716 appropriated to the department of public instruction in Senate Bill
No. 2013 is one-time funding for the 2011-13 biennium. The department of public
instruction may not request funding from the general fund to replace this one-time
funding in its base budget request for the 2013-15 biennium."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2001 - Governor's Office - House Action

This amendment adds a section to provide that the federal education jobs funding appropriated to the
Department of Public Instruction in Senate Bill No. 2013 is one-time funding.

Date: 3-25-11
Roll Call Vote #:

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2001

House Appropriations Government Operations Division Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 11.8130.01001

Action Taken Do pass as amended.

Motion Made By Rep Kempenich Seconded By Representative Dahl

Representatives	Yes	No	Representatives	Yes	No
Chairman Thoreson	✓		Representative Glassheim	✓	
Vice Chairman Klein	✓		Representative Kroeber	✓	
Representative Brandenburg	✓				
Representative Dahl	✓				
Representative Kempenich	✓				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Rep Dahl

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

Date: 3/29
Roll Call Vote #: 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2001

House Appropriations Committee

Legislative Council Amendment Number 0/001

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Dahl Seconded By Rep. Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Deizer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thoreson			Representative Glassheim		
Representative Bellew			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) _____ No _____

Absent _____

Floor Assignment: _____

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

voice vote carries

Date: 3/29
Roll Call Vote #: 2

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2001

House Appropriations Committee

Legislative Council Amendment Number 01001

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Dahl Seconded By Rep. Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Nelson	X	
Vice Chairman Kempenich			Representative Wieland	X	
Representative Pollert	X				
Representative Skarphol	X				
Representative Thoreson	X		Representative Glassheim	X	
Representative Beliew	X		Representative Kaldor	X	
Representative Brandenburg	X		Representative Kroeber	X	
Representative Dahl	X		Representative Metcalf	X	
Representative Dosch	X		Representative Williams	X	
Representative Hawken	X				
Representative Klein	X				
Representative Kreidt	X				
Representative Martinson	X				
Representative Monson	X				

Total (Yes) 20 No 0

Absent 1

Floor Assignment: Rep. Dahl

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

REPORT OF STANDING COMMITTEE

SB 2001: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (20 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2001 was placed on the Sixth order on the calendar.

Page 2, after line 15, insert:

"SECTION 3. ONE-TIME FUNDING - EDUCATION JOBS FUNDS - DEPARTMENT OF PUBLIC INSTRUCTION. The federal education jobs funding of \$21,517,716 appropriated to the department of public instruction in Senate Bill No. 2013 is one-time funding for the 2011-13 biennium. The department of public instruction may not request funding from the general fund to replace this one-time funding in its base budget request for the 2013-15 biennium."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2001 - Governor's Office - House Action

This amendment adds a section to provide that the federal education jobs funding appropriated to the Department of Public Instruction in Senate Bill No. 2013 is one-time funding.

2011 TESTIMONY

SB 2001

**TESTIMONY OF RON RAUSCHENBERGER
IN SUPPORT OF
2011 SENATE BILL NO. 2001
OFFICE OF THE GOVERNOR**

**PRESENTED TO
SENATE APPROPRIATIONS COMMITTEE
SENATOR RAY HOLMBERG, CHAIRMAN
WEDNESDAY, JANUARY 12, 2010**

Chairman Holmberg and members of the Senate Appropriations Committee, I am here to ask your support for the budget recommendation for the Office of the Governor. The recommended budget for the Office of the Governor for the 2011-13 biennium continues existing positions and programs. The budget was prepared in accordance with the base budget guidelines provided to all state agencies. No optional package was submitted in excess of the base budget amounts and no changes to the recommended budget are requested. The budget is summarized on the table below:

	2009-11	2011-13	
	Appropriation	Recommendation	Increase (Decrease)
Salaries and wages	\$3,029,771	\$3,278,486	\$251,715
Operating expenses	426,787	409,656	(17,131)
Contingency	10,000	10,000	0
Governor's transition in	0	15,000	15,000
Governor's transition out	0	50,000	50,000
Roughrider awards	10,800	10,800	0
Federal stimulus funds	104,699,679	0	(104,699,679)
Education jobs fund program	0	21,517,716	21,517,716
Total expenditures	\$108,174,037	\$25,291,658	(\$82,882,379)
General fund	3,474,358	3,773,942	299,584
Federal funds	104,699,679	21,517,716	(83,181,963)
Total funds	\$108,174,037	\$25,291,658	(\$82,882,379)
FTE	18.00	18.00	0.00

Salaries and wages

The recommended funding for salaries and wages supports 18.00 FTE positions. Funding is increased by \$251,715. This increase consists of \$81,293 to continue salary levels at the legislatively approved fiscal year 2011 level and \$170,422 to fund the executive compensation package of health insurance coverage and 3% annual salary increases.

Operating expenses

The recommended funding for operating expenses represents a reduction of \$17,131. This decrease consists of a \$19,416 reduction to meet the base budget limit and a \$2,285 increase for anticipated IT data processing rates to be charged by the Information Technology Department.

Transition

The Governor's transition in and transition out lines provide \$65,000 to fund transition expenses, which would be necessary in the event a new governor is elected in 2012.

Federal funds

The executive recommendation removes the federal stimulus funds line of \$104,699,679. These funds include \$85,644,337 education stabilization funds distributed to the Department of Public Instruction and allocated to school districts through the school aid formula, pursuant to legislative appropriation. Also included in this line is \$19,055,342 for government services fund projects approved by the 2009 legislature. These funds are anticipated to be spent by June 30, 2011 and no carryover authority is requested.

The executive recommendation includes \$21,517,716 for the education jobs fund program. The state's application was approved in September 2010 and the funds are available to the state upon legislative approval. Federal regulations require that these funds be made available to schools during the 2010-11 school year. Consequently, an emergency clause is included for this line.

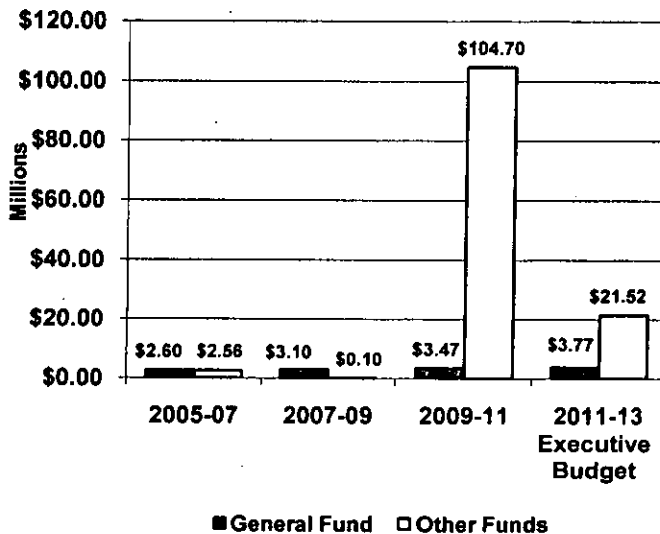
Mr. Chairman and members of the Senate Appropriations Committee, I ask your favorable consideration of this budget and am available, along with Office of Management and Budget staff, to answer any questions you have.

**Department 101 - Governor's office
Senate Bill No. 2001**

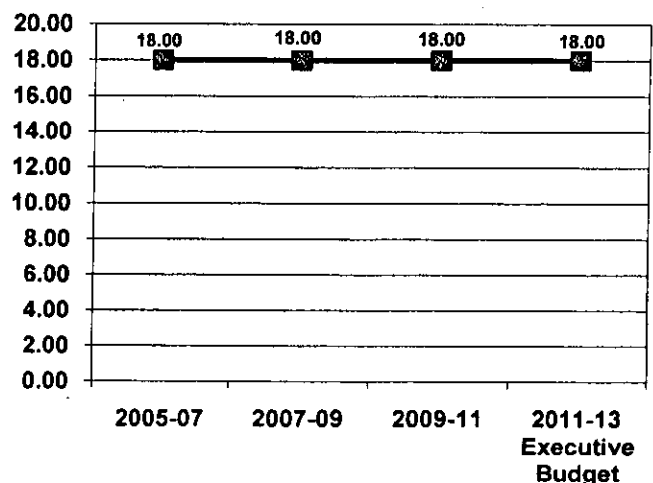
	FTE Positions	General Fund	Other Funds	Total
2011-13 Executive Budget	18.00	\$3,773,942	\$21,517,716	\$25,291,658
2009-11 Legislative Appropriations	18.00	3,474,358	104,699,679	108,174,037 ¹
Increase (Decrease)	0.00	\$299,584	(\$83,181,963)	(\$82,882,379)

¹The 2009-11 appropriation amounts include \$27,000 from the general fund for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget for special market equity adjustment for executive branch employees.

Agency Funding



FTE Positions



Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 Executive Budget	\$3,708,942	\$65,000	\$3,773,942
2009-11 Legislative Appropriations	3,474,358	0	3,474,358
Increase (Decrease)	\$234,584	\$65,000	\$299,584

First House Action

Attached is a summary of first house changes.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Adjusts funding for operating expenses	(\$17,131)		(\$17,131)
2. Adds one-time funding for Governor's transition in and out expenses	\$65,000		\$65,000
3. Removes federal fiscal stimulus funding appropriated for the 2009-11 biennium		(\$104,699,679)	(\$104,699,679)
4. Adds federal funding from the education jobs fund program to be granted to the Department of Public Instruction and distributed to school districts using the state school aid formula		\$21,517,716	\$21,517,716

Other Sections in Bill

Additional Income - Section 3 appropriates any additional federal or other funds available to the Governor's office during the 2011-13 biennium.

Elected officials' salary increases - Sections 4 and 5 provide the statutory changes increasing the Governor's and Lieutenant Governor's salaries. The Governor's annual salary is increased from the current level of \$110,285 to \$113,594

effective July 1, 2011, and to \$117,001 effective July 1, 2012. The Lieutenant Governor's salary is increased from the current level of \$85,615 to \$88,183 effective July 1, 2011, and to \$90,829 effective July 1, 2012.

Continuing Appropriations

Governor's Prevention and Advisory Council - North Dakota Century Code Section 54-07-07 - Appropriates any funding obtained by the council to discourage impaired driving and alcohol and drug abuse by minors.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

Senate Bill No. 2222 - Crop insurance instruments - Appropriates \$400,000 from the agricultural fuel tax fund to the Governor for providing grants to public and nonpublic entities pursuing the development and implementation of crop insurance instruments.

ATTACH:1

STATEMENT OF PURPOSE OF AMENDMENT:**Senate Bill No. 2001 - Funding Summary**

	Executive Budget	Senate Changes	Senate Version
Governor's Office			
Salaries and wages	\$3,278,486		\$3,278,486
Operating expenses	409,656		409,656
Contingencies	10,000		10,000
Transition in	15,000		15,000
Transition out	50,000		50,000
Roughrider awards	10,800		10,800
Education jobs fund program	21,517,716		21,517,716
Total all funds	\$25,291,658	\$0	\$25,291,658
Less estimated income	21,517,716	0	21,517,716
General fund	\$3,773,942	\$0	\$3,773,942
FTE	18.00	0.00	18.00
Bill Total			
Total all funds	\$25,291,658	\$0	\$25,291,658
Less estimated income	21,517,716	0	21,517,716
General fund	\$3,773,942	\$0	\$3,773,942
FTE	18.00	0.00	18.00

Senate Bill No. 2001 - Governor's Office - Senate Action

The Senate did not change the executive recommendation for the Governor's office.

2001.3.4.11A

**TESTIMONY IN SUPPORT OF
2011 SENATE BILL NO. 2001
OFFICE OF THE GOVERNOR**

**PRESENTED TO
HOUSE APPROPRIATIONS COMMITTEE – GOVERNMENT OPERATIONS DIVISION
REPRESENTATIVE BLAIR THORESON, CHAIRMAN
FRIDAY, MARCH 4, 2011**

Chairman Thoreson and members of the House Appropriations Committee, I am Ron Rauschenberger, Chief of Staff for Governor Dalrymple, and I am here to ask your support for the budget recommendation for the Office of the Governor. The recommended budget for the Office of the Governor for the 2011-13 biennium continues existing positions and programs. The budget was prepared in accordance with the base budget guidelines provided to all state agencies. No optional package was submitted in excess of the base budget amounts and no changes to the recommended budget are requested. The Senate made no changes to the proposed budget and we ask for your support as well. The budget is summarized on the table below:

	2009-11 Appropriation	2011-13 Recommendation	Increase (Decrease)
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Total expenditures	\$108,174,037	\$25,291,658	(\$82,882,379)
General fund	3,474,358	3,773,942	299,584
Federal funds	<u>104,699,679</u>	<u>21,517,716</u>	<u>(83,181,963)</u>
Total funds	\$108,174,037	\$25,291,658	(\$82,882,379)
FTE	18.00	18.00	0.00

Salaries and wages

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Operating expenses

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Transition

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Federal funds

The executive recommendation removes the federal stimulus funds line of \$104,699,679. These funds include \$85,644,337 education stabilization funds distributed to the Department of Public Instruction and allocated to school districts through the school aid formula, pursuant to legislative appropriation. Also included in this line is \$19,055,342 for government services fund projects approved by the 2009 legislature. These funds are anticipated to be spent by June 30, 2011 and no carryover authority is requested.

The executive recommendation includes \$21,517,716 for the education jobs fund program. The state's application was approved in September 2010 and the funds are available to the state upon legislative approval. Federal regulations require that these funds be made available to schools during the 2010-11 school year. Consequently, an emergency clause is included for this line.

Mr. Chairman and members of the House Appropriations Committee, I ask your favorable consideration of this budget and am available, along with Office of Management and Budget staff, to answer any questions you have.

February 2, 2011

EDUCATION JOBS FUND

Frequently Asked Questions

1. What is the Education Jobs Fund (Ed Jobs) program?

The Ed Jobs program is a one-time Federal program that provides \$10 billion in assistance to states, (including \$21.5 million to North Dakota), to save or create education jobs for the 2010-11 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education. The Ed Jobs program is authorized in Public Law No. 111-226, which was signed into law on August 10, 2010.

2. How will funding be allocated to local education agencies (LEAs)?

The Act provides each governor with two choices for allocating Ed Jobs funds to LEAs:

- a. In proportion to the LEAs' relative shares of state aid under the state's primary elementary and secondary education funding formulae for the 2010-11 school year as identified in the state's application for funding under the State Fiscal Stabilization Fund (SFSF) program; or,
- b. In proportion to the LEAs' relative shares of funds under Part A of Title I of the Elementary and Secondary Education Act of 1965 (ESEA) for the most recent fiscal year for which data are available.

North Dakota has elected to allocate the Ed Jobs funds in proportion to the LEAs' relative shares of state aid under North Dakota's primary elementary and secondary education funding formulae as defined in the State's SFSF application.

Thus, each school district will receive an Ed Jobs allocation that is proportionate to the amount of funds allocated through the State School Aid formula for the 2010-2011 school year.

3. Will the state reserve a portion of the funds for state-level administration of the program?

Yes, the Act authorizes each state to reserve up to 2 percent of its allocation for administrative costs of carrying out its responsibilities with respect to the program. DPI will charge this grant for non-covered expenses but this is not expected to exceed 1 percent.

4. How much funding will each LEA receive?

Preliminary estimates of the Ed Jobs funding for each LEA will be posted on the DPI Website at <http://dpi.state.nd.us/finance>.

5. What is the time period allowed for LEAs to obligate Ed Jobs funds?

The Ed Jobs program is intended to support education and related services during the 2010-11 school year. The funds are available for obligations that occur beginning August 10, 2010. An LEA that has funds remaining after the 2010-11 school year may obligate those remaining funds through September 30, 2012. This period includes the additional year of fund availability authorized under the Tydings Amendment (Section 421(b)(1) of the General Education Provisions Act (GEPA), 20 U.S.C. 1225(b)(1)). A chart indicating when an obligation occurs for various types of activities is provided in the Education Department General Administrative Regulations (EDGAR) at 34 C.F.R. 76.707.

6. How soon will funds be available for payments to LEAs?

The state has applied for and been awarded the funds. The next step is authorization by the ND legislature to expend the funds. The funds will be made available at the time the appropriation becomes effective.

7. What process will LEAs use to apply for funds and receive payments?

LEAs that submitted a State Fiscal Stabilization Fund (SFSF) application to the State are not required to submit an additional application to receive Ed Jobs funds.

LEAs that did not submit an SFSF application must submit an Ed Jobs application to the state to receive funds. DPI will make application materials available to LEAs that did not submit an SFSF application.

As Ed Jobs funds are one-time funding, a paper process will be used to request funds. Districts will request reimbursement for allowable expenditures. Documentation supporting the proper use and accounting for the funds will be required at the time the request is made. At a minimum, documentation provided must ensure that:

- program funds are used only to support school-level, and not LEA-level, positions;
- individuals supported with Ed Jobs funds are employees of the LEA;
- LEAs are not reserving funds for administrative expenses or indirect costs;
- LEAs are complying with cash management principles; and
- program funds are being used only for obligations that occurred on or after the date of enactment (August 10, 2010) of the Ed Jobs authorizing statute.

8. For what purposes may an LEA use its Ed Jobs funds?

An LEA must use its funds only for compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary, or secondary educational and related services.

LEAs have the discretion to decide how to use program funds, consistent with the provisions in section 101(5) of the Act and all other applicable requirements. The state may not direct how an LEA may use its Ed Jobs funds.

An LEA may not use Ed Jobs funds to compensate employees for any period prior to August 10, 2010, the date of enactment of the Act.

9. What categories of expenses may an LEA support with Ed Jobs funds?

For purposes of this program, the phrase "compensation and benefits and other expenses, such as support services" includes, among other things: salaries, performance bonuses, health insurance, retirement benefits, incentives for early retirement, pension fund contributions, tuition reimbursement, student loan repayment assistance, transportation subsidies, and reimbursement for childcare expenses.

10. Which employees may an LEA support with Ed Jobs funds?

An LEA may use the funds to pay the salaries of teachers and other employees who provide school-level educational and related services. In addition to teachers, employees supported with program funds may include, among others; principals, assistant principals, academic coaches, in-service teacher trainers, classroom aides, counselors, librarians, secretaries, social workers, psychologists, interpreters, physical therapists, speech therapists, occupational therapists, information technology personnel, nurses, athletic coaches, security officers, custodians, maintenance workers, bus drivers, and cafeteria workers.

11. What are the statutory prohibitions on an LEA's use of Ed Jobs funds?

The statute prohibits LEAs from using Ed Jobs funds for general administrative expenses as that term is defined by the National Center for Education Statistics (NCES) in its Common Core of Data. These prohibited expenses are administrative expenditures related to the operation of the superintendent's office or the LEA's board of education, including the salaries and benefits of LEA-level administrative employees.

The statute also prohibits LEAs from using Ed Jobs funds for other LEA-level support services expenditures as that term is defined in the Common Core of Data. These prohibited activities include the payment of expenditures for fiscal services, LEA program planners and researchers, and human resource services.

12. May an LEA use Ed Jobs funds to pay the salaries and benefits of an LEA-level administrative official who also teaches or has other school-level responsibilities?

For an individual with both LEA-level and school-level responsibilities, an LEA may use Ed Jobs funds to pay only that portion of the employee's salary and benefits associated with the time spent on allowable (i.e., school-level) activities. The LEA must maintain documentation substantiating that amount of time.

13. May an LEA use Ed Jobs funds to pay the compensation and benefits of individuals who provide school-level services but are not employees of an LEA?

No. An LEA may not use the funds to pay for contractual school-level services by individuals who are not employees of an LEA (e.g., janitors employed by an outside firm).

However, an LEA that contracts with another LEA to provide educational and related services may use Ed Jobs funds to pay that portion of the contract associated with the salaries and benefits of the employees of the LEA providing the services.

14. May an LEA use Ed Jobs funds to meet previously unmet pension fund liabilities?

No. An LEA may not use Ed Jobs funds to meet pension obligations incurred in prior school years. However, an LEA may use its funds for pension obligations accruing on the basis of services that an employee performs during the 2010-11 school year.

15. How must entities that receive Ed Jobs funds track those funds?

LEAs will be instructed to use project codes to track and account for revenues and expenditures for this program. Recommended codes will be provided shortly. In accordance with the requirements of section 443(a) of GEPA (20 U.S.C. 1232f (a)), the State and its LEAs must maintain records that will facilitate an effective audit and demonstrate that the funds were used in compliance with applicable requirements.

16. Do the reporting requirements under section 1512 of American Recovery and Reinvestment Act (ARRA) apply to Ed Jobs funds?

Yes: Under section 101 of the Act, a state and its LEAs must fulfill the reporting requirements under section 1512 of ARRA. Specifically, the state will submit quarterly reports on its own behalf and on behalf of its LEAs that describe, among other things, how those funds were used. For additional information on section the 1512 reporting requirements, see www2.ed.gov/policy/gen/leg/recovery/section-1512.html.

17. Does the Ed Jobs program have reporting requirements in addition to the section 1512 reporting requirements?

Yes. States will submit annual reports to the US DOE for this program that include information on the number of education personnel impacted by the program. The U.S. DOE will be providing guidance on the annual reporting requirements.

18. Has the U.S. Department of Education Issued Guidance regarding the program?

Yes, a document entitled Initial Guidance for States on the Education Jobs Fund Program is available on the U.S. Department of Education Website at <http://www2.ed.gov/programs/educationjobsfund/governors-ed-jobs-guidance-final-8-1310.doc>. The guidance document includes a copy of the enacted legislation. As updated information becomes available from U.S. DOE, it will be posted to the U.S. DOE website at: <http://www2.ed.gov/programs/educationjobsfund/index.html>.

SENATE BILL NO. 2222 - AGRICULTURAL FUEL TAX FUND

This bill provides information on 2011 Senate Bill No. 2222 relating to crop insurance proposals and on the agricultural fuel tax fund.

SENATE BILL NO. 2222

Senate Bill No. 2222 establishes an eight-member Crop Insurance Development Board. The board is comprised of the Governor or Governor's designee, the Agriculture Commissioner or Agriculture Commissioner's designee, three legislators appointed by the chairman of the Legislative Management, one individual appointed by the Governor representing an agricultural organization, one individual appointed by the Agriculture Commissioner representing an agricultural organization, and one individual appointed by the Agriculture Commissioner involved in the crop insurance industry. Of the legislative members, two members must be of the same party that holds a majority in the Senate, and one is a member of the minority party.

The bill limits member terms to two years beginning on July 1, 2011, and provides that an appointed member may serve consecutive terms. The bill directs the board to elect one member as chairman beginning July 1, 2011, and provides that the chairman may serve consecutive terms. The bill states the board shall meet as often as necessary to fulfill its duties and provides compensation to board members as established by the board but not to exceed \$135 per day plus expense reimbursement as provided by law for state officers.

The board is charged with the duty to review and evaluate proposals submitted by individuals and by public and nonpublic entities pertaining to the development and implementation of crop insurance instruments, specifically assessing the feasibility and desirability of such proposals. For proposals deemed viable, the board may award grants to assist the public or nonpublic entity with future actuarial and development costs. An appropriation of \$400,000 is provided from the agricultural fuel tax fund for the board to award grants. Grants are limited to 75 percent of the first \$50,000 and up to 50 percent thereafter of the future actuarial and development costs. The bill provides authority to the board to establish conditions pertaining to the awarding of grants, including repayment of the grant with money received by the applicant from the Federal Crop Insurance Corporation for continued development of the proposal. Any repayments must be deposited in the general fund.

AGRICULTURAL FUEL TAX FUND

The agricultural fuel tax fund is established in North Dakota Century Code Chapter 4-14.1. The fund is to be used for programs that enhance agricultural research, development, processing, technology, and marketing. The chapter includes provisions allowing the Agricultural Products Utilization Commission

(APUC) to spend up to 10 percent of the funds appropriated to the commission each biennium for administrative expenses.

Under Section 57-43.1-03.1, which relates to refunds of tax for fuel used for agricultural purposes, consumers who buy or use any motor vehicle fuel for agricultural purposes on which motor vehicle fuel tax has been paid may file a claim with the Tax Commissioner for a refund. The tax refund is reduced by seven cents per gallon--two cents per gallon is deposited in the agricultural fuel tax fund, one cent per gallon is deposited in the ethanol production incentive fund, and four cents per gallon is deposited in the agricultural research fund.

The 2009 Legislative Assembly created Section 54-18-21 to provide for an annual transfer of a portion of revenue from the Mill and Elevator Association to the agricultural fuel tax fund. Within 30 days after the conclusion of each fiscal year, the Industrial Commission shall transfer 5 percent of the net income earned by the Mill and Elevator Association during that fiscal year to the agricultural fuel tax fund.

The Agricultural Products Utilization Commission utilizes the available agricultural fuel tax fund balance in combination with general fund appropriations and available federal funds to administer grants for programs that enhance agricultural research, development, processing, technology, and marketing, including:

- A basic and applied research grant program;
- A utilization and marketing grant program;
- A cooperative marketing grant program;
- A nature-based tourism grant program;
- A technical assistance grant program for value-added businesses;
- A farm diversification grant program;
- An agricultural prototype development grant program;
- An agricultural technologies grant program; and
- A North American marketing grant program.

In the 2009-11 biennium, \$988,284 was appropriated to APUC from the agricultural fuel tax fund for these programs and the 2011-13 executive budget recommends \$738,284 be appropriated to APUC from the fund. For the 2009-11 biennium to date through January 2011, revenue to the agricultural fuel tax fund totals \$776,784, of which \$658,996 is from the Mill and Elevator Association transfer and \$117,788 is from the two-cent fuel tax refund reduction. The 2009-11 biennium appropriation provides APUC authority to award up to \$3,051,104 in grants from funds available from the general fund, federal funds, and the agricultural fuel tax fund. The 2011-13 executive budget recommends funding for grants of \$2,739,767. Information on the 2009-11 biennium grants awarded by APUC as of January 2011 is attached as an appendix.

**Agricultural Products Utilization Commission Grant Awards
For the 2009-11 Biennium, As of January 2011
Prepared by: Department of Commerce**

Date	Project #	Project Title	City	Funding Purpose:							End Date	
				Basic Research	Market & Util	Cooperative Marketing	Prototype Development	Technology	Technical Assistance	Nature Based Tourism BD00125		Sponsorships
8/1/2009	BD009-01	Destiny Dairy	Stanton		\$6,925.00							1/31/2010
8/1/2009	BD009-02	Kat Let	Oakes				\$26,000.00					8/1/2010
8/1/2009	BD009-03	The Hayloft	Ashley							\$1,000.00		8/1/2010
12/1/2009	BD009-04	Equine Processing Center	Bismarck		\$31,000.00							12/1/2009
12/1/2009	BD009-05	Maple River Distillery	Cassellton		\$26,000.00							10/1/2010
12/1/2009	BD009-07	NDSU Buckwheat & Mustard	Fargo	\$56,862.00								12/1/2010
3/1/2010	BD009-08	ND FFA Foundation	Bismarck								\$1,000.00	
3/1/2010	BD009-09	Fuel Savings from Farm to Market	West Fargo				\$26,000.00					3/1/2011
3/1/2010	BD009-10	RRV Feasibility Study	Hillsboro		\$55,000.00							3/1/2011
3/1/2010	BD009-11	Superfeeds	Carrington		\$31,000.00							3/1/2011
3/1/2010	BD009-12	Ag Open	Williston								\$15,000.00	3/1/2011
3/1/2010	BD009-13	Marketplace of Ideas Showcase	Bismarck								\$15,750.00	3/1/2011
3/1/2010	BD009-14	POD Retail and Outlet	Mandan		\$12,600.00							3/1/2011
3/1/2010	BD009-15	NAIBC - Accelerated Marketing	Fargo		\$41,000.00							3/1/2011
6/1/2010	BD009-16	Dakota Spirit AgEnergy	Spiritwood		\$100,000.00							6/1/2011
6/1/2010	BD009-17	Bowdon Meat Processing	Bowdon		\$25,000.00							6/1/2011
6/1/2010	BD009-18	NDSU - Demo of Bioproducts	Fargo	\$62,890.00								6/1/2011
8/1/2010	BD009-19	Soni Exports LLC	Warpeton				\$21,000.00					8/1/2011
8/1/2010	BD009-20	AquaGenex, Inc	Newburg		\$75,975.00							8/1/2011
8/1/2010	BD009-21	Marketplace of Ideas Showcase	Bismarck		\$51,000.00							8/1/2011
8/1/2010	BD009-22	Geo-Matco, Inc	Fullerton						\$5,250.00			8/1/2011
8/1/2010	BD009-23	NDSU Dept of Plant Sciences	Fargo	\$70,000.00								8/1/2011
8/1/2010	BD009-24	MADC	Minot		\$41,000.00							8/1/2011
8/1/2010	BD009-25	Cass Clay Wholesome Food Coop	Fargo		\$12,900.00							8/1/2011
12/1/2010	BD009-26	Field of View	Grafton					\$25,000.00				12/1/2011
12/1/2010	BD009-27	Nelson County JDA	Lakota		\$17,082.00							12/1/2011
12/1/2010	BD009-28	ND Ag Dept - MAP 14	Bismarck		\$10,000.00							12/1/2011
12/1/2010	BD009-29	Emplogistics, LLC	Fargo				\$10,000.00					12/1/2011
12/1/2010	BD009-30	Gussias Family Farm, Inc	Carrington		\$13,886.00							12/1/2011
3/1/2011	BD009-31	ND FFA Foundation	Bismarck				\$25,000.00				\$1,000.00	3/1/2012
3/1/2011	BD009-32	Sun Valley Container, Inc	Thompson		\$18,125.00							3/1/2012
Total Dollars Spent per category				\$206,814.00	\$510,411.00	\$41,000.00	\$108,000.00	\$25,000.00	\$5,250.00	\$1,000.00	\$32,750.00	
Total Number of Projects per category				4	17	1	6	1	1	1	4	