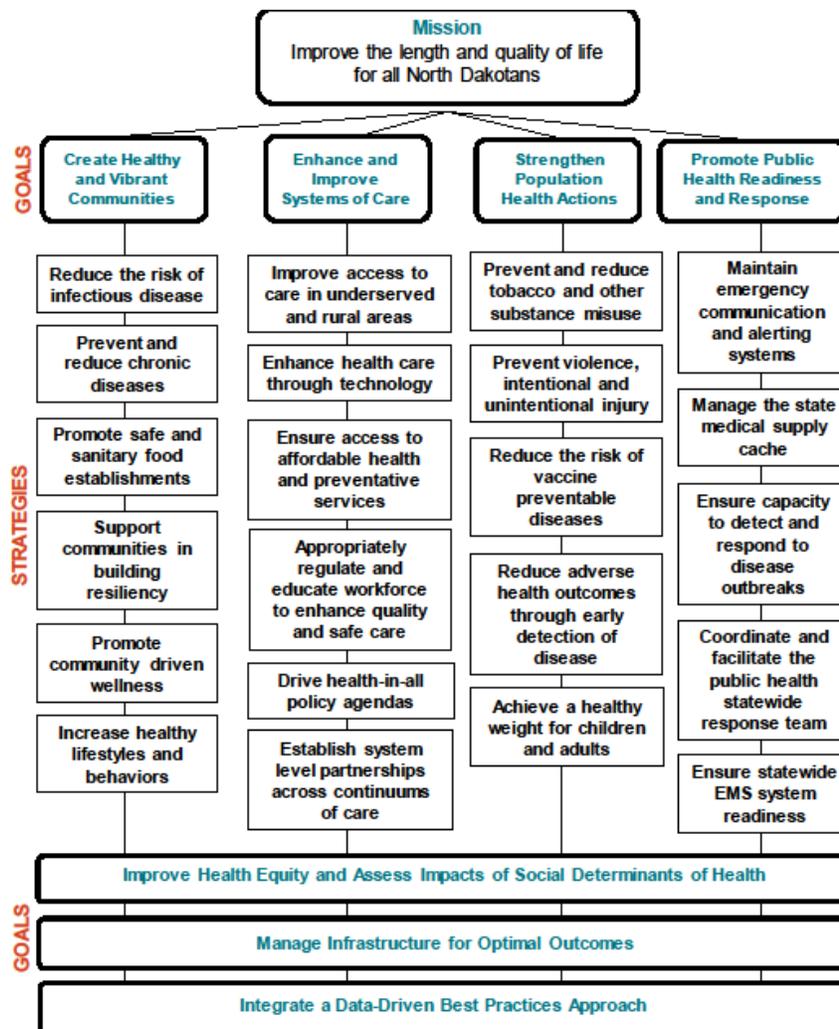


Good morning Chairman Holmberg and members of the Senate Appropriations Committee. My name is Mylynn Tuft and I am the State Health Officer. I'm filled with gratitude for the opportunity to stand before you as the leader of the ND Department of Health representing the work that we do to fulfill our Team ND purpose to empower people, improve lives and inspire success. I am here today to testify in support of House Bill 1004.

**Mission**

The mission of the Department of Health is to **improve the length and quality of life for all North Dakotans**. To accomplish our mission, we focus on seven major goals. Each of our goals is supported by a list of strategies that help us assess our progress toward our goals. We've recently refreshed our strategic plan for 2019-2021 (shown in the diagram) which outlines our mission, goals and objectives.



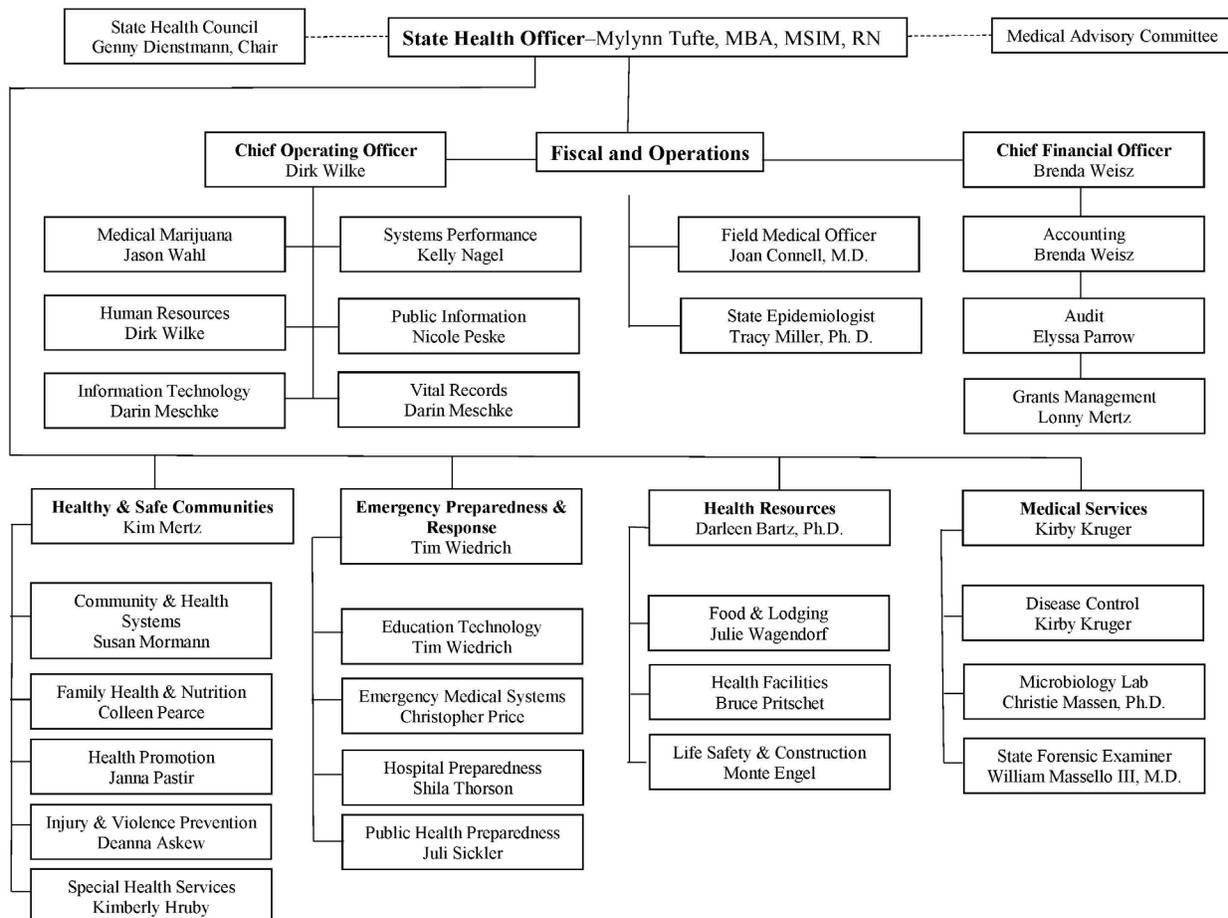
## **Department Overview**

The department pursues its goals and objectives through five departmental sections:

1. Fiscal and Operations
2. Healthy and Safe Communities
3. Emergency Preparedness and Response
4. Health Resources
5. Medical Services

During the 2017 Legislative Session, the Department of Environmental Quality was established. They are on target to complete their separation by the July 1, 2019 deadline.

Each section is composed of several divisions that house the individual programs that carry out the work of the section. A copy of our organizational chart can be found below. Descriptions of the sections, divisions and programs are available in our biennial report on our website at [ndhealth.gov](http://ndhealth.gov).



While most people know that public health is important, they are not always sure what public health is or how it affects their lives. In fact, the efforts of public health professionals touch the lives of every North Dakotan every day:

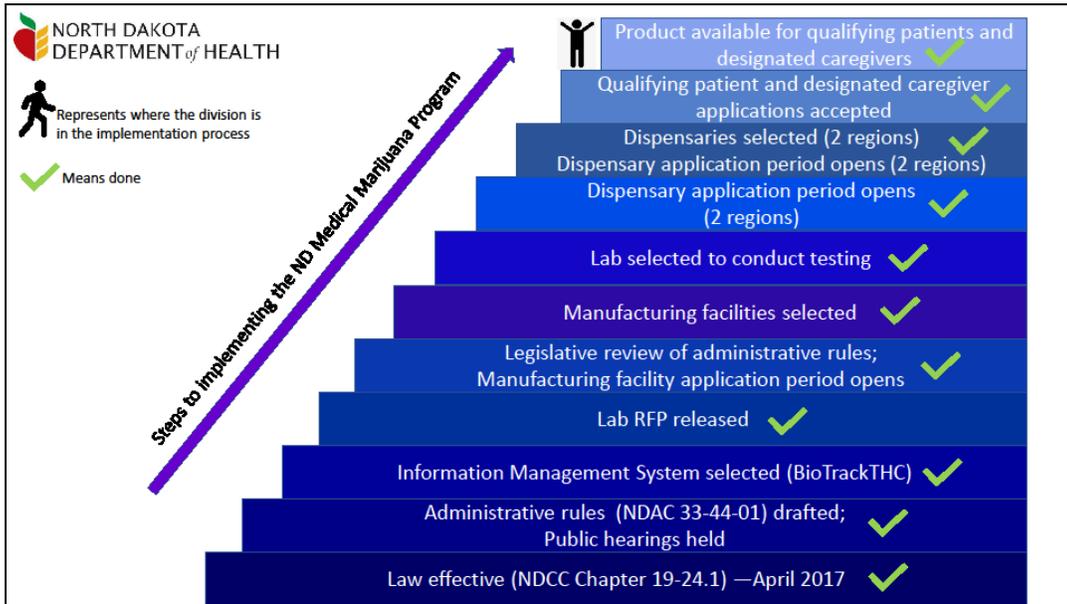
- Our **Health Resources** section ensures that health facilities are safely and adequately serving residents and patients, and that food and lodging establishments meet all necessary safety requirements.
- Our division of **Disease Control** monitors infectious diseases, identifies and contains disease outbreaks, educates the public, and manages state vaccination data.
- Our **Healthy and Safe Communities** section manages programs that help North Dakotans quit smoking; receive breast, cervical and colorectal cancer screening; improve diet and physical activity habits for management of chronic disease and improved quality of life; manage diabetes; care for children with special needs; maintain nutrition levels during pregnancy and the first years of a child's life; care for health needs of women, infants and children; and reduce injuries, suicide, and domestic and sexual violence.
- Our **Emergency Preparedness and Response** section ensures that our public health system is prepared and able to respond to emergencies, such as Zika, floods, fires or tornados; that hospitals and health care facilities are prepared for emergencies; and that our ambulance services are meeting the needs of citizens and provide the best quality of care possible.

### **Accomplishments**

At the close of the 65<sup>th</sup> Legislative Session, we were asked to focus on 3 main items. I'm pleased to report we are expecting a successful execution of these tasks:

- SB 2344 asked the Department of Health to implement a Medical Marijuana Program. We're excited to report that the first medical marijuana dispensary opened March 1<sup>st</sup> in Fargo, offering the first usable medical marijuana in North Dakota. This milestone is a great achievement for the Medical Marijuana Program and would not have happened without the commitment and dedication of Department of Health staff, specifically the team members in the Division of Medical Marijuana. I'd like to take this opportunity to publicly thank them.

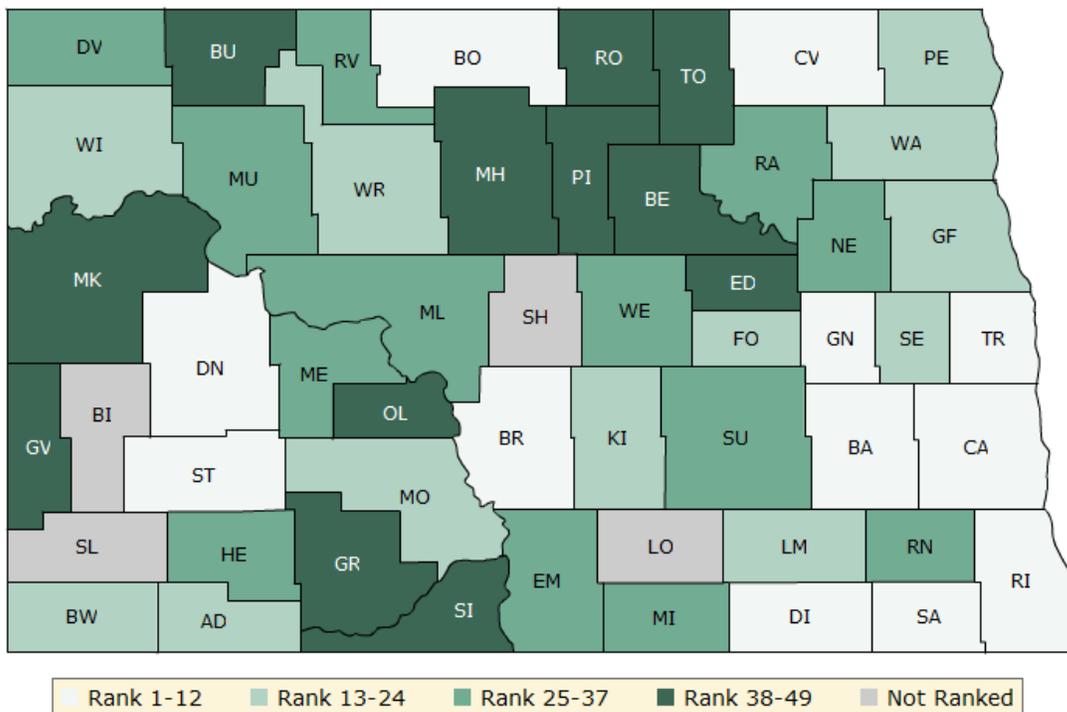
In addition to the new dispensary, the Division of Medical Marijuana developed administrative rules, began accepting applications, issued over 140 patient ID cards, has selected four dispensaries and two manufacturing facilities for certification and last week closed applications on the remaining four dispensary regions.



- SB 2024 eliminated the Center for Tobacco Prevention and Control and transferred the accountability for tobacco prevention to the Department of Health.
- SB 2327 established the North Dakota Department of Environmental Quality, formerly the North Dakota Department of Health’s Division of Environmental Health. DEQ is on track to officially complete their separation by July 1.

**Main Street Initiative**

The North Dakota Department of Health has been a champion for the Main Street Initiative, chairing a Healthy & Vibrant Communities Workgroup and helping local communities become healthier. When our communities are healthy, our state is healthy. This chart from the North Dakota County Health Rankings illustrates the diversity in health across our state.



Source: 2017 County Health Rankings North Dakota  
[http://www.countyhealthrankings.org/sites/default/files/state/downloads/CHR2017\\_ND.pdf](http://www.countyhealthrankings.org/sites/default/files/state/downloads/CHR2017_ND.pdf)

The Main Street Initiative has three pillars: Healthy & Vibrant Communities, 21<sup>st</sup> Century Workforce and Smart & Efficient Infrastructure. Our commitment to the Main Street Initiative makes sense because public health touches each of these pillars. Here is just a sampling of our success:

**Healthy & Vibrant Communities**

- Supported over 30 regional, tribal and local community suicide prevention projects. Screened over 40,000 patients on depression and suicide; 518 received follow-up care and 340 were referred for symptoms of substance abuse disorder.
- Provided funding to 20 domestic violence/rape crisis agencies to provide crisis intervention, shelter and other services.
- Created the Cardiac Ready Communities designation. Currently five communities have reached this designation and 21 have signed letters of intent.
- NDQuits served 7,000 tobacco users in the last biennium. More than 36 percent were tobacco free seven months after completing the program.

## ***21<sup>st</sup> Century Workforce***

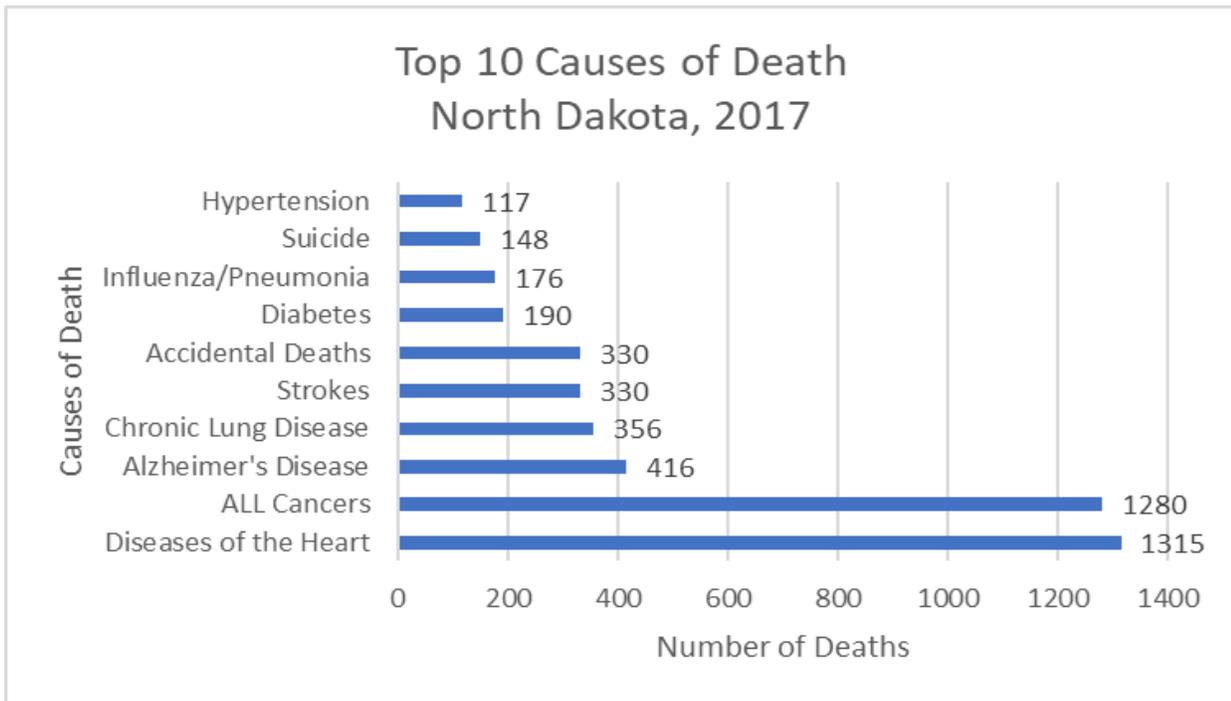
- Placed 42 health professionals in shortage areas through the State Loan Repayment Program.

## ***Smart & Efficient Infrastructure***

- Included naloxone administration into the scope of practice for all EMS. Currently, 97 percent of ambulance services in ND carry naloxone or have staff trained to use it. This equates to a coverage rate of 748,000 North Dakotans.
- The Division of Food and Lodging conducted over 6,000 inspections of licensed facilities.

## **Health Statistics Overview**

This past December, North Dakota's 2018 Health Rankings were released by America's Health Rankings. We were thrilled to see North Dakota rose 5 spots from 18<sup>th</sup> to the 13<sup>th</sup> healthiest state in the nation. We were praised for our high immunization rates among adolescents, our clean air and our low levels of low birthweights. While this trend is something to celebrate, we also know we have work to do. As the chart below shows, the five most common causes of death in North Dakota remain heart disease, cancer, Alzheimer's disease, chronic lung disease and stroke.



Public health’s primary mission is the prevention of the risk factors and behaviors that cause death and disease in North Dakota across the entire age spectrum of the whole population. Tobacco remains the number one risk factor associated with various cancers and cardiovascular disease, followed closely by poor diets and lack of physical activity, which are associated with diabetes, heart disease, stroke and some cancer.

### **Social Determinants of Health**

Social Determinants of Health have a major impact on health outcomes – especially for our most vulnerable populations. In fact, the Kaiser Family Foundation noted in research that “based on a meta-analysis of nearly 50 studies, researchers found that social factors, including education, racial segregation, social supports, and poverty accounted for over a third of total deaths in the United States in a year.”

The World Health Organization describes social determinants of health as the conditions in which people are born, grow, live, work and age. These circumstances are shaped by the distribution of money, power and resources. In the past year, the Department of Health hired a Health Equity Coordinator to improve efforts departmentwide to bridge the gap for these individuals.



In closing, I'd like to express gratitude to you for your service and thank you in advance for your support as we strive to create a healthier North Dakota that improves our citizens length and quality of life. At this time, I'd like to turn it over to Brenda Weisz our Chief Financial Officer to continue with information about the Governor's Budget Recommendation.

**Budget Overview**

Good morning Chairman Holmberg and members of the Senate Appropriations Committee. I am Brenda Weisz, Chief Financial Officer for the Department of Health. The information before you will provide a budget overview of the funding included in HB 1004, the appropriation for the Department of Health. I will first address the base budget for 2017 -2019, walk you through the budget changes to arrive at the Governor's Recommendation, discuss the changes made by the House Appropriations Committee, and close with a final summary.

## **2017 - 2019 Base Budget**

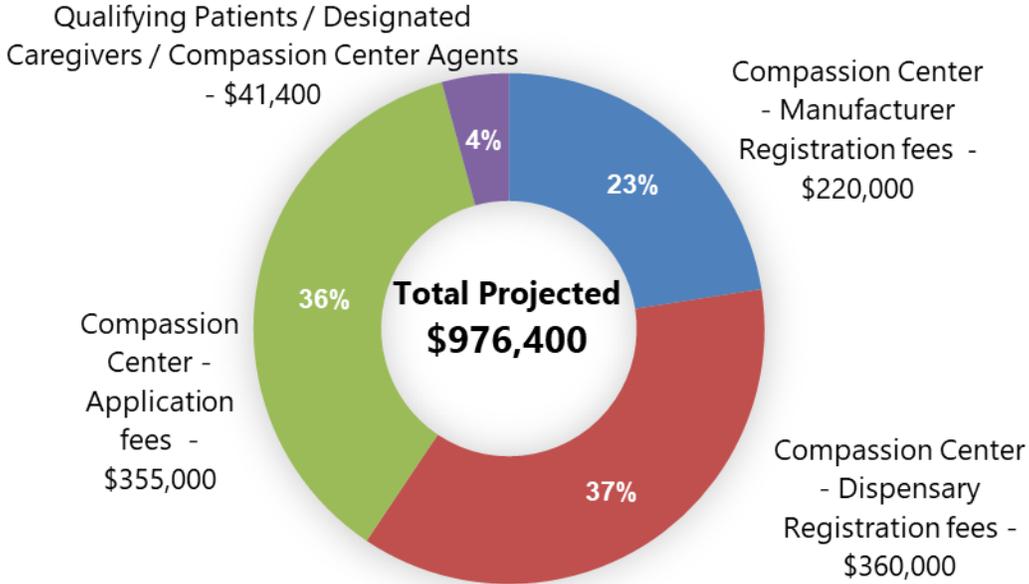
The department pursues its goals and objectives through five departmental sections – Fiscal & Operations, Healthy and Safe Communities, Health Resources, Medical Services, and Emergency Preparedness and Response. Each section is composed of several divisions that house the individual programs that carry out the work within the section and collectively include 211.50 FTE.

The base level budget reflected in HB 1004 is the first time the budget for the Department of Health will not contain the Environmental Health Section. During the 2017 Legislative Session, SB 2327 established the Department of Environmental Quality (DEQ). While DEQ will be a separate state agency, the Department of Health will continue to provide shared services comprised of the following: accounting, budgeting, contracting, federal grant review, payroll, and human resources / personnel management.

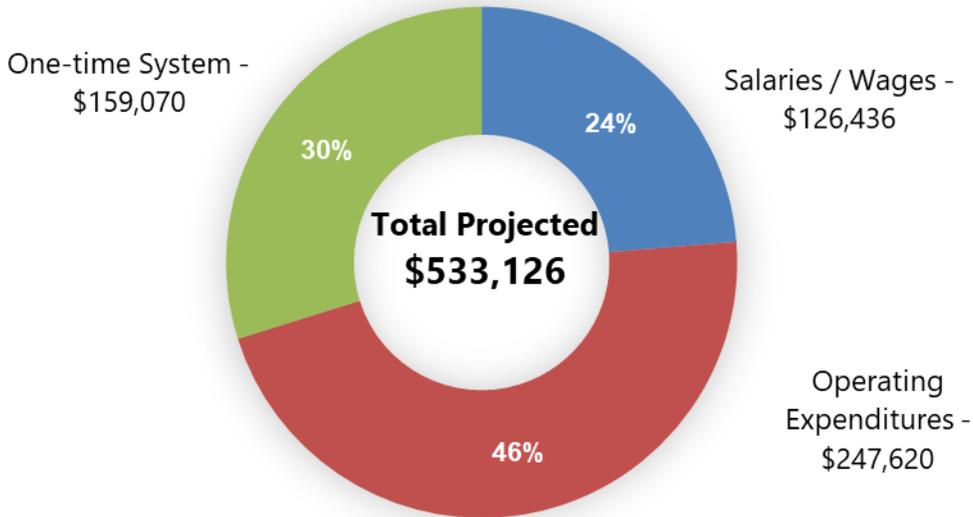
Also reflected in the base budget is the continuation of the Tobacco Prevention and Control Program, with the additional funding included in the budget as passed during the 2017 Legislative Session after the elimination of the state agency - Tobacco Prevention and Control Executive Committee on Tobacco. The program continues to improve and protect the health of North Dakotans by reducing the negative health and economic consequences of the state's number-one cause of preventable disease and death - tobacco use.

The base budget also reflects the new Medical Marijuana Program. As Mylynn mentioned we have moved forward with the program and had the first dispensary open on Friday, March 1, 2019 in Fargo. Below is the projected revenue and expenditures for the 2017 – 2019 biennium, leaving \$443,274 in carryover funds for use in the 2019 – 2021 biennium.

## Medical Marijuana - Current Biennium Revenue Projection



## Medical Marijuana - Current Biennium Expenditure Projection



## **2019 – 2021 Budget Changes as Recommended by the Governor**

In April 2018, the Governor released budget guidelines requesting the Department of Health to submit a 90 percent general fund budget, a 90 percent special fund budget, and a 5 percent reduction in FTE as a starting point in the budget process. Below is an overview of the net effect of the budget changes made to the 2017 – 2019 base budget to arrive at the Governor’s recommended budget for the 2019 – 2021 biennium.

### ***FTE Changes - General Fund - \$221,000; Special Funds - \$57,000 - 7.50 FTE***

- Fiscal and Operations – reduces a .50 Account Technician in the Accounting Division as result of streamlining workflow and processes, as well as a 1.0 Office Assistant in the Medical Marijuana Division due to the capabilities of the new Information Management System selected for the program.
- Medical Services – reduces a 1.0 Field Epidemiologist due to streamlining and serving the western portion of North Dakota with one field epidemiologist.
- Health Resources – reduces a 1.0 Administrative Assistant as a result of planned automation to the Nurse Aid Registry and a 1.0 Health Care Surveyor in the Health Facilities Division as we look for efficiencies in the survey process.
- Healthy and Safe Communities:
  - Reduces a 1.0 Administrative Assistant as a result of efficiencies being implemented with the administrative assistant staffing throughout the section. The funding from this position which was 100 percent federal funds is being reinvested in the breast and cervical cancer program.
  - Reduces a .50 Public Health Nurse consultant position in the Health Promotion Division. The funding from this position was 100 percent special funds and was reinvested in the school sealant program.
  - Reduces a .50 Public Health Nurse consultant position in the Injury and Violence Prevention Division. The funding from this position was a combination of general fund and federal funds and was reinvested as the newly established Health Equity Coordinator.

- Emergency Preparedness and Response - reduces a 1.0 Administrative Assistant in anticipation of efficiencies being proposed within the section.

### ***Other Changes by Section***

#### ***Fiscal and Operations***

- Reduces \$525,000 in general fund for grants to Local Public Health State Aid with the intent to encourage efficiencies among local public health units and coordination of services among regions. With this change, the budget reflects total Local Public Health State Aid of \$4,725,000. The House restored this funding from the Tobacco Prevention Control Trust Fund.
- Increases the fees charged for birth and death certificates and the retaining of those fees in our operating fund to cover the costs of operations for the Vital Records Division. This will result in a decrease of \$1.5 million in the general fund needed for operations, which would be subsequently replaced with \$1.9 million in special funds to self-fund the services provided to North Dakota citizens. This change reflects an increase for both death and birth certificate fees, which have remained unchanged since 1983, while other states have increased fees over time. The increase in fees would align North Dakota with what other states in the Midwest currently charge for services as noted in the following chart. Birth certificates will increase from \$7 per birth certificate to \$15 per certificate. Death certificates will increase from \$5 to \$15 for the first copy and \$10 for subsequent copies when requested at the same time. Any collections that exceed the amount appropriated will be transferred to the general fund at the conclusion of each biennium. The Governor's Recommendation also includes technology projects to enhance reporting functionality and training for registrations of state deaths along with reengineering the methods to order birth certificates to improve accessibility by customers. The changes required by North Dakota Century Code to support this action are also reflected in HB 1004. Below is a comparison of the fees charged in other midwestern states. The House supported the change in fees.

## Comparison of Birth and Death Certificate Fees Charged

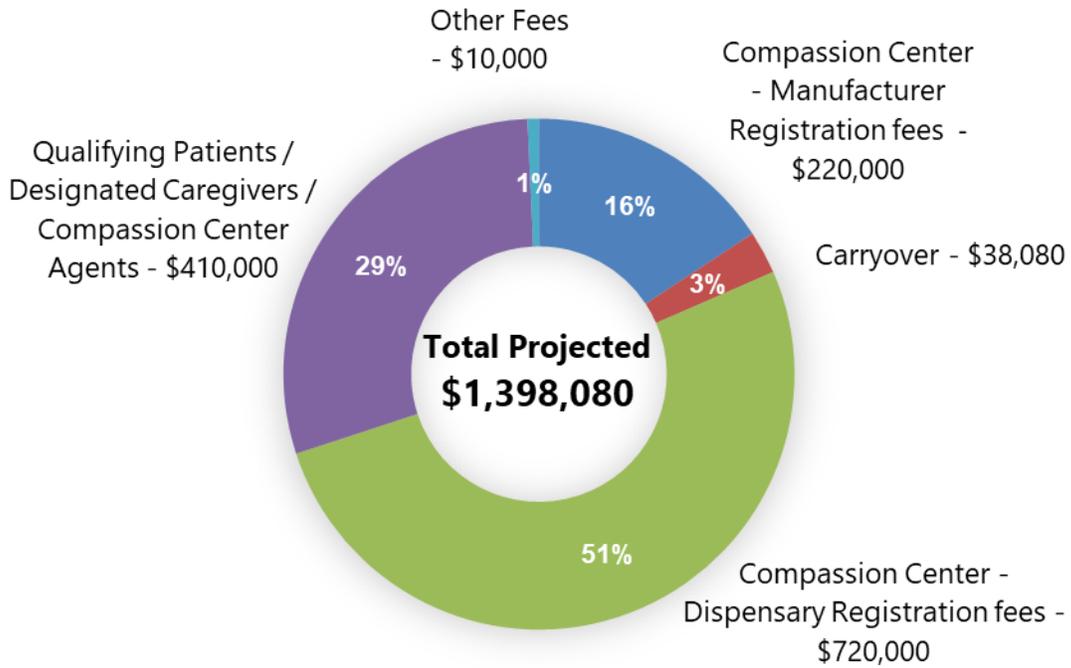
<b>State</b>	<b>Birth 1<sup>st</sup> Copy</b>	<b>Birth Add'l Copy</b>	<b>Death 1<sup>st</sup> Copy</b>	<b>Death Add'l Copy</b>
Minnesota	\$26.00	\$ 19.00	\$13.00	\$6.00
Iowa	\$20.00	\$20.00	\$20.00	\$20.00
Nebraska	\$17.00	\$17.00	\$16.00	\$16.00
Kansas	\$15.00	\$15.00	\$15.00	\$15.00
South Dakota	\$15.00	\$15.00	\$15.00	\$15.00
<b>Proposed Fees</b>	<b>\$15.00</b>	<b>\$15.00</b>	<b>\$15.00</b>	<b>\$10.00</b>
Montana	\$12.00	\$5.00	\$15.00	\$8.00
Wyoming	\$8.00	\$8.00	\$5.00	\$5.00
<b>North Dakota**</b>	<b>\$7.00*</b>	<b>\$4.00*</b>	<b>\$5.00</b>	<b>\$2.00</b>

(\*) \$2.00 of every birth certificate sold goes to the Children's Trust Fund, which is approximately \$225,000 per biennium

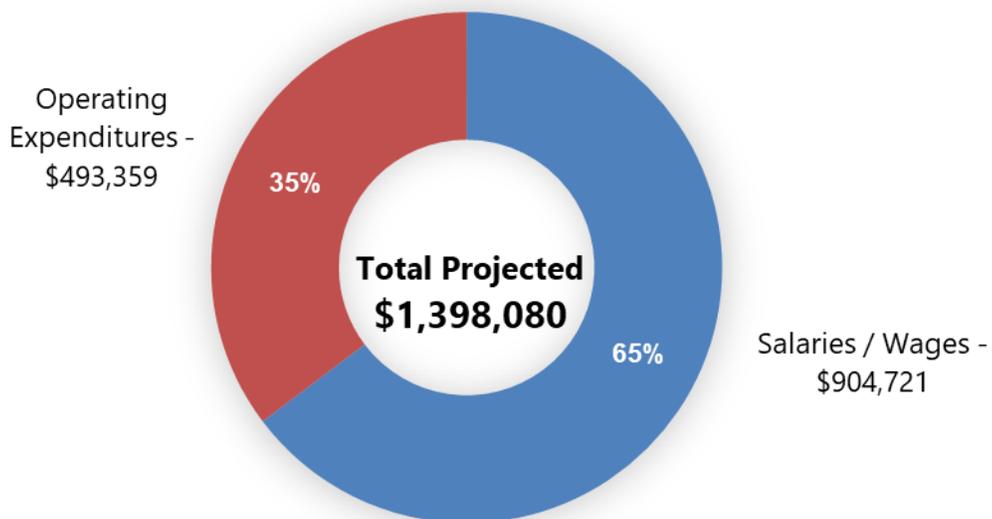
(\*\*) North Dakota is currently the lowest in the nation

- Reduces \$260,000 in miscellaneous special fund grant sources that have ended or will no longer be pursued.
- Reduces just over \$740,000 in special funds due to the Medical Marijuana Program being appropriated with a continuing appropriation, and therefore, no longer requiring a special fund appropriation. Beginning in the 2019 – 2021 biennium, the Medical Marijuana Program will be supported by registration and application fees. The expected budget for this area for the 2019 – 2021 biennium is \$1.4 million with five staff. Below is the projected revenue and expenditures for the 2019 – 2021 biennium.

## Medical Marijuana - 2019 - 2021 Revenue Projection



## Medical Marijuana - 2019 - 2021 Expenditure Projection



## ***Medical Services***

- Continues funding for the Forensic Examiner's Office, including the 3.0 FTE which were initially proposed to be transferred to the UND Pathology Department. Also includes continued funding of \$480,000 to contract with UND for the 21 eastern counties. During our budget strategy review with the Governor's Office and OMB in May 2018, we did have discussions regarding the UND Pathology Department performing all forensic examinations for ND for the following reasons:
  - UND is better positioned to leverage research grants to assist in the funding for forensic examiner services for the state.
  - UND may be able to initiate a forensic pathology fellowship.
  - UND generally employs 4 forensic pathologists on staff and perform autopsies for 21 eastern ND counties through contract with the Department of Health.
  - UND utilizes an electronic forensic reporting system, while the Department of Health currently utilizes a manual recordkeeping system.
  - While distance/ transportation costs to Grand Forks could be an issue for western counties, the Bismarck facility could be a satellite.

*After discussions with UND and OMB, we did not move forward with the proposal since the level of efficiency we had hoped to gain could not be realized at this time.*

- Adds funding of \$1,220,000 to the Microbiology Lab to update the HVAC system in the south annex and replace the roof in the north building. Heating and air issues have been constant at the Lab during the current biennium, along with water issues from a leaking roof. These improvements will allow the team at the Lab to focus less on facility management issues (such as addressing alarms and system shutdowns) and direct their full attention to being microbiologists and managers. These upgrades were initially funded from the Strategic Investment and Improvements Fund but through a funding switch by the House are currently funded from the Tobacco Prevention and

Control Trust Fund. This project is included as one-time funding in HB 1004.

- Adds funding of \$450,000 to upgrade the Laboratory Information Management System (LIMS). The current system was purchased and placed into production in 2004. The current version will sunset in the fall of 2019 and will no longer be supported by the vendor unless upgraded. The project is funded with \$360,000 from federal grants and \$90,000 from the general fund. An emergency clause has been recommended due to one of the federal grants being available for the upgrade until July 31, 2019 and will no longer be accessible after that time. This amount is reflected as one-time funding in HB 1004. Since we have been in front of the House Appropriations Committee, we have received the results of the gap analysis and the estimated cost for the project is projected to be \$483,000, an increase of \$33,000 from our initial estimate. We are requesting additional authority be added to the project, which can be covered by fees collected in the lab.

### ***Health Resources***

- Adds funding for one FTE and corresponding operating costs in the Food & Lodging Division to provide additional supervision, monitoring and oversight in the amount of \$186,000 from the general fund.

### ***Healthy and Safe Communities***

- Reduces general fund by \$64,480 for professional services related to the colorectal cancer program due to changes in the program with more efficient screening methods.
- Reduces general fund for grants of \$50,000 for the Domestic Violence Offender treatment program to align with current spending levels and with department priorities. The House restored this funding from the Tobacco Prevention Control Trust Fund.
- Reduces general fund by \$845,000 in the Tobacco Program with a majority of the reduction made in media services. The goal of tobacco cessation will still be met with planned grants and contracts included in the Governor's Recommendation.
- Includes one-time funding of \$354,554 for the continuation of the WIC EBT project. The WIC EBT project started in the current biennium with

the goal to convert the distribution of benefits from a paper process to an electronic benefit transfer. The funding for this change is supported by federal funding and is to be completed by October 1, 2020. The request for additional one-time funding is due to costs for the completion of the project being more than estimated after receiving the bids for the system implementation. This amount is reflected in one-time funding in HB 1004.

- Funds tobacco grants for cessation to Local Public Health (LPH) from the Community Health Trust Fund, which are currently funded in the base budget from the Tobacco Prevention Control Trust Fund. The funding for LPH tobacco cessation is being held even at \$6.5 million.
- Shifts funding of \$75,000 from the Department of Human Services (DHS) to the Department of Health Tobacco Program to comply with Synar Program enforcement requirements. We are currently completing these requirements this biennium for DHS through a contract.
- Transfers the Suicide Prevention Program to DHS along with 1.0 FTE. General fund of \$1.2 million was included in the Behavioral Health Division of the Governor's recommended budget for DHS. Both agencies are in support of this move. The Centers for Disease Control and Prevention has reported that the suicide rate in North Dakota has increased more than any other state since 1999 at 58 percent. Suicide continues to be the second leading cause of death among individuals ages 10 - 34. Combining resources will allow ND to continue to advance suicide prevention efforts.

### ***Emergency Preparedness and Response***

- Reduces general fund by \$75,600 in professional services for stroke and cardiac care training funds since training in this manner is no longer being requested or utilized.
- Reduces special funds by \$125,000 from the Insurance Tax Distribution which supports the Rural EMS Grant Program. This reduction was offset by general fund savings in the stroke mini grant and the community paramedic program that were reinvested in the Rural EMS Grant Program. The reinvestment of funding allows the department to continue to provide funding for Rural EMS grants at the same level as

the current biennium which is at \$6,875,000 - \$1,125,000 from the Insurance Tax Distribution Fund and \$5,750,000 from the general fund.

- Adds \$126,000 in general fund to convert and implement a comprehensive emergency medical services (EMS) personnel licensing, agency licensing and records management system, including a public facing portal for licensure application and training program registration.

### ***Agency-wide***

- The Governor's Recommendation reflected a net funding switch to increase general fund by \$6,378,195, which is offset by a decrease in authority in special funds to replace the funding from the Tobacco Prevention and Control Trust Fund (TPCTF) that is currently reflected in the base budget. This adjustment was made since sufficient funding did not exist in the TPCTF to continue supporting ongoing expenditures into the 2019 – 2021 biennium.
- Incorporated IT unification by moving salary funding to the operating line and shifting 4.5 FTE to ITD for approximately \$700,000. The goal of this change is to better meet current and future technology and security needs in a unified approach. The House did not support IT unification, and they reinstated the FTE and moved funding from the operating line back to the salary line.
- Incorporated the executive compensation package of a 4 percent and a 2 percent salary increase for years one and two, respectively, in addition to covering the increased cost in health insurance, and a one percent increase in the state's share toward the retirement contribution - \$2.4 million total funds; \$1.17 general fund; \$1.14 federal funds; \$100,000 special funds. The House supported a compensation package of a 2 percent salary increase each year of the next biennium, the grandfathered health insurance plan, and does not reflect the one percent increase in the state's share toward the retirement contribution.
- Adds funding for Microsoft 365 functionality for all staff - \$125,000.
- Incorporates federal funding of \$325,000 for the Public Health Opioid Crisis Response federal grant. The funding included in the Governor's Recommendation is targeted toward interventions by public safety personnel and others and monitoring and evaluating opioid crisis activity through our Office of the State Epidemiologist. Since we have

been in front of the House Appropriations Committee, we have received notification from the Centers for Disease Control and Prevention that additional opportunities are available to State Departments of Health for opioid funding under the Overdose Data to Action funding opportunity. We are interested in applying for the additional funding under the strategies involving surveillance and prevention and look forward to working with you to bring forward the additional authority that would be needed to be added to HB 1004.

For your reference, Attachment A identifies the specific reductions submitted to meet the budget guidelines of a 90 percent general fund and a 90 percent special fund budget along with the proposed FTE changes.

Finally, the Governor's Recommendation also included flexibility for the 2019 - 2021 biennium first by providing the ability to accept additional federal or other fund revenue should such funding become available. There are times during the biennium when the total grant amount we have estimated and built in the budget for a specific grant is awarded at an amount different than anticipated. This flexibility would have allowed for the Department of Health to immediately accept the funds. This option becomes increasingly important with the separation of the Department of Health and the Department of Environmental Quality. When both agencies were combined as one agency, we had a larger base in which to manage federal and other authority. Additionally, flexibility was proposed for the ability to transfer between line items up to 10 percent of the total appropriation. This flexibility is beneficial when contracting and issuing grant awards. When building the budget, an estimate is used to determine whether the funds will be extended as a purchase of service contract, which is funded in the operating line item, or whether the funds will be extended under a grant award, which is funded in the grants line item. Should circumstances change from the time the budget was built to the time the funds are extended, the inability to move between line items causes inefficiencies. In the past, this flexibility has been extended to other state agencies or areas of government such as the Legislative Assembly, the Judicial Branch, the Department of Transportation, and the Department of Human Services. To date, I do believe the flexibility has been appreciated and used appropriately. The House did not support either component of flexibility.

### **Summary of Adjustments made by the House Appropriations Committee**

The House Appropriations Committee supported the budget recommendation presented by the Governor with the exceptions or specific changes noted below:

- Modifies the executive compensation package to reflect a two percent increase for state employees each year of the biennium, providing health insurance under the current plan, and foregoing the increase in the retirement contribution by the state.
- Reverses the adoption of IT Unification by restoring the FTE and moving funding from the operating line back to the salary line.
- Adds temporary salaries of \$80,000 (\$50,000 general fund, \$30,000 fees) to the Life, Safety and Construction Division to assist with the number of projects occurring across the state and reduces the fee charged by the Department for small projects from \$750 to \$500.
- Restores funding of \$525,000 for Local Public Health (LPH) State Aid grants from the Tobacco Prevention and Control Trust Fund. This brings total funding to \$5.25 million for state aid grants to LPH.
- Restores funding of \$50,000 for Domestic Violence Offender Treatment grants from the Tobacco Prevention and Control Trust Fund. This brings total funding to \$300,000 for these grants.
- Switches funding from the general fund to the Tobacco Prevention Control Trust Fund as follows: \$250,000 for the Domestic Violence Offender Treatment grants included in the Governor's recommendation and \$582,324 for the colorectal cancer and cancer registry programs.
- Reduces extraordinary repairs by \$25,000 in general fund for Microbiology Lab repairs that were required to be made this biennium.

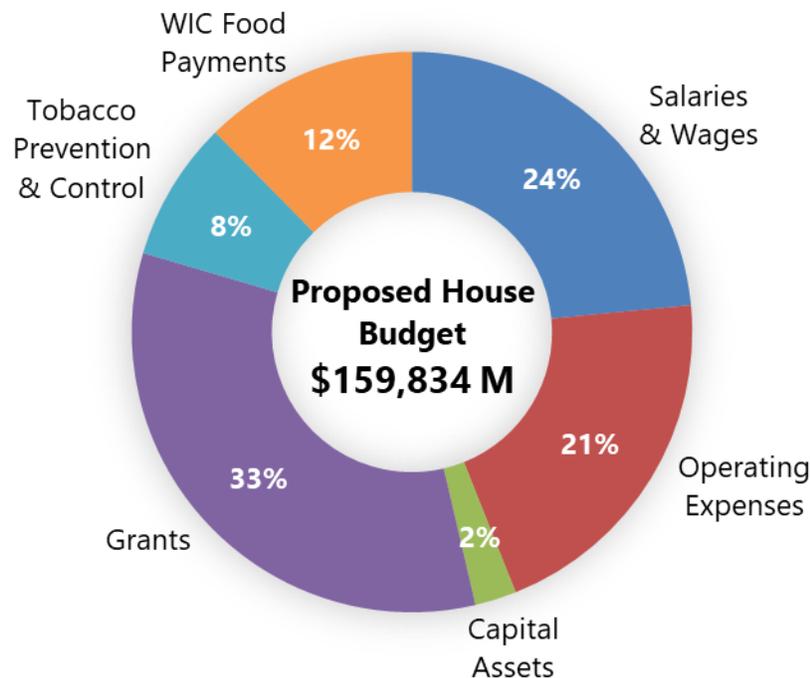
### **2019 – 2021 Summary of the House Budget**

The budget before you for the Department of Health addresses many important community public health needs. It provides much needed medical resources in the form of professional loan repayments, state medical cache, and emergency medical services grants. It also provides resources to the local public health units under state aid, tobacco grants, and federal pass through funding, and it allows us to systematically work together to meet our public health goals.

A network of 28 local public health units and many other local entities provide a varying array of public health services with funding provided by the Department of Health. Some of the local public health units are multi-county, some are city/county, and others are single-county health units. Other local entities providing public health services include domestic violence entities, family planning entities, and Women, Infant and Children (WIC) sites. Grants and contracts amounting to \$76.2 million or 48 percent of our budget are planned to be passed through to the local public health units and other local entities to provide public health services. Approximately \$28.7 million is budgeted to go to local public health units, and \$15.9 million goes to other local entities. The remaining \$31.6 million goes to state agencies, medical providers, tribal units, and various other entities.

Overall the House Budget includes a total of \$159,833,999 along with 204 FTE and is comprised of the following elements.

**2019-2021 HB 1004 BY LINE ITEM**



### Salaries and Wages

Salaries and wages make up \$37,514,606 or 24 percent of our budget. The increase to the salaries line item is essentially attributed to the executive compensation package.

### Operating Expenses

The operating budget recommendation of \$32,753,080 makes up 21 percent of our budget. Operating Expenses increased primarily as a result of the additional services and supplies that are proposed based on increased federal awards which will be addressed below.

### Capital Assets

Capital assets of \$3,834,813 make up only 2 percent of our total budget. The bond payment on our laboratory, the state morgue and a storage building, equipment costs in excess of \$5,000, along with the new projects at the Lab previously identified are included here.

### Grants

Grants, which are provided to many local entities across the state, are at \$53,057,292 and make up 33 percent of our budget. The majority of grants (78%) are in the Healthy and Safe Communities and Emergency Preparedness and Response Sections. This area has been increased as a result of the funds that will be passed through based on increased federal awards which will be addressed below.

### Special Line Items

There are two special line items included in the Governor's Recommendation.

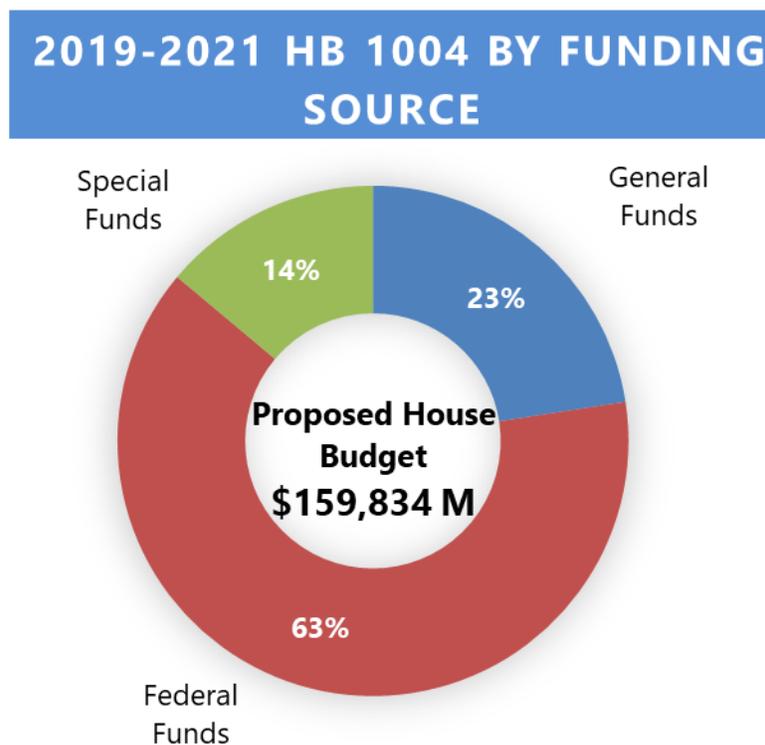
Tobacco Prevention and Control is at \$12,894,208 or 8 percent of our budget. This line item is down slightly in order to meet the goals outlined in the budget guidelines.

Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Food Payments make up \$19,780,000 or 12 percent of our budget. The Governor's Recommendation is based on current participation rather than enrollment. This decrease from the base budget is rightsizing the budget rather than decreasing the number of individuals being served.

Administration by the local WIC sites is included in the grants line item and remains unchanged.

In the 2017-2019 biennium, the Department had a third special line item, Medical Marijuana. Beginning with the 2019-2021 biennium, we are pleased to inform this Committee that we will be able to support the program with the fees collected and eliminated the need for a general fund appropriation in the area.

Finally, the breakdown by funding source of the House Budget for the Department of Health is as follows.



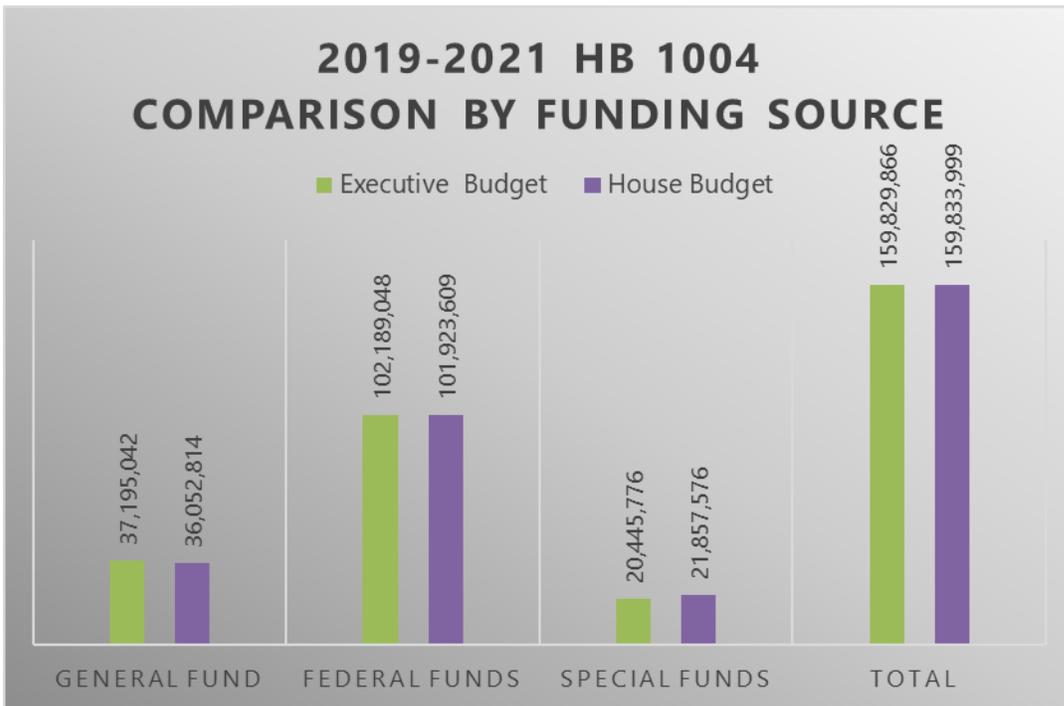
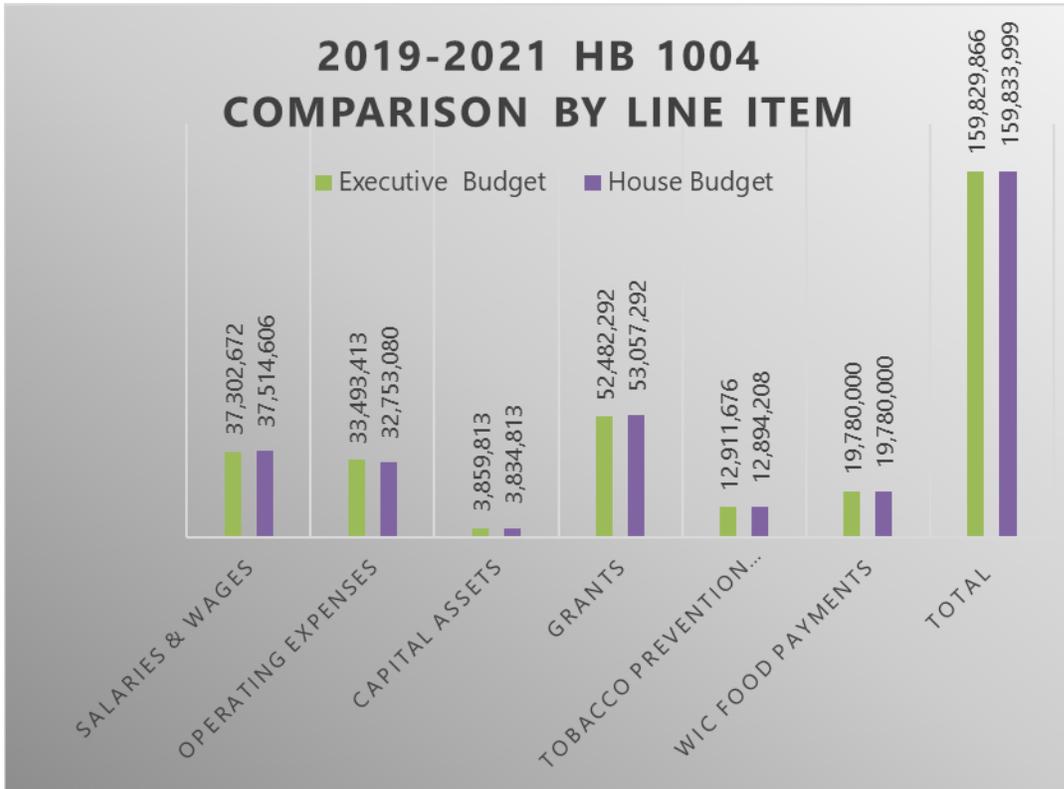
### **Federal Funding Changes**

As noted in the above chart, the Department of Health is funded predominantly with federal funds, with 63 percent of the budget supported by the federal government in the form of approximately 90 federal grants. Our budget request includes an increase of just over \$11.2 million in federal funding. The changes and impact are as follows:

- The Healthy and Safe Communities Section has budgeted for over half of the increase, which is primarily due to the Centers for Disease Control and Prevention (CDC) providing funding under new programs that have replaced former federal programs at enhanced levels of funding for Oral Health Outcomes, Diabetes, Hypertension and Stroke Prevention programs, and Physical Activity and Nutrition of \$4,560,000. The budget also reflects new funding from the Telehealth for Pediatric Mental Health Care Access Grant of \$890,000; and anticipated Health Equity funding of \$500,000. We are also expecting to receive increased funding from the CDC for Breast and Cervical Cancer / Comprehensive Cancer of \$598,300 and \$345,000 from National Violent Death Registry System funding.
- The Medical Services Section has included an overall increase in funding from the following areas: Ryan White program for \$2,895,000; the Epidemiology and Lab Capacity grant for \$529,000; and a slight increase in the Immunization grants totaling \$189,000. These increases are offset by the decreases expected in the Occupational Health grant and Ebola funding combined at \$448,000.
- The Emergency Preparedness and Response Section has budgeted for just under a \$500,000 increase in federal funds primarily from the Public Health Emergency Preparedness grant due to additional funds that were awarded recently.
- Finally, \$900,000 of the increase is attributed to the executive compensation package included in the House Budget.

As in the past, the status of our federal funding is often uncertain. With that uncertainty, we prepared our budget by assuming that the remaining federal grant amounts will hold even, other than those noted above. We recognize that as we proceed through the next biennium, we will have to adjust our budget, operations, and possibly staffing if federal funding changes from the amounts included in our budget request.

**Comparison of the Executive Budget to the House Budget**



### **Optional Requests**

Attachment B reflects the Optional Adjustment Requests submitted by the Department along with indication of the requests that were funded in the Governor's Recommendation.

### **Conclusion**

Chairman Holmberg and members of the Committee, this concludes the North Dakota Department of Health's testimony on House Bill 1004. In the upcoming weeks, we look forward to working with you on the detail of the Governor's recommended appropriation for the Department of Health along with the House amendments. I or other members of Department of Health team would be happy to address any questions you may have at this time.