

GOVERNMENT ADMINISTRATION COMMITTEE

The Government Administration Committee was assigned the following studies:

- Section 10 of House Bill No.1021 (2019) directed a study regarding consolidated emergency and interoperable public safety communications system governance and funding options.
- Section 1 of House Bill No. 1298 (2019) directed a study regarding accessibility of the State Capitol grounds as related to the federal Americans with Disabilities Act of 1990 (ADA). The study was to include the effectiveness of the quantity and location of handicapped accessible parking spaces and the accessibility of entrances to the Capitol in consideration of security concerns. The study was also to include interior considerations including handicapped accessible restrooms with appropriate signage and seating areas on the ground floor of the Capitol.
- Section 35 of Senate Bill No. 2015 (2019) directed a study regarding the feasibility and desirability of developing other allowable revenue-generating uses of the Veterans' Home facilities and grounds in addition to the purposes identified in North Dakota Century Code Section 37-15-02. The study was to include an analysis of potential revenue-generating activities for the Veterans' Home facilities and grounds, including a review of the effect on any federal requirements.
- House Concurrent Resolution No. 3047 (2019) directed a study regarding state and federal veterans' programs, the programs' eligibility requirements, and the efficiency of public or private entities responsible for the administration of state and federal veterans' programs to ensure all current and future North Dakota veterans receive the care, assistance, and benefits to which the veterans are entitled.

The Legislative Management also assigned the committee the responsibility to:

- Receive a report from the Office of Management and Budget (OMB) by October 15 of each even-numbered year, regarding the reports received by OMB from each executive branch state agency, excluding entities under the control of the State Board of Higher Education, receiving federal funds, of plans to operate the state agency when federal funds are reduced by 5 percent or more of the total federal funds the state agency receives, pursuant to Section 54-27-27.1.
- Approve any agreement between a North Dakota state entity and South Dakota to form a bistate authority pursuant to Section 54-40-01.

Committee members were Senators Randy Burckhard (Chairman), Jay Elkin, John Grabinger, Joan Heckaman, Richard Marcellais, Scott Meyer, and Kristin Roers and Representatives Pamela Anderson, Glenn Bosch, Karen Karls, Ben Koppelman, Jon O. Nelson, Austen Schauer, and Cynthia Schreiber-Beck.

EMERGENCY AND INTEROPERABLE PUBLIC SAFETY COMMUNICATION SYSTEM GOVERNANCE STUDY

Background

The statewide interoperable radio network (SIRN) is a communication system being developed to allow first responders to serve and protect citizens by connecting various radio systems between state, county, city, and other political subdivision agencies. The major state agencies and organizations working on SIRN include the Division of State Radio in the Department of Emergency Services (DES), the Information Technology Department (ITD), the Statewide Interoperability Executive Committee (SIEC), the Emergency Services Communications Coordinating Committee (ESC3), and the North Dakota Association of Counties (NDACo).

Section 37-17.3-04 provides the director of the Division of State Radio is required to broadcast all dispatches and reports submitted that have a reasonable relation to or connection with the apprehension of criminals, the prevention of crimes, or the maintenance of peace and order in the state, including disaster emergency services. Section 37-17.3-09 allows the Division of State Radio to provide primary public safety answering point (PSAP) services to a political subdivision that has a population of fewer than 25,000 at the time an agreement is signed for services with the division. Chapter 57-40.6 relates to emergency services communications systems and defines a PSAP as a communications facility or combination of facilities which first receives 911 calls from persons in a 911 service area and which, as appropriate, may directly dispatch public safety services or extend, transfer, or relay 911 calls to appropriate public safety agencies.

Section 37-17.3-02 provides the chief information officer of ITD is charged with the operation and maintenance of SIRN as directed by SIEC. Section 37-17.3-03 requires each county and city in North Dakota to furnish to its law enforcement, firefighters, and emergency medical personnel the appropriate personal and vehicular radios that can access SIRN. Volunteer emergency personnel are not eligible for reimbursement because they are not employed by a

political subdivision. The state cost-share for each radio is \$1,500 unless the cost of the radio is less than \$1,500, in which case the state cost-share is the cost of the radio. The Legislative Assembly has appropriated a total of \$162.4 million to ITD for SIRN since the 2015-17 biennium, as follows:

	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium	Total
General fund	\$1,401,750			\$1,401,750
SIRN fund		\$13,700,000	\$12,330,000	26,030,000
Strategic investment and improvements fund			20,000,000	20,000,000
Bank of North Dakota loan		15,000,000		15,000,000
Bank of North Dakota profits			20,000,000	20,000,000
Bank of North Dakota line of credit			80,000,000	80,000,000
Total	\$1,401,750	\$28,700,000	\$132,330,000	\$162,431,750

Of the \$132.33 million appropriated to ITD for SIRN for the 2019-21 biennium, ITD must spend \$25 million of the \$80 million Bank of North Dakota line of credit before the \$20 million transfer of Bank profits will occur.

Statewide Interoperability Executive Committee

The committee received testimony from representatives of the SIEC regarding the current SIRN governance, opportunities to improve emergency services communications, future statewide emergency services radio communication coverage as a result of SIRN, the SIEC's role related to SIRN, suggestions regarding the consolidation of SIRN governance and public safety communications, and other committee duties not related to SIRN.

Governance

The governance of SIRN consists of the 20-member SIEC, a 12-member SIEC subcommittee, and 4 regional boards. The SIEC includes representatives of state agencies, public safety entities, and legislators. The SIEC is responsible for oversight of public safety interoperable communications, is required to prepare recommendations regarding SIRN, and may adopt rules governing the connection or integration of PSAPs to SIRN. The subcommittee includes 4 state agency representatives, 4 local urban representatives, and 4 local rural representatives. The subcommittee is responsible for management and implementation of public safety interoperable communication policies. Each regional board aligns with emergency management regions and has one representative for each 911 jurisdiction. Each regional board includes a tribal representative and 1 member from each 911 jurisdiction or county in the region. The regional boards are responsible for addressing local and regional interoperability issues while receiving local input to statewide initiatives.

The testimony indicated SIEC has more than 75 volunteers working in 11 workgroups. The workgroups focus on simulcast, public information, fleet mapping, encryption, radio, fire, law enforcement, education and training, security, PSAP users, and emergency medical services and hospitals.

Other duties of SIEC not related to SIRN include broadband services, data interoperability, and establishing a statewide communications interoperability plan.

Statewide Interoperable Radio Network Project

The SIEC, Statewide Information Technology Advisory Committee (SITAC), ESC3, and DES have roles in North Dakota emergency services communications. The committee was informed while some emergency services communication duties may be similar between each organization, most duties are unique to each organization and do not conflict with the duties of another organization. The role of SITAC for emergency services communications primarily is related to prioritizing large information technology projects, including SIRN, for state government budgeting purposes.

During the 2011-13 biennium, SIEC conducted a limited study regarding emergency services communications systems. During the 2013-15 biennium, SIEC coordinated funding from various public safety entities to conduct a study of North Dakota mission-critical radio communications systems used by public safety responders and public safety entities. The Statewide Interoperability Executive Committee selected Televate, LLC, to assess the status of mission-critical land mobile radio networks statewide and to develop a strategic plan to combine communications into an expansive network that enhances public safety response statewide.

The SIRN project has two phases:

1. Phase 1 includes the SIRN system core infrastructure and PSAPs. Phase 1 consists of two groups, one for execution and one for planning. Phase 1 will consist of select counties, PSAPs, and local jurisdictions. The planned completion date for group 1 of Phase 1 is July 2020 and has an estimated cost of \$5.76 million. The planned completion date for group 2 of Phase 1 is October 2020.
2. Phase 2 will focus on radio frequency network construction, has an estimated cost of \$50 million, and will be split into four groups. Group 1 will consist of working on 40 Department of Transportation (DOT) towers and is

expected to be completed in June 2022. Group 2 will consist of 5 DOT towers, 16 leased towers, and simulcast towers in Grand Forks, Minot, Williston, Bismarck, and Mandan. Group 2 is expected to be completed in May 2021. Groups 3 and 4 do not have estimated completion dates but will consist of 78 towers.

According to the testimony, SIRN will provide for 95 percent mobile coverage with 95 percent reliability and 85 percent portable coverage with 95 percent reliability. Major highways, the 127 largest North Dakota cities, all county seats, and communities with law enforcement, fire, and emergency medical services will experience increased public safety communications.

Emergency Services Communications Coordinating Committee

The committee received testimony from ESC3 regarding ESC3's role related to SIRN, other ESC3 duties not related to SIRN, suggestions for consolidating PSAPs, and any concerns or challenges related to SIRN and the consolidation of public safety communications.

Duties and Responsibilities

The ESC3 is a statutory committee consisting of four members from the North Dakota 911 Association, NDACo, State Radio, and ITD. The responsibilities of ESC3 include:

- Bring Next Generation 9-1-1 services to North Dakota. Next Generation 9-1-1 is a nationwide initiative to improve 911 services between the public and PSAPs.
- Provide recommendations to the Legislative Management regarding changes to the operating standards for emergency services communications.
- Recommend to the Legislative Assembly the appropriate maximum emergency services communications service fee and develop expenditures guidelines regarding the allowable uses of the fee revenue.
- Initiate and administer statewide agreements among local government units to coordinate the procurement of emergency services communications equipment and services. This function is performed by NDACo through a joint powers agreement.

Emergency Services Funding and Public Safety Answering Points

The committee was informed the main source of funding to provide emergency services communications system services is through the fee levied on telecommunication services. All 53 counties and 1 city impose the fee. As of July 2019, 33 of these jurisdictions charged the maximum fee of \$1.50 per assessed communication service while 20 jurisdictions charged \$1.00. The \$.50 fee on assessed communication services deposited in the SIRN fund is in addition to the \$1.00 or \$1.50 fee.

Of the \$1.00 or \$1.50 per month fee on assessed communication services, 5 cents is retained by telecommunication carriers as an administrative fee, 10 cents is paid to NDACo for statewide contracts, and if the county is in the State Radio jurisdiction, a portion of the fee is remitted to State Radio. After these costs are paid, the remaining revenue collected from the assessed communication service fee is used by the local jurisdiction for operational costs of the PSAP. No state or federal funds have been used for the operations of the 20 local PSAPs.

The three basic features of every PSAP are:

1. The PSAP must have a phone system that will receive 911 calls;
2. Dispatchers must be available to answer the 911 calls; and
3. It must have the ability to dispatch the appropriate public safety agencies, generally using public safety radio systems.

Governance

The committee received testimony indicating ESC3 focuses on implementing new Next Generation 9-1-1 services that will efficiently and cost-effectively deliver 911 calls to a PSAP while SIEC is responsible for developing a statewide integrated public safety radio system like SIRN that PSAPs and all emergency response agencies will utilize for public safety communications. Next Generation 9-1-1 services receive incoming 911 calls and routes the calls to PSAPs. Next Generation 9-1-1 services and SIRN provide information to PSAP dispatchers to relay emergency messages to dispatch responders. The ESC3 and SIEC work together as new technologies are implemented.

The committee was informed ESC3 does not support a merger of ESC3 and SIEC at this time. The Emergency Services Communications Coordinating Committee has been developing Next Generation 9-1-1 services since 2001 while ITD and SIEC received most of the funding necessary for the SIRN project for the 2019-21 biennium. According to the testimony, ESC3 believes SIEC should focus on SIRN before considering a potential merger with ESC3.

A representative of ESC3 expressed the belief any proposal to merge ESC3 and SIEC must be done at the appropriate time, will require changes in governance structure and responsibilities, must not harm the work already achieved by the organizations, and must consider how the newly formed organization will be funded.

Other Public Safety Communications Information Received

Information Technology Department

The committee received testimony from ITD personnel regarding SIRN governance, plans for use of the funding provided for the 2019-21 biennium, and concerns or challenges related to SIRN and the consolidation of public safety communications.

The Legislative Assembly approved House Bill No. 1178 (2017) which established a 50-cent fee on assessed communication services. The revenue generated from this fee is collected by the State Treasurer for deposit in the SIRN fund. Funds available in the SIRN fund will be used for the SIRN system core, network, and State Radio costs, as well as the \$1,500 state cost-share for personal and vehicular radios.

The Information Technology Department awarded the SIRN contract and project to Motorola to provide a single, statewide solution for North Dakota public safety systems. The total estimated project is \$207.1 million and is expected to be a 5-year project. Of the \$207.1 million project total, \$8.5 million is for the SIRN system core and PSAP costs, \$97 million is for the SIRN network such as towers and software, \$100 million is for subscriber devices and radios, and \$1.1 million is for network construction. The estimated operating cost of SIRN is \$5 million to \$10 million annually.

The committee received information indicating ITD and other agencies and organizations have considered SIRN governance and the consensus is the current governance model is the best model to proceed with the project.

State Radio

The committee received testimony from a representative of State Radio regarding SIRN and PSAPs, including the number of PSAPs, suggestions for consolidating PSAPs, and any concerns or challenges related to SIRN and the consolidation of public safety communications.

There are 21 North Dakota PSAPs, including State Radio, which dispatches and answers 911 calls for 25 of the 53 North Dakota counties and several state agencies, including the Highway Patrol, Game and Fish Department, the Attorney General's Bureau of Criminal Investigation, North Dakota Parole and Probation, as well as various federal agencies. The majority of PSAPs only provide public safety communication services for the county in which the PSAP is located. The Red River Regional Dispatch Center in Fargo serves Fargo, West Fargo, and Cass County as well as Moorhead and Clay County, Minnesota. The Lake Region Law Enforcement Center PSAP serves five counties and the PSAPs located in Bottineau, Stanton, and Hillsboro each serve two counties.

The committee was informed local PSAP partners have concerns that PSAPs will be forced to consolidate. State Radio and local partners believe PSAP consolidation should occur only if PSAP operations and emergency communications would benefit from the consolidation, rather than mandating the dissolution of PSAPs. Other than State Radio, all PSAPs are funded from local sources. The testimony suggested as the new radio frequency trunking system is implemented as part of the SIRN project and there are fewer geographic location issues, consolidation of PSAPs may occur at the local level due to cost-savings and available resources.

North Dakota Association of Counties

The committee received testimony from a representative of NDACo regarding concerns or challenges related to SIRN, state and local training needs regarding SIRN, how the \$1,500 state cost-share will affect the number of radios purchased by political subdivisions, and suggestions regarding the consolidation of SIRN and public safety communications governance.

Public safety communications in North Dakota consist of more than 900 public safety organizations, including 114 law enforcement agencies, 175 emergency medical service departments, and 316 fire agencies. The statewide interoperable radio network will include 21 PSAPs, 139 towers, and 20,000 radios.

The committee was informed while the state has contributed substantial funding for the local cost of the SIRN project, local agencies will still have significant costs related to SIRN. Funding provided for SIRN includes:

- \$90 million from the state for core infrastructure and radio frequency network;
- \$30 million from the state for local public safety radio devices;
- \$8.5 million from local agencies for PSAP equipment and training; and
- \$25 million to \$35 million from local agencies for local public safety radio devices.

According to testimony, ITD developed a survey for local agencies to complete to determine how many radios are being used by each local agency, the number of radios each agency will replace, and when each agency will purchase equipment. Local agencies may purchase radios between April 2019 and January 2024, but most agencies likely will purchase radios during the 2021-23 biennium. Local agencies must purchase the radios and submit receipts to the state for reimbursement.

The estimated total number of mobile radios needed is 10,647, of which 9,589 is for local agencies and 1,058 for state agencies. The estimated total number of portable radios needed is 9,290, of which 8,870 is for local agencies and 420 for state agencies. Mobile radios cost between \$2,000 and \$5,400 while portable radios cost between \$1,700 and \$5,400.

The committee was informed by the representative of NDACo local agencies are comfortable with SIRN and public safety communications governance structure. Local agencies recommend delaying any governance changes until SIRN is complete and is operating statewide.

Recommendation

The committee recommends emergency and interoperable public safety communications system governance not be modified from the current governance model until the SIRN project is complete and providing statewide interoperability for public safety communications, at which time additional analysis of governance consolidation may be necessary.

ACCESSIBILITY OF THE STATE CAPITOL STUDY

Background

The ADA is a civil rights law that prohibits discrimination against individuals with disabilities related to jobs, schools, transportation, and all public and private places open to the general public. The purpose of the law is to ensure individuals with disabilities have the same rights and opportunities as individuals without disabilities. The Act is divided into five titles that relate to different areas of public life, most notably for this study Title II - Public Services: State and Local Government.

The Capitol was completed in 1934 and in addition to the tower, includes the 294-foot long legislative wing and 300-foot long judicial wing. Other major buildings on the 132-acre Capitol grounds include the Liberty Memorial Building, State Office Building, Governor's residence, Department of Transportation building, and Heritage Center.

Except as otherwise provided by law, the director of OMB has charge and control of the State Office Building, executive mansion, the Capitol, and the park and public grounds connected to these buildings. The director may adopt rules to promote the health, safety, and general welfare, to prohibit disturbances and disorderly assemblies, to keep the peace, and to regulate nuisances on the Capitol grounds and in any of the buildings located on the Capitol grounds. The rules may include regulation of public assemblies and accessibility to the buildings and grounds, obstructions, fees, insurance, forms, indemnification by users, and waiver of insurance and indemnity requirements by the director.

Chapter 48-10 establishes the Capitol Grounds Planning Commission consisting of nine members, including the Lieutenant Governor as chairman. The governor appoints two citizens, one licensed architect and one representative from the State Historical Society. The President of the Senate appoints two senators as members and the Speaker of the House of Representatives appoints two representatives as members. The commission is:

- Required to administer the Capitol building fund.
- Required to develop and modify long-term plans for the development of the Capitol grounds and approve or disapprove the basic style and exterior construction of any building, facility, monument, memorial, or work of art constructed on the Capitol grounds.
- Allowed to accept or reject gifts for exterior placement on the Capitol grounds or for the improvement of the exterior construction of any building or facility on the Capitol grounds, including landscaping and improvements to the Capitol grounds. No construction or placement of an item on the Capitol grounds may be undertaken without the approval of the commission, unless the construction or placement is authorized by the Legislative Assembly.
- Required to advise the director of OMB and the Legislative Council on matters relating to the physical and aesthetic features of the interior of all buildings on the Capitol grounds and must be consulted before the purchase or installation of furniture or fixtures in public areas of the Capitol and other buildings on the Capitol grounds.

The 2019 Legislative Assembly appropriated \$4.22 million from the Capitol building fund to OMB for the 2019-21 biennium, including \$2 million for a Capitol south entrance project, \$1.9 million for extraordinary repairs, and \$320,000

for special assessments. The 2017-19 ending fund balance was \$6.5 million. The estimated 2019-21 biennium ending balance in the fund is \$3.5 million.

Office of Management and Budget

The committee received testimony from a representative of OMB regarding accessibility of the State Capitol grounds, including concerns and suggestions to improve accessibility to comply with the ADA, concerns that can be addressed during the 2019-20 interim, and concerns that will require funding during the 2021-23 biennium. The Office of Management and Budget, with approval by the Capitol Grounds Planning Commission, ensures the Capitol grounds are in compliance with the ADA. Since the implementation of the ADA, changes made to the Capitol include the addition of a handicap bathroom stall in the restrooms, replacing stairs with ramps on the ground floor, installing a lift in the entrance of the Brynhild Haugland Room, and the replacement of four elevators.

A total of 25 handicap accessible parking spaces are available to the north, west, and southeast of the Capitol. In 2016, the Highway Patrol implemented additional security measures by requiring all visitors to enter through the south entrance of the Capitol and allowing entrance through the north and west entrances by key card access only, reducing use of the 21 handicap accessible parking spaces to the north and west of the Capitol. The representative of OMB reported 25 handicap parking spaces is an adequate number for the parking lots surrounding the Capitol, but because 21 of the spaces are no longer readily accessible due to the security policies, the remaining 4 spaces are not adequate.

The committee was informed OMB hired an architectural firm for the Capitol south entrance project, which will be designed to meet all ADA standards. The project will provide additional accessible parking spaces at a closer proximity to the building.

The committee was informed OMB hired J2 Studio Architecture + Design, PC, (J2 Studio) to assess accessibility of the State Capitol and compliance with the ADA.

The committee received a report from J2 Studio, which included improvement suggestions for accessibility of Capitol facilities. The report provides a summary of ADA accessibility concerns of the House and Senate Chambers, legislative committee meeting rooms, restrooms, the cafeteria, the Supreme Court, and areas of the State Capitol accessible to the public.

The report indicated minor changes necessary for ADA compliance can be completed at little to no cost, including installing braille signage at room entrances, mounting fire extinguishers at appropriate heights, changing door knobs to door levers, adjusting doors to require a maximum push-pull effort of five pounds, and moving chairs and furniture clear of doors and aisles. The Office of Management and Budget reported the agency has completed a portion of the minor ADA compliance changes needed during the 2019-20 interim.

J2 Studio reported additional ADA compliance changes needed include installing trap and supply covers on restroom sinks, replacing restroom stall handles with ADA-compliant handles, reconstructing ADA restroom stalls with correct dimensions, installing assisted listening devices in committee rooms, installing and labeling lockers for ADA accessibility, adding an ADA-compliant booth in the cafeteria, and replacing cafeteria cooler handles with ADA-compliant handles.

The cost of the improvements to the State Capitol for ADA compliance as estimated by OMB is \$460,950, which includes \$286,100 for public spaces and meeting rooms and \$174,850 for restrooms. The costs relate to the purchase and installation of signage, door lever locksets, door operators and closers, handrails, new doors, assisted listening devices, a new wheelchair lift, restroom stalls and grab bars, sink trap covers, and new lockers. The repairs would be made in legislative committee rooms and chambers, public areas of the State Capitol, including the legislative and judicial wings, the cafeteria, and certain restrooms in the Capitol tower.

The committee was informed other considerations to make the State Capitol more accessible, but which are not related to compliance with the ADA, include adding benches throughout the State Capitol, creating bariatric seating in public areas, and renovating a restroom into a family restroom. The cost of the additional accessibility improvements as estimated by OMB is \$172,400. Architecture fees and other potential costs may result in additional costs estimated by OMB of \$116,650. Therefore, a total of \$750,000 is estimated to be needed to comply with the ADA and improve accessibility of the State Capitol.

The representatives of OMB stated the agency intends to request the entire \$750,000 in its 2021-23 biennium budget request. The Office of Management and Budget reported if an appropriation is provided during the 2021 legislative session, the funding likely would be available on July 1, 2021. The timing required for the request for proposal process and hiring an architect would result in an estimated construction period for the improvements of January 2022 through April 2022.

Security

The committee received testimony from the Highway Patrol regarding the State Capitol grounds, including federal Department of Homeland Security requirements and any conflicts with the ADA. The testimony from a representative of the Highway Patrol indicated if members of the public are visiting the Capitol and require assistance, Capitol Security will assist them to their destinations, including assisting individuals through exterior entrances not usually open to the public. If a member of the public is allowed to enter an exterior entrance not usually open to the public, Capitol Security will conduct the security screening process for the individual at that entrance. Each entrance into the Capitol is equipped with a call box to contact Capitol Security if accessibility assistance is needed.

Building Codes and ADA Conformance Statements

The committee received testimony from the Department of Commerce regarding the State Building Code, ADA requirements related to the State Capitol grounds, and statements of ADA conformance submitted to the department pursuant to Section 54-21.3-04.1. The department's Division of Community Services' primary role in administering the State Building Code is to work with the State Building Code Advisory Committee to develop and publish the code. The State Building Code is adopted every 3 years after international codes are published. The most recent State Building Code became effective January 1, 2020.

Section 54-21.3-04.1 provides a state agency or the governing body of a political subdivision must require vendors preparing plans and specifications for buildings or other facilities to submit an ADA conformance statement to the Division of Community Services. The Division of Community Services receives an average of 150 statements each year. While there are more than 150 building permits issued statewide each year, the department is not authorized to inspect or enforce the conformance statement process. The department reported each state or local agency must ensure the conformance statement requirement is completed.

Recommendation

The committee recommends a bill draft [\[21.0066.02000\]](#) to provide an appropriation of \$750,000 from the Capitol building fund to OMB, of which \$460,950 is for costs associated with the implementation of changes to the State Capitol grounds for compliance with the ADA and \$289,050 is for additional costs to improve accessibility of the State Capitol during the 2021-23 biennium. The bill draft requires OMB to consult with the Legislative Management when considering changes to legislative branch areas and with the Chief Justice when considering changes to judicial branch areas.

REVENUE GENERATING USES OF THE VETERANS' HOME STUDY

Background

History and Eligibility

The committee reviewed the history of the Veterans' Home and its facilities, occupancy rates for basic care and skilled care, and potential uses of Veterans' Home facilities and grounds for other revenue-generating uses and any concerns regarding these activities, including the effect of federal funds requirements and on the availability of federal funds.

The Veterans' Home, originally called the Old Soldiers' Home, is owned and operated by the state. The Veterans' Home includes two basic care pods that can house 98 residents and one skilled care pod that can house 52 residents for eligible North Dakota veterans, including honorably discharged soldiers of the North Dakota National Guard, and spouses. Each pod includes four households designed for 12 to 13 residents in each household. The facility has 142 private rooms and 4 semi-private rooms, each room with its own private bathroom. Each household has a living room area, open kitchen, and dining area.

Section 13 of Article IX of the Constitution of North Dakota and Section 37-15-01 provide the Veterans' Home is to be located in Lisbon. Pursuant to Section 37-15-10, to be eligible for admission, veterans must meet one of the following criteria:

- Be a bona fide resident of North Dakota;
- Have served in a North Dakota regiment;
- Entered the armed services as a North Dakota resident; or
- Be a spouse or surviving spouse of an eligible veteran meeting the criteria above.

The basic care unit requires potential residents to have total independence with personal care needs--bathing, dressing, eating, ambulating (walking), toileting, and transferring. The skilled care unit requires a potential resident meet the North Dakota criteria for nursing home placement.

As of August 2020, 53 individuals were in the basic care unit, an occupancy rate of 54.1 percent and 49 individuals were in the skilled care unit, an occupancy rate of 94.2 percent. Of the Veterans' Home's 8 basic care pods, 2 pods are closed due to low occupancy.

North Dakota has experienced a decrease of more than 900 skilled care bed capacity, an increase of 726 basic care bed capacity, and an increase of 1,490 of assisted living bed capacity since 2004. The state average occupancy rate for skilled care is 90 percent while the average basic care occupancy rate is 70 percent.

As of September 2017, there were nearly 20 million veterans nationwide, of which 51,677 were North Dakota veterans. Of this number, 22,033, or 42.6 percent, were age 65 or older. The VA estimates the number of veterans in 2045 will decrease to 12 million nationwide and 42,000 in North Dakota.

Services

Residents of the Veterans' Home receive medical treatment, including 24-hour nursing care, and access to registered nurses, licensed practical nurses, medication technicians, household coordinators, and resident living specialists to provide personal care for each resident. The Veterans' Home also offers onsite pharmacy services (for veterans); transportation to the Fargo Veterans' Administration Medical Center; transportation to local medical appointments; dietary and nutritional services, including special diet menus; chaplain and spiritual care services; mental health services; physical, occupational, and speech therapy services; social services; recreational therapy, including scenic drives, shopping trips, bingo, parties, card games and access to an activity room; laundry services; therapeutic work program; and financial services.

Moratoriums

The Legislative Assembly, in House Bill No. 1355 (2019), amended Section 23-09.3-01.1 to extend the moratorium on expansion of basic care bed capacity in the state through July 31, 2021. The bill also amended Section 23-16-01.1 to extend the moratorium on expansion of long-term care, including skilled care bed capacity in the state through July 31, 2021. These moratoriums preclude nursing facilities from adding basic care or long-term care beds to the state's licensed bed capacity.

Revenue

Section 37-15-14 establishes a Veterans' Home operating fund, also known as the soldiers' home fund, to be maintained in the State Treasury. Revenue for the fund is derived from interest on the sale of lands, land rent, and federal funds provided for the support and maintenance of the Veterans' Home.

Section 37-15-14.1 allows the Veterans' Home Governing Board to establish fees to be paid by residents of the Veterans' Home, which must be based on the adjusted income of each resident, but not to exceed 49 percent of the average daily resident cost. Because the fee is based on the adjusted income of each resident, some residents pay the maximum rate of \$1,850 while other residents pay \$0 each month. In addition, the Veterans' Home receives federal funding of \$47.36 for every day each resident is enrolled in basic care.

Skilled care residents are charged a daily rate developed by the Department of Human Services' case mix system. The current skilled care rate range is \$227 to \$681 each day. In addition, the Veterans' Home receives federal funding of \$109.73 for every day each resident is enrolled in skilled care.

Revenue collected in the fund for the 2011-13 through 2017-19 bienniums is as follows:

	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium
Federal funding	\$4,740,347	\$5,081,942	\$5,660,005	\$5,341,234
Interest income	461	371	323	429
Donations	6,964	8,085	6,793	4,453
Pharmacy copayments	150,922	208,544	180,539	101,382
Meal sales and miscellaneous sales and services	57,938	87,787	132,686	133,933
Care and treatment - Medical assistance	3,616,320	2,779,692	3,265,251	2,974,125
Care and treatment - Medicare	7,774	383,939	337,664	280,986
Care and treatment - Blue Cross Blue Shield	3,847,721	5,796,853	6,596,734	6,855,651
Care and treatment - Other	1,736,893	1,675,770	1,749,841	1,626,177
Mineral royalties	4,770			5,456
Insurance recoveries		400,000	32,500	
Other	3,919	18,275	16,003	13,766
Transfer to the Melvin Norgard memorial fund	(258,966)			
Transfer from the state lands permanent fund	279,429	325,428	434,000	711,984
Total	\$14,194,492	\$16,766,686	\$18,412,339	\$18,049,576

In addition to the soldiers' home fund, the Veterans' Home maintains the Melvin Norgard Memorial fund and the Veterans' Home custodial funds. Revenue deposited in the Melvin Norgard Memorial fund is derived from mineral lease income, royalties, and sale proceeds from land gifted to the Veterans' Home from Melvin Norgard. Revenue deposited in the custodial funds is derived from donations, gifts, or bequests given to the Veterans' Home. During the 2017-19 biennium, revenue deposited in the Melvin Norgard Memorial fund was \$178,014 while \$198,092 was deposited in the custodial funds.

Veterans' Home Basic Care

Basic care rent is calculated at 55 percent of a veterans' monthly income, less medical expenses. The current maximum chargeable rent is \$1,850 for basic care. Spouses of veterans pay the maximum rate regardless of income or expenses. The Veterans' Home average cost of care for a basic care resident is between \$4,000 to \$4,500 each month, which is paid by a combination of federal funds, state funds, and resident rent collections.

The VA pays a daily per diem rate of \$47.35 on behalf of each Veterans' Home resident. The per diem rate of \$47.35 is provided by the VA and used by the Veterans' Home for pharmacy costs of residents. If a resident is absent from the Veterans' Home for more than 96 hours, the VA does not provide the daily per diem for the resident. The committee was informed the Veterans' Home does not have another revenue source to replace the reduction in VA per diem funding, which has resulted in a Veterans' Home policy of requiring residents to pay the daily per diem rate to cover their pharmacy costs if they exceed the allowable 96-hour absence policy. An average of five residents per year exceed the 96-hour allowable absence period.

According to testimony, veterans' homes in other states also have experienced low basic care occupancy, including Minnesota (60 percent), Massachusetts (57 percent), Pennsylvania (55 percent), Iowa (50 percent), Ohio (45 percent), New Mexico (40 percent), and Kansas (33 percent).

The committee was informed obstacles to filling basic care beds include a declining number of World War II and Korean War veterans, community in-home care programs, the VA hospice care program, and the VA in-home care program. The VA hospice care program covers a veteran's hospice care costs if the veteran is a resident of a private nursing home, but not a state's veterans' home. The VA in-home program provides family caregivers \$26,500 each year to care for a family member veteran at home rather than admitting the veteran to a nursing home. Testimony indicated other obstacles for the Veterans' Home include lack of funding for advertising and staff education and staff turnover due to private sector salaries being higher than state employee salaries.

Testimony indicated increasing the maximum monthly basic care rent of \$1,850 would affect only 10 to 15 residents. If the 49 percent of adjusted income calculation for basic care rent is increased, the Veterans' Home may experience an increase in revenue; however, increasing the basic care rent also could result in lower basic care census because the cost of renting an off-campus apartment may be less costly than the new basic care rent at the Veterans' Home, causing the Veterans' Home to lose revenue.

Other Potential Revenue Generating Uses of the Veterans' Home

The committee received testimony suggesting in addition to changing the basic care rent rate calculation, potential revenue-generating uses of the Veterans' Home which would be eligible for federal VA funding include:

- Adding additional skilled care beds;
- Adding an adult day care program; and
- Remodeling basic care areas into independent assisted living units.

Additional Skilled Care

Skilled care residents are charged a daily rate developed by the North Dakota human services case mix system. The monthly rent for skilled care can range from \$6,800 to \$20,000.

The committee was informed while the VA will provide funding to convert basic care beds to skilled care beds, that approach may not be desirable given the recent statewide reduction of skilled care beds. The Veterans' Home has had fluctuating demand for skilled care services, including having a waiting list of up to 10 individuals and having vacant skilled care beds due to decreases in skilled care demand.

Adult Day Care

The committee learned the Minnesota Veterans' Home added an adult day care program, but the program has not been successful and its expenses are exceeding its revenues. Testimony indicated the Veterans' Home may have difficulties having success with an adult day care program in rural North Dakota due to a lack of demand for adult day care services in areas near Lisbon.

Independent Assisted Living

The committee was informed the VA may provide federal funding to the Veterans' Home for a portion of the operating costs of assisted living services if the Veterans' Home converted basic care beds to assisted living. The program would need to be implemented and successful before any federal funding would be received. If the program is successful, the Veterans' Home would be placed on a national waiting list with other state agencies requesting federal funding for veteran programs, which means it may be several years before the Veterans' Home would receive federal funding for an assisted living program. The Veterans' Home has relatively new facilities, which may result in the Veterans' Home being placed low on national federal funding waiting lists.

If the Veterans' Home remodeled basic care areas to assisted living units, the VA will provide 65 percent of the remodel cost with the state providing the 35 percent match. An assisted living remodel would include adding a kitchenette to rooms and adding larger rooms and spouse rooms. Assisted living services would include resident fees for housekeeping, medication, meal plans, and nursing care. The committee received testimony indicating disadvantages of a potential remodel would be the loss of eight rooms and rent structure changes.

Veterans' Home Governing Board

The committee received testimony from the Veterans' Home Governing Board regarding suggestions for other revenue-generating uses of the Veterans' Home.

The Veterans' Home Governing Board determined an adult day care program would not be profitable because of the lack of demand for adult day care services in the areas near the Veterans' Home. The board indicated increasing the number of skilled beds would not be profitable because the Veterans' Home has vacant skilled beds and no skilled care waiting list. In addition, the committee was informed these options also may be challenging because the Veterans' Home has several vacant positions it is unable to fill.

Basic Care Census Concerns

The committee received testimony indicating the Veterans' Home's low census is due to a lack of area workers available to work at the Veterans' Home and a lack of veterans applying for residency. Although the basic care census was nearly 100 percent 4 years ago, several World War II and Korean War residents have died. The Veterans' Home anticipates more Vietnam War veterans will start applying for residency at the Veterans' Home, which will increase the number of basic care and skilled care residents.

The committee received information suggesting an increase in the Veterans' Home budget for advertising costs may promote awareness of the Veterans' Home and the services provided and potentially result in increasing its basic care occupancy rate.

The Veterans' Home Governing Board hired Eide Bailly, LLP to develop a strategic plan for the Veterans' Home which will include study options and recommendations for filling vacant basic care beds. The Eide Bailly recommendation report is expected to be completed in December 2020.

Federal Funding Concerns

The committee was informed other revenue-generating uses of the Veterans' Home may include leasing a portion of the Veterans' Home to third parties; however, if the facility, which was constructed using federal VA funds, would be used for nonveteran-related programs, the state would have to reimburse the VA for all federal funding used to construct the Veterans' Home. In addition, the Veterans' Home is not allowed to have less than 75 percent veteran occupancy in the facility or the Veterans' Home will lose federal per diem payments, which accounts for approximately 33 percent of the Veterans' Home revenue.

Any violation of these VA regulations may trigger a federal recapture clause, which could result in the state having to repay the federal government \$14,684,000 for the federal portion of the Veterans' Home construction costs and \$670,000 for the amount the federal government contributed for the Veterans' Home art studio and wood shop addition. An alternative option is for the state to pay the federal government approximately \$15,354,000, resulting in the entire facility being owned by the state, which would allow the state to use the facility for nonveteran programs. The requirement to repay the VA for the portion of federal funds used to construct the Veterans' Home will eventually expire; however, that date is unknown, and the Veterans' Home has not received specific information from the VA on the subject.

Workforce Concerns

The committee was informed converting basic care areas to skilled care or adult day care may be challenging because the Veterans' Home has several vacant positions it is unable to fill, primarily due to Veterans' Home wages being lower than those of medical facilities in the area.

Testimony indicated it is difficult for the Veterans' Home to recruit nurses near Lisbon and it is common in the medical profession for workers to move between organizations in pursuit of higher paying jobs. This combination has led to a worker shortage at the Veterans' Home.

The committee received testimony contending the Veterans' Home wages are less than nearby facilities in part because state employees did not receive salary increases during the 2017-19 biennium. The Veterans' Home has competitive employee benefits, but private organizations are beginning to offer benefits comparable to the state. Testimony suggested nurses living near Lisbon are willing to drive to a larger city, such as Valley City or Fargo, for a higher salary.

Vietnam Veterans of America

The Vietnam Veterans of America (VVA) reported many North Dakota VVA members discuss becoming residents of the Veterans' Home if they require basic care or skilled care services. The committee was informed VVA members throughout the country often become residents of veterans' homes in their home states.

Committee Considerations

The committee discussed delaying any changes to the basic care and skilled care areas of the Veterans' Home until additional information is available regarding the number of Vietnam War veterans who may apply for residency at the Veterans' Home. The committee discussed the importance of reviewing the strategic plan being prepared by Eide Bailly, when it is available, before making any revenue generating changes at the Veterans' Home.

Recommendation

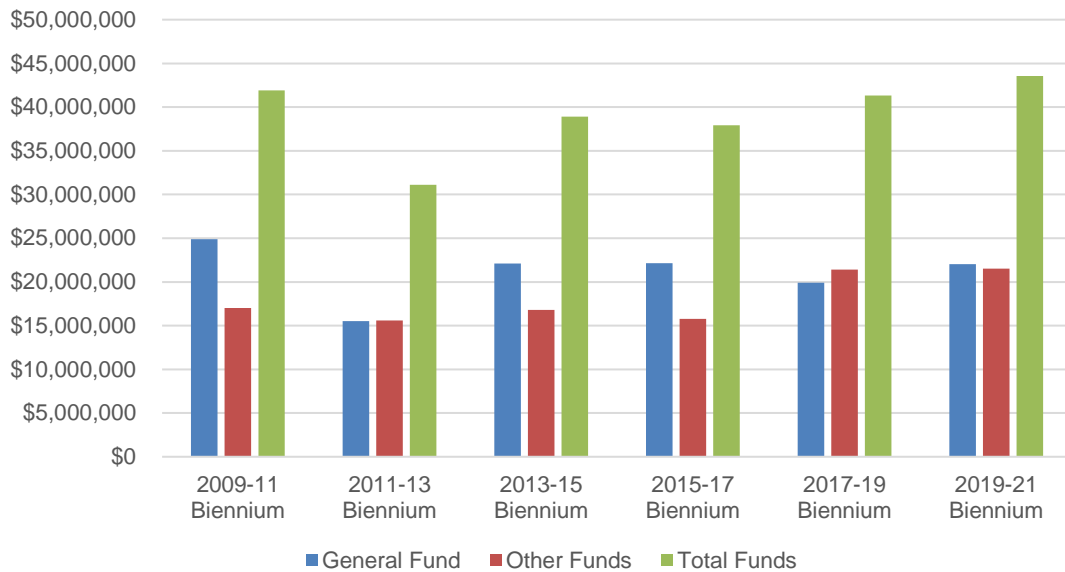
The committee makes no recommendation regarding the study of revenue generating uses of the Veterans' Home.

STATE AND FEDERAL VETERANS' PROGRAMS STUDY

Background

State funding for veterans' programs is provided primarily to the North Dakota Department of Veterans' Affairs (NDVA), Veterans' Home, and the Adjutant General - National Guard. Additional programs are provided by the North Dakota University System office for veterans' assistance grants and the Tax Department for veteran tax credits.

The following is a summary of funding for North Dakota veteran programs for the 2009-11 through 2019-21 bienniums:



	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium
General fund	\$24,869,777	\$15,500,327	\$22,100,136	\$22,148,052	\$19,911,279	\$22,049,910
Other funds	17,022,780	15,592,023	16,797,205	15,781,985	21,415,729	21,502,044
Total funds	\$41,892,557	\$31,092,350	\$38,897,341	\$37,930,037	\$41,327,008	\$43,551,954
Funding Increase (Decrease)						
General fund	N/A	(\$9,369,450)	\$6,599,809	\$47,916	(\$2,236,773)	\$2,138,631
Other funds	N/A	(1,430,757)	1,205,182	(1,015,220)	5,633,744	86,315
Total funds	N/A	(\$10,800,207)	\$7,804,991	(\$967,304)	\$3,396,971	\$2,224,946
Percentage Increase (Decrease)						
General fund	N/A	(37.7%)	42.6%	0.2%	(10.1%)	10.7%
Other funds	N/A	(8.4%)	7.7%	(6.0%)	35.7%	0.4%
Total funds	N/A	(25.8%)	25.1%	(2.5%)	9.0%	5.4%

Administrative Committee on Veterans' Affairs

The committee received testimony from the Administrative Committee on Veterans' Affairs (ACOVA) regarding its oversight of NDVA and the Veterans' Home, programs available to North Dakota veterans, and ways to improve the care, assistance, and benefits available to veterans. The testimony stated adding full-time equivalent positions to the NDVA budget would improve the care, assistance, and benefits available to North Dakota veterans. The testimony indicated areas of need are for county and tribal veteran service officers (VSO), women veteran coordinators, and loan and grant officers. The testimony also indicated additional funding for outreach, website improvements, advertising, and staff training is needed.

North Dakota Department of Veterans' Affairs

The committee received testimony from NDVA regarding programs and services offered by NDVA and ways to improve the care, assistance, and benefits available to veterans. The mission of NDVA is to assist veterans of North Dakota and their dependents in obtaining all benefits to which they are entitled, both federal and state, either by direct contact or through the assistance of county and tribal VSOs. The department reported the following programs and services are available to veterans through NDVA:

- Developing, accepting, and completing VA compensation and pension claims;
- Counseling on employment, educational programs, financial assistance, vocational rehabilitation, disability benefits, medical care programs, nursing home assistance, death benefits, and other veterans' benefits;
- Administrating the veteran's aid loan program and the hardship assistance grant program to assist veterans financially with services, such as dental, hearing, optical, transportation, and housing needs;
- Administrating transportation programs to help transport veterans to the Fargo VA Medical Center, the Miles City VA Medical Center in Montana, and the Fort Meade VA Medical Center in South Dakota;
- Training newly appointed tribal and county VSOs;
- Helping veterans and their dependents access various programs, benefits, and resources, including programs related to health care, mental and behavioral health, education and training, financial assistance and programs, employment and entrepreneurship, housing, burial and memorial, outreach, legal services, women and minority specialized services, veteran appreciation, and other assistance services;
- Supervising the State Approving Agency, which is federally funded and works with the VA to manage veteran education benefits and approves and supervises programs of education and training for eligible veterans, dependents, National Guard members, and reservists; and
- Accepting, safeguarding, and providing certified copies of military discharge papers and other documents.

The testimony stated NDVA provides veteran suicide prevention and awareness services. The department reported nationally there is an average of 20 veteran suicides each day, of which 14 are not receiving services from the VA. The department also promotes a federal "suicide challenge" program that includes collaboration with the VA, governor, and North Dakota mayors to raise awareness of counseling and other suicide prevention services available to veterans.

The department estimated during the fall of 2019 North Dakota has approximately 400 homeless veterans.

The department reported additional staff would allow NDVA to improve the care, assistance, and benefits available to veterans.

Adjutant General - National Guard

The committee received testimony from the office of the Adjutant General regarding National Guard enlistment trends, National Guard programs available to North Dakota veterans, and any concerns or suggestions regarding services and benefits available to North Dakota veterans. The committee was informed National Guard programs are offered at family assistance centers in Bismarck, Fargo, Minot, Devils Lake, Grand Forks, and Jamestown, there are education benefits offices in Bismarck and Fargo, and survivor outreach services are available in Bismarck.

Concerns of the National Guard for service members include the lack of providers of behavioral health and mental health services, the lack of providers that will accept TRICARE insurance, and education of the benefits and services available to service members. Testimony submitted to the committee stated the location of in network TRICARE providers and scheduling availability often are concerns of service members. The testimony indicated there are low reimbursement rates and frequent contract changes for TRICARE dental insurance.

The office of the Adjutant General reported a way to improve services and benefits available to National Guard service members is to increase the number of behavioral health, mental health, and TRICARE insurance providers by working with licensing boards and increasing incentives for providers to come to and stay in North Dakota.

United States Department of Veterans Affairs

Veterans Health Administration

The committee received testimony from the Fargo Medical Center Veterans Health Administration (VHA) regarding federal programs available to North Dakota veterans, collaboration with state veteran programs, and ways to improve the care, assistance, and benefits available to veterans. The VHA recently increased mental health and evidence-based therapy staff for veterans suffering from mental health and suicide issues. The services also are offered at VHA outpatient clinics through telehealth electronic communications. The testimony indicated needs of North Dakota veterans include:

- Additional mental health services;
- Additional transportation services for veterans in rural areas of the state;
- Marketing to and educating veterans regarding programs and services for which they are eligible and encouraging veterans to utilize those services.

Veterans Benefits Administration

The committee received testimony from the Fargo Medical Center Veterans Benefits Administration (VBA) regarding federal programs available to North Dakota veterans, collaboration with state veterans' programs, and ways to improve the care, assistance, and benefits available to veterans. The benefits administered by VBA includes disability compensation, disability and death pension benefits, education benefits, vocational rehabilitation and employment, home loan guarantees, life insurance, dependents' educational assistance, survivor benefits, and burial benefits. Ancillary benefits include aid and attendance, housebound benefits, automobile allowance and specially adapted automobiles, specially adapted housing and home adaptation grants, and fiduciary services for veterans unable to manage financial affairs. The VBA reported there is minimal duplication in programs offered to veterans from federal, state, local, and private entities and that the VA works with state, local, and private entities to identify unmet needs of veterans so those veterans can receive services they need.

County Veteran Service Officers

The committee received testimony from a county VSO who reported VSOs offer various services to veterans, including services related to health care, disability compensation and pension, educational assistance, vocational rehabilitation, home loan guaranties, and assistance with NDVA loans and grant programs. The VSOs collaborate with the VA, NDVA, and veteran service organizations. The VSOs advocate for veterans and their families, advise veterans of available programs and benefits, assist in the preparation of VA and NDVA benefit claims, and inform the public of veterans' programs. The VSO reported a major need of North Dakota veterans is transportation to medical appointments.

Veteran Service Organizations

The committee received testimony from representatives of the AMVETS, Veterans of Foreign Wars (VFW), VVA, American Legion, Disabled American Veterans (DAV), and North Dakota Veterans Legislative Council.

The AMVETS reported veteran service organizations can improve membership trends by working together, combining resources, and focusing on the needs of veterans and their families. The AMVETS indicated forming veteran service organizations that serve all veterans, instead of having separate AMVETS, American Legion, DAV, VVA, VFW, and other veteran service organizations may serve North Dakota veterans better. The AMVETS reported the expansion of ACOVA membership may be beneficial because there are veterans who are not represented by the major veteran service organizations and are not involved in the ACOVA appointment process.

The American Legion reported ways to improve the care, assistance, and benefits available to veterans include increasing funding provided to veteran service organizations, authorizing additional NDVA staff, increasing programming and staff for the NDVA highly rural transportation program, and increasing advertising for veterans' programs.

The Disabled American Veterans reported ways to improve the care, assistance, and benefits available to veterans include authorizing additional NDVA staff to process veteran VA claims, providing new transport vans for the nonhighly rural transportation program, and encouraging veterans to talk to VSOs to learn about veteran programs and benefits available to them.

Task Force for Veterans Affairs

The committee received testimony from the Governor's Task Force for Veterans Affairs regarding the task force's mission and role, and how the task force has collaborated with other organizations to improve the care, assistance, and

benefits available to veterans. The task force was established in October 2018 by an executive order issued by Governor Doug Burgum. The executive order required the task force to:

- Examine the current structure of veterans' affairs governance and service delivery, evaluating strengths and weaknesses in the current system;
- Identify areas for increased collaboration, communication, and efficiencies in and among existing programs, state agencies, and other resources utilized for the services of veterans in the state; and
- Provide recommendations to improve the current governance structure and services for veterans in North Dakota.

The COVID-19 pandemic has delayed the task force's final recommendations for the Governor. The preliminary recommendations of the task force to the Governor include:

- Maintain ACOVA membership at 15 but reducing the number of members from the 5 largest veteran service organizations from 3 members each to 2 members each. The remaining 5 members would be elected by all North Dakota veterans and may include nominations from all veteran service organizations. All members would still be appointed by the Governor.
- At least 1 member of ACOVA be a member of one of North Dakota's Native American tribes.
- At least 1 member of ACOVA be female.
- If a member can no longer serve on ACOVA, the member's position must be filled by nominations from all North Dakota veterans.
- Remove the Adjutant General as an ex-officio, nonvoting member of ACOVA.
- Require ACOVA to standardize the criteria for nominating members in the ACOVA operating manual.
- Continue support for and awareness of veteran behavioral health support.
- Continue efforts to eliminate veteran homelessness, including establishing a Department of Veterans' Affairs Committee to End Veteran Homelessness.
- Increase education and awareness of medical marijuana for veterans.

Tax Commissioner

Income Tax Benefits

The committee received testimony from the Tax Commissioner's office regarding state income tax benefits available to North Dakota veterans and recent veterans' tax credit trends. Century Code provides for two direct income tax benefits to North Dakota military veterans:

- The mobilized National Guard/Reserve member pay exclusion; and
- The military retirement pay exclusion.

The mobilized National Guard/Reserve member pay exclusion was created in 2003, is available to National Guard or Reserve service members mobilized for federal active duty, and allows for a deduction of 100 percent of federal active duty compensation on the North Dakota income tax return. The deduction was claimed on 204 individual income tax returns for tax year 2017 and 165 returns for tax year 2018.

The military retirement pay exclusion was created in 2019 and is available to retired members of the United States armed forces or its reserves, Army National Guard, or Air National Guard, or a surviving spouse of a deceased retired service member. There are approximately 6,000 retired North Dakota veterans receiving military retirement pay, including approximately 570 surviving spouses of deceased retired service members.

Property Tax Benefits

The committee received testimony from the Tax Commissioner's office regarding state property tax benefits available to North Dakota veterans and recent veterans' tax credit trends. Section 57-02-08.8 provides a property tax credit for disabled veterans with a service-connected disability of 50 percent or greater. The number of applicants has increased from 3,111 for tax year 2015 to 4,017 for tax year 2018. Section 57-02-08(20)(a) provides a property tax exemption to a paraplegic disabled veteran up to a maximum of \$120,000 of the structures and improvements of the veteran's homestead.

Recommendation

The committee makes no recommendation regarding the study of state and federal veterans' programs.

OTHER COMMITTEE DUTIES

Report on Federal Funds

Section 54-27-27.1 requires each executive branch state agency, excluding entities under the control of the State Board of Higher Education, receiving federal funds, to report to OMB a plan to operate the state agency if federal funds are reduced by 5 percent or more of the total federal funds the state agency receives. The report must include information on whether the agency will request state funds to offset the decrease in federal funds. The report is not required to address a reduction in federal funds received by the agency which is a result of:

1. A decrease in caseloads or cost per case;
2. A change in the anticipated project completion date for a construction project qualifying for federal fund reimbursement;
3. The completion of a one-time project funded in whole or in part by federal funds.

The Office of Management and Budget is required to report to the Legislative Management by October 15 of each even-numbered year on the reports received from state agencies under this section. The report must include a summary of the reports received from state agencies on how each agency will operate with the reduction in federal funds. The Government Administration Committee was assigned responsibility for receiving this report for the 2019-20 interim.

The committee received a report from OMB in August 2020 regarding state agency plans to operate if federal funds are reduced by 5 percent or more of the total federal funds the agency receives. Of the 32 executive branch agencies receiving federal funds during the 2019-21 biennium, 2 agencies expect a decrease in federal funds of 5 percent or more in the 2021-23 biennium, including the Information Technology Department and the Adjutant General. Neither agency intends to request state funds to offset the anticipated decrease in federal funds and neither agency expects a significant impact to agency operations for the 2021-23 biennium.

Agreements Between North Dakota and South Dakota

Section 54-40-01 provides an agency, department, or institution may enter an agreement with the state of South Dakota to form a bistate authority to jointly exercise any function the entity is authorized to perform by law. Any proposed agreement must be submitted to the Legislative Assembly or, if the Legislative Assembly is not in session, to the Legislative Management or a committee designated by the Legislative Management for approval or rejection. The agreement may not become effective until approved by the Legislative Assembly or the Legislative Management. The Government Administration Committee was assigned this responsibility for the 2019-20 interim.

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

During the 2019-20 interim, no proposed agreements were submitted to the committee for approval to form a bistate authority with the state of South Dakota.