



# NDACo BUDGET MEMO

## For CY2021 Budgets

To help counties in their budgeting efforts, we at NDACo have compiled county-specific analyses of projected State Aid, State Highway Funding, and a variety of other revenues along with some anticipated expenditures. We have sent this one-page, county-specific analysis to each county; however, it is most effective if it is used in conjunction with the narrative below.

This Budget Memo includes brief notes about the assumptions and qualifications of various budget items. We have also identified other budget issues that we think may warrant consideration.

As always, please remember that these are estimates and relative changes in valuation, taxable sales, population, staffing levels, motor vehicles, etc., may affect some of the actual revenues and costs in the next year. While we use the latest and best data available, everything must be tempered with your own judgement.

NDACo has provided this service since 1991. We hope you find it useful. As always, we welcome your input if we can make this annual communication more useful.

## REVENUES

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### STATE AID DISTRIBUTION FUND

Recognizing rapidly changing populations in some jurisdictions, the State requires the use of official Census Bureau estimates for state aid distributions beginning July 2015 through at least the biennium ending June 2021. This means each October during that period, the Treasurer's Office "rolls in" the previous year's census estimates, effectively resulting in annual incremental adjustments among counties and cities rather than a larger one at the end of the decade. The current dedication of 43.5% of a penny of state sales tax (rather than 40.0 %) into this fund, which was implemented in 2013, will continue.

As in the past, we are using the Tax Department's sales, use and motor vehicle tax estimates as the foundation for this projection. The Tax Department generates these in conformance with the assumptions used by OMB and the state's economic advisor. The results, therefore, are only as accurate as those assumptions. Because of the pandemic's extraordinary economic impacts, the Tax Dept. is still working on their official projections for state budgeting, and we have been forced to look at some of the underlying sales and vehicle use data to augment our normal process. From this we have **estimated a 20% drop in the second half of 2020, and a**

**20% reduction in 2021. This is very much an estimate, and we will be revising and updating later this summer as more state data becomes available. Please use your own best judgment as well.**

Your county's estimated funding for all of CY2020 and our projection for CY2021 do take the census adjustments into account and are included in the county-specific memo. As several counties have seen townships become unorganized since 1997, we have left the "net of township share" figure out of these estimates; therefore, the figures reflect the total "rural share." The language below explains how the townships' "percentage share" is to be determined. While the Legislature has taken a (mostly) "hands-off" approach to this Fund since 1997, any dramatic change in consumer spending will affect this fund as it affects the state's budget.

As noted in the past, only counties and cities receive direct allocations from this program - NDCC 57-39.2-26.1 states:

*"A county shall deposit all revenues received under this subsection in the county general fund. Each county shall reserve a portion of its allocation under this subsection for further distribution to, or expenditure on behalf of, townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the southwest water authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within cities. The share of the county allocation under this subsection to be distributed to a township must be equal to the percentage of the county share of state aid distribution fund allocations that township received during calendar year 1996. The governing boards of the county and township may agree to a different distribution."*

The common interpretation of this language is that the individual amounts that counties "pass-through" to the other jurisdictions and to special funds within the county are totally in county commission control, with the exception of organized townships. Townships must receive their proportionate share, unless they agree with the county to a "different distribution."

Our understanding of the purpose of this "different distribution" language is to allow the possibility for creatively assisting townships; for example, "writing down" the cost of township road maintenance was suggested in one of the committee hearings as a possible way of dedicating the township portion. When a township becomes unorganized, their proportional State Aid amount should remain in the county general fund. The amounts on the county-specific schedule indicate the "total county amount" that we project will be allocated to each county including the township share. Questions on our projections can be directed to Linda Svihovec.

## STATE HIGHWAY DISTRIBUTION FUND

Although there have been no formula changes made to the State Highway Distribution Fund in the last several years, we have seen the start of what we expect will be a fairly long-term slide in both fuel taxes and motor vehicle registration fees since the start of the pandemic and concurrent decline in the oil industry. Like state aid above, our projections on the county-specific data sheet reflect a **20% decline for the second half of 2020, and a 15% reduction**

**through CY2021. This is very much an estimate, and we will be revising and updating later this summer as more state data becomes available. Please use your own best judgment as well.**

Questions on these projections can also be directed to Linda Svihovec.

### PERMANENT INFRASTRUCTURE FUNDING (PRAIRIE DOG)

As reported previously, HB1066 (Operation Prairie Dog) was passed in 2019 to provide a permanent funding formula for both oil and non-oil counties, cities, and townships. HB1066 created a new oil and gas tax distribution bucket for non-oil city, county, and township infrastructure. Although legislative projections indicated this bucket would fill and the revenue would be distributed, the downturn in the oil industry suggests that there WILL NOT be sufficient oil tax revenue to provide for funding this biennium. We would urge counties to not count on this revenue stream in CY2021.

### GROSS PRODUCTION TAX

At this time (mid-June), North Dakota is experiencing a substantial reduction in both drilling and production in the Bakken. According to a May 2021 presentation by Western Dakota Energy Association, 7500 wells have been shut in resulting in a loss of 510,000 bbl/day of produced oil. The May 21 active drilling rig count was down to 13 (30 less than April), with only one active frac crew working (down from 25 a few months ago). WTI crude oil is at \$36.20/bbl today and oil storage capacity is nearly full everywhere. This presents a huge challenge for oil producing counties to project what the rest of 2020 and 2021 will look like for GPT revenue as the Bakken Restart plan develops. We encourage you to refer to Western Dakota Energy Association's website for guidance and updated forecasts: [www.ndenergy.org](http://www.ndenergy.org).

### TOWNSHIP ROAD FUNDING

There is **no one-time funding anticipated** for townships at this time. With the **unlikely distribution of Prairie Dog Funds** this biennium, township funding will be limited to their share of the Highway Tax Distribution, which will also face the reductions discussed for counties.

### SENIOR MILL LEVY MATCH

The 2015 Legislature readjusted the formula for this program, increasing the amount of state funding distributed from 85% of a mill to 87.5%. They also amended the language of this statute, providing a match equal to the amount appropriated by the county for this purpose, up to the value of one mill. Therefore, a county is no longer required to levy the mill if they have other revenues available to demonstrate the match. This may make projections a bit more difficult going forward but certainly adds flexibility to the county budgeting process. For each county-specific data sheet, we have included the CY2020 actual distribution, contrasted with our calculation of the **maximum CY2021 distribution**. This calculation is based on 87.5% of your TY2019 mill value and the assumption that each county budgets sufficient funds to trigger the maximum match - obviously some counties may budget less.

## CLERK OF COURT FUNDING

For those counties that contract with the Supreme Court to provide clerk of court services, the new contract amounts took effect July 1, 2019 for the 2019-2021 biennium. Therefore, the monthly reimbursements were fixed for this year, but **will change July 1, 2021**. The amounts are based on the updated time-study and salary information finalized and reported to the clerks. The figures in the county-specific data sheet compare the current rate for CY2020 with the “blended” amount of the current and new contracts beginning July 1, 2021.

## INDIRECT COST PLANS (REIMBURSEMENTS & FEES)

Pursuant to Social Services redesign, all direct costs for social services will be funded by the State, while indirect costs will remain the responsibility of the counties. The State will reimburse host counties for the indirect costs at the same level as 2020. The Zone Human Services Plans currently in development will govern how that reimbursement is shared among counties in the Zone.

## RESTITUTION FEES

Since 2003, state law has provided a revenue source for counties in which county staff members are responsible for restitution collection related to bad checks. In the four largest counties, the state’s attorney’s office is responsible for this function. In the counties with “county-employed” clerks, the clerk of court is generally responsible. NDCC 12.1-32-08(2) now requires that the court *“impose as costs the greater of the sum of ten dollars or an amount equal to twenty-five percent of the amount of restitution ordered. The costs imposed...may not exceed one thousand dollars.”* Counties that have state-employed clerks (other than the largest four) will not receive funding from this fee, as the state will receive the revenue since state employees are responsible for the administration of restitution. However, the statute goes on to state that the *“state’s attorneys and county-employed clerks of district court shall remit the funds collected as costs under this subsection to the county treasurer to be deposited in the county general fund.”*

## COURT FACILITIES GRANTS

State law governing court fees and costs associated with criminal convictions includes a provision dedicating a significant share of those revenues to the county grant program for court facilities improvement and maintenance. Grant applications will be due no later than December 31, 2020, with awards in January or February 2021. The rules adopted for this grant program require that the funds be for an *“improvement or maintenance project that is a necessary improvement to court facilities or essential to remodel or maintain existing court facilities.”* The grant program requires a 25% local match and must be used for a future project.

## 9-1-1 FEE REVENUE & EXPENDITURES

The Next Generation 9-1-1 network transition is being implemented as planned, and the contract costs are being managed so that the cost reduction implemented last year will remain in effect. The network costs will remain at **10% of the first \$1 of the fee**.

Three sessions ago, the Legislature created an additional monthly fee of 50 cents on all types of telecommunication services - Landline, Wireless (Cell) and Voice over Internet Protocol (VoIP). This state fee is effective from July 1, 2017 through July 31, 2023. Therefore, those jurisdictions levying a \$1.00 “local” fee saw collections increase by 50% (\$1.50) and those levying a \$1.50 “local” fee saw their collections go up by a third (\$2.00).

	County A	County B
Current Local Fee	\$ 1.00	\$ 1.50
New State Fee	\$ 0.50	\$ 0.50
<b>Total Fee as of July 1, 2017</b>	<b>\$ 1.50</b>	<b>\$ 2.00</b>
<b>Factors to calculate remittance from total revenue collected</b>		
State Fee to State Treasurer <sup>(1)</sup>	33.00%	25.00%
NG911 Network Fee to NDACo <sup>(2)</sup>	6.70%	5.00%
Notes: 1. All revenue collected from the new 50-cent fee 2. 10% of the first dollar of the local fee		

This additional revenue is remitted to the State Treasurer by all local entities collecting. As the telecom providers were “held harmless” by the legislation, they are allowed to continue to retain their “actual costs of administration in collection of the fee...not to exceed five percent of the fee collected.” Since it is difficult to determine what amounts some providers are retaining, it may be easiest to calculate the appropriate remittances by applying a percentage calculation to your total revenue collected. If your jurisdiction chooses to use this method, we have provided examples above. Obviously, if your jurisdiction adjusts the local fee to something other than \$1.00 or \$1.50, the percentages will change.

## SIRN

The 2019 Legislative Session authorized the funding for the Statewide Interoperable Radio Network. Most of the state dollars authorized in the legislation will be directed to pay state costs to build the infrastructure tower and core network for the project. Local government will be responsible for paying for the consoles (PSAPs) and the cost of radio equipment. The legislation provides a \$1500 cost share for each handheld and mobile unit radio. In order to be eligible for the radio reimbursement, counties must complete the survey found at <https://www.nd.gov/itd/statewide-alliances/siec/sirn-2020/policy/radio-reimbursement>. Law enforcement, fire fighters, and emergency medical personnel at the county or city level are only eligible for the radio reimbursement. County Highway departments, Emergency Managers and Fire & EMS Districts are not eligible.

It is important to visit with the 911 Coordinator and Sheriff to identify your local costs. Even if radio equipment for your county will not be purchased in 2021, you may want to start the process to build reserves to pay for the local share of this project. The project has been launched and will be implemented in phases. It is estimated the cost to counties, over the five-year project, will total \$86 million.

## JUVENILE JUSTICE FUNDING

- Attendant Care Reimbursement: The ND Division of Juvenile Services and the ND Juvenile Justice Advisory Group have agreed to continue to allocate federal funds received under the Juvenile Justice and Delinquency Prevention Act to the statewide Attendant Care Program. Reimbursement is provided for the direct costs of operation of the program; but costs associated with program administration and overhead, including

costs of a third-party provider, need to be budgeted by the county. Lisa Jahner is the contact for additional information.

- Juvenile Transportation: County sheriff's departments are able to apply for reimbursement of costs related to the transport of juveniles in state custody (NDCC 27-20-49(2)). This funding can be applied for through the ND Dept. of Corrections and Rehabilitation. The current reimbursement is 29 cents per mile for staff time plus the state mileage rate. Since 2009, the state mileage rate has been equal to the mileage rate established by the U.S. General Services Administration (i.e. Federal GSA rates) so it can vary throughout the year. OMB posts the mileage rate on their website as it changes, and NDACo will continue to coordinate a notice to all counties when changes are made. Call Lisa Jahner with any questions.

## COVID19 FUNDING

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The federal government has provided two separate funding streams to assist states and local government with the direct costs of Covid19 response efforts. North Dakota has adopted a policy and process that seeks to leverage the maximum amount of reimbursement available, by using FEMA as the "first source of reimbursement" and the Coronavirus Relief Fund (CRF) created by federal CARES Act for the state/local FEMA match, and for 100% of those CRF-eligible costs that FEMA will not reimburse.

The ND Office of Management and Budget (OMB) has created a webpage that discusses the steps and guidance for accessing these two sources of federal reimbursement.

<https://www.nd.gov/omb/state-employee/team-nd-and-covid-19/covid-19cares-act-funding-resources>

Costs submitted by June 3, 2020 were submitted for Emergency Commission and Budget Section approval, to allow these funds to legally flow to counties. We anticipate that the process will be repeated for a July "round", and periodically through the end of the calendar year.

Counties are therefore urged to proactively compile and document those costs, including emergency related overtime, cleaning and sanitizing costs, telework equipment, customer-facing office modifications, jail air-handling changes, staff & inmate testing, courtroom modifications, personal protective equipment, etc. The actual eligibility guidance is available on the webpage listed.

As we know from past disasters, FEMA is a "reimbursement system" and costs must be incurred prior to submittal. It has been suggested that counties may discuss with OMB the possibility of submitting "anticipated costs" for advance CRF funding if cash-flow is a problem, HOWEVER, all costs must be incurred by December 31, 2020.

# STATE PROGRAM COSTS

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## SPECIAL OPERATIONS FUND

This optional “insurance” fund was created in the Attorney General’s Office by the Legislature to address the growing cost of deploying the Special Operations (SWAT) units maintained by several of the larger law enforcement agencies in the state. The Fund has been annually funded with a federal grant, and counties have been asked to contribute the necessary matching dollars. A population-based formula was created to generate the match.

Counties wishing to participate and, therefore, avoid being charged for the direct costs of special operations services (if needed), must contribute as indicated in the county-specific data sheet for 2021 - the same amount as last year. As in the past, NDACo will collect the funds on behalf of the Attorney General, so we will send an invoice shortly after the first of the year.

## PROBATIONER RECOVERY FUND

This statutory, state-maintained fund was created (NDCC 12-65-08) to reduce and normalize county costs of recovering probationers from out-of-state locations. When this fund was created, the “county of jurisdiction” and the offender each paid \$150 into the fund for each out-of-state placement. The 2007 Legislature approved language in the Dept. of Corrections Budget Bill permitting the agency to stop billing counties when the special fund reaches a level of \$75,000 at the end of a state fiscal year. The fund reached that level in 2006 and county billing stopped in June 2007 until last year. The current balance in the fund as of July 2020 is expected to be below \$75,000 **which means counties must again contribute** for a minimum of one year when the fund balance will be reevaluated prior to June 30, 2021. DOCR has provided the July 1, 2019 through April 30, 2020 billing for each county, which can be used to estimate your county’s 2020 and 2021 expected billing charges.

## PUBLIC ADMINISTRATOR/GUARDIANSHIP FUNDING

In 2013 the Legislature took a large step towards eliminating the ambiguous responsibility of counties for funding public administrators/guardians for indigent persons. Public Guardianship funding has remained fixed since 2013 at \$1.3 Million until this year when the Legislature approved an increase in the OMB Budget to \$1.95 Million for the 2019-2021 biennium. With the number of indigent wards being frozen two years ago, NDACo will NOT be requesting county contributions for this program in CY2021.

## STATE RADIO 9-1-1 DISPATCH/TELETYPE FEES

For Teletype access and for counties that contract with State Radio for 9-1-1 dispatch, the agency analyzes their actual costs and addresses rates as part of their biennial budget-setting process in the Legislature. Therefore, they will be setting new rates that will become effective July 1, 2021.

9-1-1 Dispatch	\$.84/line/month (Jan-June 2021)
	\$1.36/line/month (July-Dec 2021)
Teletype (LETS)	\$709.94/terminal/month (Jan-June 2021)
	\$625.49 per terminal/month (July – Dec 2021)

## ELECTION COSTS, EQUIPMENT & SOFTWARE

The 2019 Legislature approved funding for a new election system. Due to the funding provided to the Secretary of State's office, it is their plan to pay for the maintenance for the life of the system. Counties will continue to be responsible for the cost of programming equipment, printing ballots and other expenses related to administering the election. The state will maintain ownership of the equipment and counties will continue to be allowed to use the equipment for local special elections that they administer. As always, the possibility of special elections is an unknown but certainly something that must be factored into an election budget.

## PERSONNEL COST ISSUES

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### DRUG & ALCOHOL TESTING

For counties participating as part of the NDACo "testing pool" for the random drug and alcohol testing - required of Commercial Driver's License (CDL) holders employed in "safety sensitive" positions - the random and pre-employment testing contract fees are up for renewal at the end of this year. Although the bid process is not yet complete, we anticipate a slight increase in fees since they have stayed constant for two years. We recommend that **counties budget a 5% increase in this program area for 2021** – as well as any adjustments necessary due to staff changes. The "no show" fee, initiated for situations where the sampler is not informed ahead of time that an individual selected for a random drug or alcohol test will be absent or otherwise unavailable for testing, is still in effect.

Contract testers can no longer draw an "alternate name" for an individual who is unavailable to test. The individual must be tested when they return to work; they may be tested by the contractor or the county's local clinic. Also, it is very important for counties that have a "no-show" to document why the situation occurred (i.e. vacation, illness, work location, etc.). Otherwise, it may become an exception if the federal DOT should audit your testing program. In addition to no show fees, if the collector has a wait time (for shy bladder) or a county requests to be tested outside regular business hours (contractor travels before 8:00am - after 5:00pm), additional fees may apply. Drive time and mileage costs charged by the collectors will be a direct pass-through expense to the counties, which is the same billing format as this year.

Remember, if new full-time, part-time, or temporary employees that meet the testing requirement are added to the county payroll, a "pre-employment" drug test is required by federal regulation. Our testing contractor will complete pre-employment testing, as well as post-accident and reasonable suspicion/cause at the same per-test rate; however, that is in addition to the annual fee for the random testing. The budget estimates on the county-specific data sheet are based on the number of employees in your 2020 local pool and do not take into account any anticipated staffing level changes.

If any counties with CDL holders are not currently involved in a random testing program, we strongly encourage participation. An employer found to be out of compliance could face stiff fines and penalties. Contact Genny Dienstmann with questions.

## WORKER'S COMPENSATION (CEG) PREMIUM ESTIMATES

NDACo's County Employer Group (CEG) continues to work to provide the efficient risk and claims management services that will maintain the group's excellent loss history and relatively low premiums. NDACo has accelerated its premium estimate process with WSI to provide each county with an earlier estimate of its 2021 premium. As this will necessarily reduce the loss data by a month or so, the uncertainty will increase to some degree. As you likely need to "plug in" something before that date, our county-specific data sheet, at this time, includes **the CY2020 estimated premiums** so you can begin the process. The CEG premium estimate should be available and emailed by the 15<sup>th</sup> of July.

## NDPERS HEALTH INSURANCE PREMIUMS

For the 35 counties that purchase employee health insurance through the ND Public Employees Retirement System (NDPERS), the premiums negotiated by the state for the 2021-2023 biennium are important to your next year's budget. Potential adjustments to NDPERS Health premiums for political subdivisions will take effect 7/1/2021 and are uncertain. **NDPERS is projecting an increase in rates somewhere between 10.25% and 21.00% for 2021-2023.** We will provide updated information as it becomes available. Please note that employers who participate in the Wellness Program will be assessed the "A" Rate and those who do not participate in the Wellness Program will be assessed the "B" Rate. The current monthly health insurance rates in effect until 6/30/21 are as follows:

### Grandfathered Plan 7/1/2019-6/30/2021

Pro/Basic Option			COBRA Pro Basic		
	"A" Rate	"B Rate"		"A" Rate	"B Rate"
Single	\$ 733.68	\$ 741.02	Single	\$ 748.36	\$ 748.36
Family	\$ 1,773.60	\$ 1,791.34	Family	\$ 1,809.08	\$ 1,809.08

### Non-Grandfathered Plan 7/1/2019-6/30/2021

Pro/Basic Option			COBRA Pro Basic		
	"A" Rate	"B Rate"		"A" Rate	"B Rate"
Single	\$ 744.84	\$ 752.30	Single	\$ 759.74	\$ 759.74
Family	\$ 1,800.58	\$ 1,818.60	Family	\$ 1,836.60	\$ 1,836.60

For more information on these rates, refer to the NDPERS website:

<https://ndpers.nd.gov/employers/employer-resources/employer-memos/>

## NDPHIT EMPLOYEE HEALTH INSURANCE OPTION

The North Dakota Insurance Reserve Fund has announced that in partnership with the South East Education Cooperative (SEEC), an employee health insurance option will be available to counties in 2021 – the North Dakota Public Health Insurance Trust (NDPHIT). Overall, NDPHIT will provide North Dakota local governments with the opportunity to join together to create group health insurance and employee benefit program administrative cost stability and

efficiency while also providing local governments with more control over their health insurance and other employee benefit programs. More control will, over time, provide local governments with better coverage, better service, and lower rates. Several counties have provided NDPHIT access to their historical health insurance usage data for planning purposes and are familiar with option, however all counties can choose to participate if they find it advantageous. More information can be found on the March edition of the NDRIF Participator at: [https://www.ndirf.com/image/cache/20200320\\_Participator\\_FINAL.pdf](https://www.ndirf.com/image/cache/20200320_Participator_FINAL.pdf)

## NDPERS RETIREMENT

As discussed over the last several years, investment losses to the PERS retirement fund prompted the Legislature to gradually increase the contribution level for all participants - state, county, city, public health, etc. Although discussed, the 2019 Legislature **did not approve** a \$20M bolster of oil revenue to the fund and **did not authorize** changes to the employer and employee contribution rates. What was approved was a change to the final average salary retirement benefit calculation which now includes the higher of two options:

1. Effective January 1, 2020: Retirement “multiplier” reduces from 2% to 1.75% for new employees.
2. Effective January 1, 2021: 1.14% retiree health fund contribution into NDPERS main fund for employees.

While not a budgetary issue, it should be noted from a human resources perspective that employees enrolled in NDPERS retirement after December 31, 2015, will be covered by different rules for “early retirement.”

<b>NDPERS Retirement Contribution Levels</b> (Percentage of Employee Salary)	
	<u>Jan. 1, 2015</u>
Employer Share (Employer MUST Pay)	7.12%
Employee Share (Employer MAY Pay)	7.00%
Post Retirement Health-Employee (Employer MUST Pay)	<u>1.14%</u>
<b>Total</b>	<b>15.26%</b>

Employees hired before 2016 are governed by the “rule of 85” and an early retirement deduction of 6%. Employees hired in 2016 or after are governed by the “rule of 90” and an early retirement deduction of 8%.

While it is likely that NDPERS will see proposals to enhance employer/employee contributions during the 2021 Session, past practice has been to start any change to county contributions the following January – hopefully this will mean no mid-year surprises.

## STATE/COUNTY SALARIES

Effective July 1, 2019, state agencies were authorized to grant employees a 2% salary increase with a \$120/month minimum and a \$200/month maximum, and another 2.5% increase on July 1, 2020. Please remember that legislative action on state employee salaries generally causes an adjustment in the upper and lower ends of each payroll “bracket” within the state merit system. Although not a county funding impact, these bracket adjustments will affect zone

human service employees in the “host counties” and, therefore, increase the state human service funding amounts allocated.

## STATE TRAVEL REIMBURSEMENT RATES

**Mileage:** NDCC 54-06-09 regarding use of an employee’s vehicle states: *“The director of the Office of Management and Budget shall adopt rules...to set reimbursement at the same rate as established by the United States general services administration for privately owned vehicles.”*

While a county board can establish a higher mileage reimbursement rate (pursuant to 11-10-15), the state rate is the minimum that counties may reimburse. The OMB personnel reimbursement website <http://www.nd.gov/fiscal/accounting/rates/> can be monitored for this “state rate;” however, NDACo will also work with OMB to track any changes and will continue to inform counties of changes as they occur. The current federal GSA rate (effective 01/01/2020) is \$0.575 per mile; however, changes have been implemented each January 1<sup>st</sup> for the last several years. As this rate is driven largely by the price of gasoline, predicting what the rate will be in 2021 - well, your guess is as good as mine.

**Lodging:** NDCC 44-08-04 was amended to state that the director of the state Office of Management and Budget *“establish a policy to set the lodging reimbursement amount equal to ninety percent of the rate established by the United States general services administration reimbursement in this state.”* While a county board [pursuant to 44-08-04(2)(d)] can establish a higher lodging reimbursement rate (not to exceed actual costs), the state rate is the minimum that counties may reimburse for official government travel. The OMB website <http://www.nd.gov/fiscal/accounting/rates/> will, therefore, need to be monitored; however, (as with the mileage rate) NDACo will continue to work with OMB to inform counties as changes are made.

**The current (since Oct. 1, 2019) GSA rate of \$96 results in a state rate of \$86.40/night.** (There is no longer an exception rate for oil cities and counties.) These rates are subject to periodic change due to GSA regional cost studies - the last several years, the changes have become effective in October - so it is likely these rates may change before you are into your next budget.

**Meals:** DCC 44-08-04 governs meal reimbursement rates. The Legislature made NO CHANGE this past session and the rates REMAIN at \$7.00, \$10.50, and \$17.50 - effective for official travel through June 30, 2021.

## OUTLOOK VISION

In response to participants, NDACo will continue the two renewal and new enrollment dates for this excellent vision/hearing aid service discount program. Currently, 78 county employees from 21 counties participate in NDACo’s Outlook Vision Services. The current enrollment period will end June 30<sup>th</sup>, and the next will be December 31<sup>st</sup>. The annual cost is, and has been for some time, \$15 per household. We do not anticipate a change in this cost for the coming year. Since we started this service, a number of counties have offered it as a low-cost but highly

appreciated county benefit, while others are allowing employees to purchase the coverage individually. Cathy Heidt is the contact for this program.

## APPOINTED BOARD COMPENSATION

In 2013, the Legislature amended 15 sections of law to make the compensation for members of virtually all appointed boards the same (with the exception of water boards). The statutes addressing compensation of the boards listed below now all state the following: *“The appointing authority shall establish the rate of compensation for the board members and actual expenses incurred by the members may be reimbursed at the official reimbursement rates of the appointing authority.”*

Airport Authority	Housing Authority
County Weed Board	County Vector Control Board
County Home Rule Charter Commission	Boards of Health
County Jobs Development Authority	Special Assessment Commission
County Park Board	Library Board
County Planning Commission	Multicounty Social Service Board
County Port Authority	County Social Service Board
County Commerce Authority	County Weather Modification Board

Water boards, by statute, establish their own compensation between \$75 and \$135 per day.

## TECHNOLOGY COSTS

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We have attempted to address several critical components to county technology costs and budgetary impacts that may need consideration in your upcoming budget.

### STAGEnet WIDE AREA NETWORK ACCESS COSTS

The monthly cost for STAGEnet access will NOT CHANGE for counties effective July 1, 2020. Counties will see increased performance up to 100MB speeds beginning in the summer of 2020 without any price increase. Counties who have paid to increase their line speeds and bandwidth after March 22, 2019 will be grandfathered back to the price you were paying for your internet connections prior to that date.

- Stand-alone circuits (10 Mbps) will remain \$1,150/month.
- Shared courthouse circuits (10 Mbps) will remain \$490/month.
- Shared courthouse fiber circuits will remain \$510/month.
- Counties with stand-alone fiber locations and individualized rates will also see no change.

### SYSTEM SECURITY – PA TRAPS

NRG counties do not need to budget for an increase for PA Traps, which was implemented earlier this year. We have reduced your service contract by roughly the same amount that ITD is charging you now on their bill for PA Traps. Counties who do not have a service contract with NRG are encouraged to contact ITD and get PA Traps installed on their systems. We have

noticed a significant decrease in Malware and virus activity since we implemented it. The cost is \$0.92 per protected end point per month, which is a bargain.

## MULTI-FACTOR AUTHENTICATION

Some state applications have enhanced their security policies and are now requiring multi-factor authentication (MFA) to access their applications. Counties that access these applications (including State Radio and CJIS applications) should budget a one-time fee of \$30 per user (if they aren't already subscribing to MFA) and an on-going monthly fee of \$4.30 per user. These rates will also not change from those charged during the past biennium. The one-time fee covers the initial cost of the software license and a "hard token" (hardware device) which provides a constantly changing, single-use password to access these applications.

## VIRTUAL PRIVATE NETWORK & NETMOTION

In light of the recent pandemic and the scramble to set up a remote workforce securely, the VPN is required to create that secure link to the State network from remote locations. This license costs \$5 per user per month. Law Enforcement using Netmotion (Session Persistence) will need to budget a one-time fee of \$230 per new device and on-going monthly fee of \$9.25 per device.

## TECHNOLOGY PLANNING & SUPPORT

While not a fixed cost for counties, we continue to encourage each county to carefully consider their technology planning and support needs for the coming year. ITD, with some assistance from NRG, will continue to manage the network to the "courthouse door." Technology within the courthouse will continue to be a local responsibility. NRG encourages each county to budget funds necessary to ensure adequate technical support, whether it's through various offerings from NRG Technology Services, another vendor, a staff person, or a combination of these. Many government and industry sources quote "the 70/30 rule," which is the estimation that for effective use of your technology dollars, 70% of your investment should be in the planning, support, and training and 30% in hardware and software. Or, looking at it another way, for every \$1 you plan to spend on hardware and software in the coming year, a little better than \$2 should be budgeted for the technical staff or consultants necessary to get the most out of that hardware and software. NRG recommends replacing desktops on a five year or less rotation. Most counties replace their machines every four years. An average cost with the labor to install it can be estimated at \$2,000 per PC and \$2,200 per laptop (which includes the increased costs of hardware as discussed below). NRG recommends that laptops be replaced every three to four years.

## HUMAN SERVICE ZONES

Something several human service zones with multiple county offices are considering is an IP phone system to communicate among offices more easily. With an IP phone system, counties can easily transfer calls from one county to another just like they are all in the same building. Many counties have chosen to upgrade their systems not only for the human service zone office, but the rest of their county as well. NRG has partnered with BEK who has a proven

and quality system that works well in the counties—we use their phones in our office and could not be happier. They can provide this anywhere in the state, and if you would like pricing, just contact NRG at 250-9400 and we will schedule a walkthrough for your county to get a price quote together for budgeting.

## COMPUTER HARDWARE COSTS

Counties should prepare for higher hardware costs across the board. Due to talks of tariffs with China, hardware costs have been rising steadily over the past year—30-40%. If the tariffs do go into place with China, we could see an instant increase of 5-25% on top of that. It would be wise for budgets to anticipate these increases. Due to COVID-19 shutting down factories and shipping expect increased delays in receiving the hardware while they attempt to catch up.

## ASSOCIATION SUPPORT/ILG TRAINING FEES

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### NDCCA DUES (County Commissioner)

The County Commissioners Association Board of Directors operate on a two-year budget cycle - recognizing the budget fluctuations that occur due to legislative sessions. As a result, the Board addresses their dues before even-numbered years. The NDCCA Board of Directors decided to make no changes in dues for 2020 and 2021. The amounts are included in the county-specific data sheet. The total includes the county's dues to the Western Interstate Region (WIR) of the National Association of Counties.

### NDACo COUNTY DUES/CORE SERVICE SUPPORT

As detailed in previous years, the Association support formula is based 50% on valuation and 50% on average county revenues. (Both use a 10-year running average with the highest and lowest years thrown out.) To provide greater equity among the various county sizes, a minimum of one-third of the average paid by all of the counties and a maximum of five times the average were established. As each county's relative valuation and budget change over time, a county's relative dues share changes slightly each year. In recognition of the reduction in state revenues, the NDACo Board of Directors froze the dues total for 2018 and 2019; and approved an overall 3% increase for 2020. **The Board will be meeting June 24 to discuss 2021 dues and they should be made available and emailed to you before the end of the month.**

### NACo (National Association) MEMBERSHIP

Since the NACo Board of Directors incorporated the 2010 Census data into their formula for CY2014, they have kept the dues fixed as shown on the county-specific data sheet. As you may know, North Dakota counties have maintained 100% NACo membership for several years - giving our counties two seats on the NACo Board of Directors, which helps keep them aware of our state's needs. NACo has been tremendously helpful – and in fact the ONLY voice in Washington, D.C. – in working to secure federal funding for counties to help us cope with COVID-19, and a large percentage of the information we have shared with you in how to deal with this pandemic came from them. We have never needed NACo more than now. We hope you will recognize that value and continue your membership in NACo.

## PEACE OFFICERS STANDARDS & TRAINING (POST) BOARD FEES

POST Board fees (mandatory for licensed law enforcement officers) are set by administrative rule (109-02-02-11) at \$45 per officer for a three-year licensing period. The POST Board has a staggered renewal process so generally the fee must be paid for only one-third of your officers each year, although rapid turnover can increase these costs. The POST Board exam fee is \$25.

## OTHER COUNTY ASSOCIATION DUES

The following are the other County Official Associations that have members in the NDACo governance structure, and (in most cases) their CY2020 annual dues amounts - as many of these associations have not yet held their summer meetings, any adjustments they may make to CY2021 are not reflected.

ND County Recorders Association.....	\$200/Member
ND Clerk of Courts Association .....	\$100/Member
Sheriffs & Deputies Association .....	Tiered by Population
>50,000 .....	\$950
15,000-50,000.....	\$650
7,500-15,000.....	\$500
<7,500 .....	\$400
ND County Auditors Association .....	Tiered by Population
>50,000 .....	\$750
15,000-50,000.....	\$500
7,500-15,000.....	\$250
<7,500 .....	\$200
ND County Treasurers Association.....	Tiered by Population
>50,000 .....	\$750
15,000-50,000.....	\$500
7,500-15,000.....	\$250
<7,500 .....	\$200
ND Association of Tax Equalization Directors .....	\$ 30/Member
ND County Association of Human Service Zone Directors.....	\$ 50/Member
North Dakota County Superintendent of Schools Association .....	\$ 50/Member
North Dakota County Engineers Association State Dues .....	\$50/Member
National Engineers Association Dues (by County) .....	Tiered by Population
<50,000 .....	\$250
50,000-150,000.....	\$400
150,000-250,000.....	\$550
North Dakota State's Attorneys Association Dues.....	State's Attorney/Assistant
1. State's Attorney.....	\$300
2. Assistant State's Attorney (each).....	\$150

## PROFESSIONAL DEVELOPMENT FEES

In your budgeting efforts, we urge you to consider the benefits of continuing professional development for all county officials and employees, especially newly-elected or appointed officials. Currently, ILG offers a variety of training webinars that provides all participants a valuable educational experience. These professional development sessions are tailored specifically for local government at a reasonable price. Members enjoy the high quality,

interactive webinars that allow them to conveniently participate from the privacy of their office, in addition to saving travel time and cost. Webinars are also attracting more county employees in addition to county officials. ILG offers training webinars throughout the year, as well as on-site training at various member conventions, the NDACo Annual Conference and by county request. In addition, ILG records the webinars, which are available upon request. Members are recognized at the NDACo Annual Conference with awards once they achieve various ILG training hour levels (Hour Levels: 30 hours, 100 hours, 150 hours, 200 hours, 300 hours and 400 hours).

We encourage each county to set aside funds in its budget to allow county personnel to take part in ILG professional development. By doing so, constituents will benefit from the training their county officials receive. To continue and improve upon these efforts, we urge all county officials and personnel to support ILG, both financially and educationally. In 2021, the ILG training will be \$30 per hour. Fortunately, due to our successful partnerships many trainings are free of charge.

Also, another popular professional development opportunity is the NACo High Performance Leadership Program. This is a 12-week online program that provides best practices in leadership, organizational development and change management, negotiation and collaboration, effective business communication, and how to deliver increased value from high performance county management. Over half of North Dakota counties have participated! The NACo Leadership Academy enrollment fee is \$1,995 per participant. The first enrollee from each NACo member county will receive a one-time NACo scholarship of \$1,000 and a \$500 discount, reducing the fee to \$495. Additional enrollees receive a discount based on the number of enrollees per county. We encourage counties to take advantage of this top-notch leadership training opportunity.

## NDACo EVENT REGISTRATIONS

- Annual Conference dates for 2020 are set for October 11-13 at the Bismarck Event Center. We know that the conference may need to be limited in scope or even canceled, based on the status of COVID-19 spread.
- The 2021 Annual Conference is set for October 3-5. Although we do not plan a registration fee increase, we recommend you budget similarly to last year, and we will continue to offer a discounted registration category for “first-time attendees.”

There are three other major professional development opportunities to plan for in your 2021 budget.

- County Officials Academy - \$110/attendee
- Legislative Wrap Up - \$50/attendee
- Human Resources Collaborative Conference - \$200/attendee

Please budget according to the number that will be attending.

## OTHER ISSUES

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### CONSOLIDATED BUDGET MEETING NOTICES

Beginning in 2018, counties are required to send EVERY TAXPAYER a consolidated “preliminary budget/tax notice” in August. This will need to include preliminary data from ALL taxing districts and replaces the former “Truth in Taxation” statements sent by all major taxing districts to a subset of the taxpayers. Counties can bill the other major taxing districts for a portion of the direct costs associated with these statements; however, it will undoubtedly increase county expenses in the area of programming, staff time, mailing and printing. Those taxing districts levying in excess of \$100,000 may be looking to the county for an estimate of their share of the direct costs associated with this notice, as they must budget to pay the county.

### PROPERTY TAX LEVIES

*In 2015, SB2144 dramatically restructured mill levy authorities for most political subdivisions.*

An over-arching change was that levy increases approved by the voters are limited, in most cases, to a maximum of ten years. Voter-approved levies in existence prior to January 1, 2016 will expire in ten years. This **will require county and city auditors, township clerks, and others to keep track of which voter-approved levies will expire when** - so they can be placed on the ballot if their continuation is desired.

### AMBULANCE/EMS LEVY

In 2013, the Legislature amended NDCC 23-27-04.7 (below) to “clarify” what they had intended with a 2009 statutory change. After the 2002 mandate that the nearest (quickest) ambulance be dispatched to an emergency, the taxing district boundaries became (in many cases) significantly different from the service district boundaries. This prompted the Legislature to require counties to distribute ambulance/EMS levy dollars in a manner that didn’t follow the taxing district boundary. Several attempts have now yielded the following language:

***23-27-04.7. County reporting - Use of property tax levies.** The board of county commissioners of every county in this state shall conduct an annual review of the emergency medical services coverage within that county and shall submit an annual report to the state health officer in a format approved by the state department of health. A taxing district that levies a special emergency medical services or ambulance service levy shall allocate all of the special tax levy revenue collected in a particular township to the ambulance service that serves the largest area within that township.*

### ROAD MACHINERY LEASE-PURCHASE

The 2019 Legislature made **NO CHANGES** to the restrictions on counties with respect to the lease-purchase of road machinery. There is still no dollar-limit to the annual payments allowed; however, counties remain restricted to lease-purchase terms of a maximum of seven years.

### ROAD EQUIPMENT PURCHASES - STATE BID/AUCTION/STATE SURPLUS

As in the past, State Fleet Services Division bids cars, vans, pick-ups, SUVs and Road Equipment. The bid prices are generally extended to local government and have been **expanded to include bids for road equipment**. The state bid prices and the successful bidders are posted each fall on

the State Procurement website:

<https://apps.nd.gov/csd/spo/services/bidder/listCurrentContracts.html>.

The current bid prices are available through September. Watch for our notice in the Leader Letter (usually November) that the successful bidders for next year are posted. Many of the state's other purchase agreements are also open to local government, and that same website has information about those.

The 2019 Legislature increased the threshold for bidding county road machinery from \$50,000 to \$100,000, as well as allowing counties to purchase used road machinery at public auction or as surplus property from OMB.