

PROGRAM NARRATIVE**Date:** 12/07/2012

601 Department of Commerce

Time: 14:59:00**Program:** Commerce Administration**Reporting level:** 00-601-200-00-00-00-00-00000000**Program Performance Measures**

Not applicable.

Program Statistical Data

Not applicable.

Explanation of Program Costs

The costs associated with Commerce Administration are dedicated to supporting the overall administrative functions of the Department.

Program Goals and Objectives

This is a division that provides support services to the Department of Commerce and world class customer service to our clients.

REQUEST DETAIL BY PROGRAM601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: Commerce Administration		Reporting Level: 00-601-200-00-00-00-00000000			
Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Salaries and Wages					
Salaries - Permanent	1,638,545	1,619,757	326,335	1,946,092	216,528
Temporary Salaries	122,149	55,000	65,768	120,768	0
Overtime	1,501	3,500	(3,500)	0	0
Fringe Benefits	548,041	719,253	(35,070)	684,183	62,574
Salary Increase	0	0	0	0	0
Benefit Increase	0	0	0	0	0
Total	2,310,236	2,397,510	353,533	2,751,043	279,102
Salaries and Wages					
General Fund	2,310,236	2,397,510	353,533	2,751,043	279,102
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	2,310,236	2,397,510	353,533	2,751,043	279,102
Operating Expenses					
Travel	160,190	144,934	(51,501)	93,433	22,500
Supplies - IT Software	72,694	14,750	1,250	16,000	12,000
Supply/Material-Professional	5,807	12,841	(6,141)	6,700	2,000
Food and Clothing	974	3,000	(2,500)	500	0
Bldg, Ground, Maintenance	100	0	0	0	0
Miscellaneous Supplies	20,658	25,250	(8,467)	16,783	6,500
Office Supplies	40,783	24,637	2,000	26,637	3,000
Postage	26,622	37,000	(2,500)	34,500	31,000
Printing	53,690	59,500	(23,500)	36,000	10,000
IT Equip Under \$5,000	36,242	42,021	(22,975)	19,046	1,600
Other Equip Under \$5,000	983	10,000	0	10,000	0
Office Equip & Furn Supplies	33,815	2,000	(5,000)	(3,000)	2,000
Insurance	2,775	14,325	(11,325)	3,000	0
Rentals/Leases-Equip & Other	5,324	10,800	(5,400)	5,400	0
Rentals/Leases - Bldg/Land	159,283	165,000	(5,000)	160,000	18,000
Repairs	4,666	13,260	(10,660)	2,600	0
IT - Data Processing	37,121	44,200	2,000	46,200	5,000
IT - Communications	36,755	23,500	2,000	25,500	3,000
IT Contractual Svcs and Rprs	24,106	39,500	35,000	74,500	50,000
Professional Development	151,765	155,000	(55,000)	100,000	6,000
Operating Fees and Services	872,990	666,618	(142,920)	523,698	380,050
Fees - Professional Services	70,587	58,758	142,549	201,307	640,000
Total	1,817,930	1,566,894	(168,090)	1,398,804	1,192,650

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Operating Expenses					
General Fund	1,590,525	1,366,894	(168,090)	1,198,804	1,097,150
Federal Funds	0	0	0	0	0
Special Funds	227,405	200,000	0	200,000	95,500
Total	1,817,930	1,566,894	(168,090)	1,398,804	1,192,650
Capital Assets					
IT Equip/Sftware Over \$5000	9,600	0	0	0	0
Total	9,600	0	0	0	0
Capital Assets					
General Fund	9,600	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	9,600	0	0	0	0
Grants					
Grants, Benefits & Claims	139	0	0	0	0
Transfers Out	0	50,000	(50,000)	0	0
Total	139	50,000	(50,000)	0	0
Grants					
General Fund	139	50,000	(50,000)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	139	50,000	(50,000)	0	0
Discretionary Grants					
Professional Development	500	3,000	0	3,000	0
Operating Fees and Services	50,403	40,000	0	40,000	0
Grants, Benefits & Claims	673,686	1,533,775	(713,693)	820,082	0
Transfers Out	25,000	65,000	0	65,000	0
Total	749,589	1,641,775	(713,693)	928,082	0
Discretionary Grants					
General Fund	749,589	1,641,775	(713,693)	928,082	0
Federal Funds	0	0	0	0	0

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Special Funds	0	0	0	0	0
Total	749,589	1,641,775	(713,693)	928,082	0
North Dakota Trade Office					
Operating Fees and Services	2,000,000	2,613,400	0	2,613,400	400,000
Total	2,000,000	2,613,400	0	2,613,400	400,000
North Dakota Trade Office					
General Fund	2,000,000	2,613,400	0	2,613,400	400,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	2,000,000	2,613,400	0	2,613,400	400,000
Partner Programs					
Operating Fees and Services	96,800	150,000	(50,000)	100,000	0
Fees - Professional Services	950,000	950,000	0	950,000	0
Grants, Benefits & Claims	968,780	972,044	0	972,044	0
Total	2,015,580	2,072,044	(50,000)	2,022,044	0
Partner Programs					
General Fund	2,015,580	2,072,044	(50,000)	2,022,044	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	2,015,580	2,072,044	(50,000)	2,022,044	0
Total Expenditures	8,903,074	10,341,623	(628,250)	9,713,373	1,871,752
Funding Sources					
General Fund					
Total	8,675,669	10,141,623	(628,250)	9,513,373	1,776,252
Federal Funds					
002 Federal Fund Budget	0	0	0	0	0
Total	0	0	0	0	0
Special Funds					
003 Special Fund Budget	0	0	0	0	0

REQUEST DETAIL BY PROGRAM

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
330 Economic Dev. Fund 330	227,405	200,000	0	200,000	95,500
Total	227,405	200,000	0	200,000	95,500
Total Funding Sources	8,903,074	10,341,623	(628,250)	9,713,373	1,871,752
FTE Employees	12.11	14.17	0.84	15.01	1.00

CHANGE PACKAGE DETAIL601 Department of Commerce
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Program: Commerce Administration			Reporting Level: 00-601-200-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
Base Budget Changes						
One Time Budget Changes						
A-E 9 Remove Prior Biennium One-time Approp.		0.00	(100,000)	0	0	(100,000)
Total One Time Budget Changes		0.00	(100,000)	0	0	(100,000)
Ongoing Budget Changes						
A-A 24 Remove Carryover Authority		0.00	(713,693)	0	0	(713,693)
A-A 3 Increased Cost to do Business		0.00	5,250	0	0	5,250
A-A 4 Operation Changes		0.00	(139,848)	0	0	(139,848)
A-A 6 Miscellaneous Changes		0.00	(33,492)	0	0	(33,492)
Base Payroll Change		0.84	353,533	0	0	353,533
Total Ongoing Budget Changes		0.84	(528,250)	0	0	(528,250)
Total Base Budget Changes		0.84	(628,250)	0	0	(628,250)
Optional Budget Changes						
One Time Optional Changes						
A-D 15 Enhancing ND's Image	7	0.00	567,000	0	63,000	630,000
A-D 16 Workforce Recruitment Strategy	8	0.00	292,500	0	32,500	325,000
A-D 20 Trade Office	12	0.00	400,000	0	0	400,000
Total One Time Optional Changes		0.00	1,259,500	0	95,500	1,355,000
Ongoing Optional Changes						
A-C 11 Census Office	2	1.00	516,752	0	0	516,752
Total Ongoing Optional Changes		1.00	516,752	0	0	516,752
Total Optional Budget Changes		1.00	1,776,252	0	95,500	1,871,752
Optional Savings Changes						
Total Optional Savings Changes		0.00	0	0	0	0

PROGRAM NARRATIVE

601 Department of Commerce

Date: 12/07/2012

Time: 14:59:00

Program: Innovation and Entrepreneurship

Reporting level: 00-601-250-00-00-00-00000000

Program Performance Measures

Measurements associated with the Centers of Excellence/Centers of Research Excellence program include the number of jobs created and wages associated with these jobs; amount of leveraged funds; and new companies starting-up, spinning-off, or relocating to North Dakota.

A short term metric for the Innovate North Dakota program is the number of ideas submitted. Since Innovate North Dakota is dealing with start-up businesses and ideas, a longer-term metric is the number of businesses launched that are still in business five years after participating in Innovate North Dakota.

The Technology-based Entrepreneurship Grant program will be measured by the entrepreneurial activity resulting from the program. This includes the number of new businesses assisted, successful product launches, and the number of resulting jobs.

Program Statistical Data

As of June 30, 2011, the \$32.9 million in state funds that have been spent through the Centers of Excellence program has resulted in \$538.8 million in total estimated impact to North Dakota's economy. A total of 185 private sector companies are partnering with Centers to create 21 new or expanded businesses: 16 companies with a new location in North Dakota and 5 companies that have expanded. Centers, grant recipients and their partners have created or contributed to the creation of 973 jobs at an estimated annual payroll of \$52.1 million.

Since the launch of Innovate North in the fall of 2006, nearly 800 people with 400 ideas have participated in the program and 125 new businesses are operational or in the development stage as a result.

Explanation of Program Costs

The program costs for the Office of Innovation and Entrepreneurship are primarily for administration and support of the Centers of Excellence/Centers of Research Excellence, Innovate North Dakota, and Technology-based Entrepreneurship Grant programs.

PROGRAM NARRATIVE

601 Department of Commerce

Date: 12/07/2012**Time:** 14:59:00**Program:** Innovation and Entrepreneurship**Reporting level:** 00-601-250-00-00-00-00-00000000**Program Goals and Objectives**

The Office of Innovation and Entrepreneurship assists the Centers of Excellence Commission in the administration of the Centers of Excellence/Centers of Research Excellence program, including monitoring of approved Centers; and manages the Innovate North Dakota and Technology-based Entrepreneurship Grant programs.

The objective of the Centers of Excellence/Centers of Research Excellence program is to create economic development by partnering North Dakota's college and universities with private sector companies.

The Innovate North Dakota program's objective is to assist entrepreneurs in launching new innovative ventures. This is accomplished through entrepreneurial education, coaching, and a competition.

The objective of the legislatively established Technology-based Entrepreneurship Grant program is to spur new technology-based businesses by providing grants to assist entrepreneurs with accessing capital, marketing, entrepreneurship infrastructure, and entrepreneurial talent.

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Salaries and Wages					
Salaries - Permanent	301,466	299,516	56,428	355,944	0
Overtime	3,406	0	0	0	0
Fringe Benefits	111,749	128,364	3,831	132,195	0
Salary Increase	0	0	0	0	0
Benefit Increase	0	0	0	0	0
Total	416,621	427,880	60,259	488,139	0
Salaries and Wages					
General Fund	416,621	427,880	60,259	488,139	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	416,621	427,880	60,259	488,139	0
Operating Expenses					
Travel	17,855	25,157	236	25,393	0
Supplies - IT Software	50	1,000	0	1,000	0
Supply/Material-Professional	59	0	(500)	(500)	0
Miscellaneous Supplies	102	500	(1,500)	(1,000)	0
Office Supplies	582	700	(200)	500	0
Postage	1,462	2,000	0	2,000	0
Printing	3,516	3,000	(2,000)	1,000	0
IT Equip Under \$5,000	2,700	1,600	0	1,600	0
Office Equip & Furn Supplies	0	0	(1,500)	(1,500)	0
Rentals/Leases - Bldg/Land	19,222	19,309	(3,000)	16,309	0
IT - Data Processing	5,462	6,150	1,855	8,005	0
IT - Communications	5,951	5,718	(548)	5,170	0
IT Contractual Svcs and Rprs	21,456	0	2,644	2,644	0
Professional Development	14,051	18,200	0	18,200	0
Operating Fees and Services	397,869	575,000	(16,000)	559,000	100,000
Fees - Professional Services	11,220	2,400	(584)	1,816	0
Total	501,557	660,734	(21,097)	639,637	100,000
Operating Expenses					
General Fund	389,325	510,734	(21,097)	489,637	100,000
Federal Funds	0	0	0	0	0
Special Funds	112,232	150,000	0	150,000	0
Total	501,557	660,734	(21,097)	639,637	100,000

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Grants					
Grants, Benefits & Claims	373,922	2,851,078	(1,851,078)	1,000,000	0
Total	373,922	2,851,078	(1,851,078)	1,000,000	0
Grants					
General Fund	373,922	2,851,078	(1,851,078)	1,000,000	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	373,922	2,851,078	(1,851,078)	1,000,000	0
Research ND (Centers of Excellence)					
Operating Fees and Services	19,464,000	0	0	0	0
Grants, Benefits & Claims	0	12,000,000	(12,000,000)	0	20,000,000
Total	19,464,000	12,000,000	(12,000,000)	0	20,000,000
Research ND (Centers of Excellence)					
General Fund	19,464,000	12,000,000	(12,000,000)	0	20,000,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	19,464,000	12,000,000	(12,000,000)	0	20,000,000
Total Expenditures	20,756,100	15,939,692	(13,811,916)	2,127,776	20,100,000
Funding Sources					
General Fund					
Total	20,643,868	15,789,692	(13,811,916)	1,977,776	20,100,000
Special Funds					
330 Economic Dev. Fund 330	112,232	150,000	0	150,000	0
493 Strategic Invest & Improvement Fund	0	0	0	0	0
Total	112,232	150,000	0	150,000	0
Total Funding Sources	20,756,100	15,939,692	(13,811,916)	2,127,776	20,100,000
FTE Employees	3.20	3.00	0.00	3.00	0.00

CHANGE PACKAGE DETAIL

601 Department of Commerce
Biennium: 2013-2015

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Program: Innovation and Entrepreneurship			Reporting Level: 00-601-250-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes

One Time Budget Changes

A-E 9 Remove Prior Biennium One-time Approp.		0.00	(12,000,000)	0	0	(12,000,000)
Total One Time Budget Changes		0.00	(12,000,000)	0	0	(12,000,000)

Ongoing Budget Changes

A-A 24 Remove Carryover Authority		0.00	(1,851,078)	0	0	(1,851,078)
A-A 3 Increased Cost to do Business		0.00	452	0	0	452
A-A 6 Miscellaneous Changes		0.00	(21,549)	0	0	(21,549)
Base Payroll Change		0.00	60,259	0	0	60,259
Total Ongoing Budget Changes		0.00	(1,811,916)	0	0	(1,811,916)
Total Base Budget Changes		0.00	(13,811,916)	0	0	(13,811,916)

Optional Budget Changes

One Time Optional Changes

A-D 10 Centers of Research Excellence	3	0.00	20,000,000	0	0	20,000,000
Total One Time Optional Changes		0.00	20,000,000	0	0	20,000,000

Ongoing Optional Changes

A-C 17 Innovate ND	9	0.00	100,000	0	0	100,000
Total Ongoing Optional Changes		0.00	100,000	0	0	100,000
Total Optional Budget Changes		0.00	20,100,000	0	0	20,100,000

Optional Savings Changes

Total Optional Savings Changes		0.00	0	0	0	0
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PROGRAM NARRATIVE**Date:** 12/07/2012**601 Department of Commerce****Time:** 14:59:00**Program:** North Dakota Tourism**Reporting level:** 00-601-300-00-00-00-00000000**Program Performance Measures****Leisure Marketing**

- Publications: Travel guide, hunting and fishing guide, map - printed and digital
- Paid advertising: \$2 million per year invested in integrated campaign across numerous media: TV, Print, Newspaper inserts, online, out-of-home, radio
- Cooperative advertising opportunities for industry partners
- Website: constant improvement of NDTourism.com
- E-newsletters - Niche categories to subscribers. Mobile site and social media channels. Social media continue to engage potential travelers through social media.
- Results: strong ROI 1:91, increased visitor stats, new inquiries and web activity; improved functions and mobile compatibility on web site.

Public and Media Relations

- Monthly releases, pitches, partnerships, interviews, story submissions
- Media familiarization tours (FAM)
- Freelance writer's workshops
- On-line: Blogs, Flickr, YouTube, Twitter, Facebook, Pinterest
- Results: engagement on social media, more earned media measured by advertising equivalency. 2011 total digital impressions – 27.9 million and \$5.6 million story value

Customer Service and Sales

- Travel counseling – via phone and on-line
- Brochure racks in rest areas
- Fulfill requests of state materials and for partners
- Itinerary and route development
- Resource materials to attractions and retailers
- Results: increase in activity and quantities of materials demanded

International Marketing

- Cooperative sales with Rocky Mountain International (regional sales agent) states
- Travel trade shows, missions, media events and seminars. (25 in 2011) Distributed over 1,000 digital kits.
- Visit USA Committee
- FAM tours – for package sales and media (20 participants from 5 countries in 2011)
- Targets: Norway, Sweden, Denmark, Finland, Iceland, Germany, Australia, New Zealand
- Results: ND product for sale in catalogs, advertising equivalency of media coverage (\$500,000 in 2011). Increased visitation. More leads to travel partners (380 in 2011).

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Program: North Dakota Tourism

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Group Travel Sales

- Trade show and marketplace sales (8 in 2011) with over 200 prescheduled appointments.
- FAM tours (3 in 2011 from 10 states enjoyed 55 North Dakota locations).
- Itinerary development
- Advertising and earned media
- Results: groups booked in North Dakota; North Dakota coverage in group publications.

Outdoor Promotions

- Sport shows and niche promotions (8 shows with 16 partners in 2011)
- Niche advertising – TV, on-line, sponsorships, out-of-home
- Outdoor FAM tours (7 in 2011)
- Results: media coverage, partner participation in events, increased bookings and license sales

Tourism Development

- Project facilitation
- Outreach to economic and business developers
- Grants – funded 15 expansion projects in 2011-2012 and 6 projects with new dollars
- Rural, recreation and agritourism emphasis
- Results: new tourism businesses or expanded offerings

Industry Development

- Travel Industry Conference – annual event for industry stakeholders
- Stakeholders' meeting – annual marketing session
- Partner access and promotion – allows partners free listings and marketing on state website
- Monthly newsletter – provides stats, tips and opportunities
- Industry Facebook page – allows on-line discussions and information sharing
- Regional workshops – customized for each region with hands-on learning
- Results: a vibrant, engaged industry that cross-sells and is tied into state's efforts

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Program Statistical Data**2008 Visitors Study**

Longwoods International estimates the size of ND's domestic market has grown to 15.27 million visitor trips. Sixty percent of trips are day-trips with 40% overnight.

Canadian Travel

For the timeframe of 2009 to 2010, Canadian travel to North Dakota was up 11.5%, yielding 905,000 trips. Statistics Canada, Canada's central statistical agency, reports Canadian expenditures grew 33% from 2009 to 2010, totaling \$204 million in 2010.

2008 Tourism Satellite Account

Global Insight estimates North Dakota's tourism expenditures at \$2.4 billion with visitors from other states representing the largest portion of spending at 61%.

2010 ND Economic Base

Researchers at NDSU report all non-resident spending in North Dakota contributing \$4.62 billion in 2010, a 4.6% increase over the previous year.

North Dakota's Economic Base, 2010

Agriculture	\$7.46 billion
Oil	\$7.3 billion
Tourism	\$4.62 billion
Manufacturing	\$2.23 billion
Coal	\$1.65 billion
Exported Services	\$1.22 billion

Publications

PROGRAM NARRATIVE

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Program: North Dakota Tourism

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The 2012 Travel Guide was made available through request fulfillment, at sport and travel shows, at in-state rest areas, visitor centers and traveler-frequented businesses. 335,000 copies were printed and distributed.

The 2012 Hunting and Fishing Guide was made available through request fulfillment, at sport and travel shows and at visitor centers and traveler-frequented businesses. 60,000 copies were in circulation.

The 2011-2012 Official Highway map is distributed in partnership with the ND Department of Transportation. 1.2 million copies of the map were printed for the two-year distribution through request fulfillment, at sport and travel shows, in-state rest areas, visitor centers and traveler-frequented businesses.

Publication Fulfillment

North Dakota Tourism continues a partnership with One Fulfillment for collecting brochure requests. In 2011, e-mail requests for travel information were up 17%. The top states requesting fulfillment were: Minnesota, Illinois, Wisconsin, Michigan and Ohio.

In its 10th year of the rest area brochure program, 117 tourism industry partners participated with 158 brochures. Usage of brochures and travel guides continued to increase. In 2011, 83,680 North Dakota Travel Guides were distributed at rest areas.

In 2011, cooperative advertising was available in 27 publications. 103 partners advertised in the North Dakota Travel Guide and 23 in the North Dakota Hunting & Fishing Guide. Newspaper inserts mailed to 2.2 million households included cooperative advertisements from 10 partners.

Travel Counselors for North Dakota Tourism answer more than 17,000 phone calls, emails, letters and online requests for information annually.

Explanation of Program Costs

The budget includes dollars in the following major categories:

Telecommunications/ITD – this includes our 800 number (800-HELLOND) – the number we advertise to call for travel packets, our websites and data storage.

Postage – this covers postage on the information packets our division sends out in response to travel inquiries. It also includes sending cases of our vacation guide and other brochures to trade shows, information centers, gas stations, etc.

Advertising/Marketing – a majority of the division's expenditures involve advertising design, production and placement. This includes the design of all television, radio, print, direct mail, out-of-home and on-line ads and the cost of placing them in the targeted markets. This also includes the development of special market brochures such as the Hunting and Fishing Guide and image pieces. All costs incurred for the maintenance and enhancement of the division's website and additional interactive marketing projects are included in these expenses.

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Information Technology – a new category for IT has been carved out of the existing budget. As travelers demand more electronic and mobile information, this area is expected to continue to grow as we market, track and fulfill requests electronically. Microsoft Dynamics CRM, ongoing cost associated with our content management systems and data management are also included.

Printing – a large part of our budget is allotted for the printing of our publications and brochures that promote the State and provide valuable travel information to visitors. These publications include the North Dakota Travel Guide, North Dakota Hunting and Fishing Guide, student packets, North Dakota Group Tour Planning Guide, media kits and newspaper inserts.

Travel – all program managers travel to sell North Dakota to their target markets. Airfares, fuel cost and lodging costs continue to increase dramatically, impacting the program's marketing budgets.

Program Goals and Objectives

The Department of Commerce is North Dakota's lead economic development agency and our mission is to improve the quality of life of the people of North Dakota. The ultimate goal of our investment in tourism is to increase the impact of tourism on North Dakota's economy and the well-being of our citizens. Various studies have shown that we're accomplishing our goal. The growth in tourism spans the whole state. IHS Global Insight research revealed that every county in North Dakota saw positive growth from 2006-2008. Forty-six counties posted double-digit growth, with overall growth at 11.5%. An RFP has been issued to provide more recent data.

For the past decade, Legendary has been a proven brand for North Dakota to market the state as a travel destination to out-of-state visitors. From the launch of Legendary in 2002 and through 2010, the most recent data available, the industry has grown by \$927 million, according to research by NDSU. The creation of the Legendary brand marked the first time North Dakota was able to bring the state's tourism industry together to market under one umbrella brand. The versatility of the brand makes it easy for our partners to tie into Legendary as the overall brand and apply it to their attraction or destination.

Since 2002, North Dakota's tourism industry - the state's third largest industry - has grown steadily. The return on investment during the 10 years of the Legendary campaign ranged from \$55 to \$123.

Through research and strategic planning, the Legendary brand has evolved to keep the creative messaging fresh.

The media mix has is continually refined to accommodate the target audience's change of media consumption and to take advantage of new opportunities like social media and digital media.

Another initiative the tourism division has been focusing on is tourism development. The tourism development position allows the division to help connect the programs and services available to businesses to potential new tourism operations. The focus has been on developing more rural tourism opportunities in areas such as agritourism, recreation and eco- or nature tourism.

Whether marketing our cities or our rural areas, the division's marketing efforts continue to evolve as we strive to attract more visitors to North Dakota.

PROGRAM NARRATIVE

601 Department of Commerce

Date: 12/07/2012

Time: 14:59:00

Program: North Dakota Tourism

Reporting level: 00-601-300-00-00-00-00000000

Defying the odds: North Dakota Tourism stats show growth

Global airlines suffered the worst-ever fall in passenger demand in 2009 (-3.5%), according to the International Air Transport Association (IATA); while in North Dakota, airports posted a 5% increase in boardings.

According to Smith Travel Research (STR), the U.S. hotel industry posted these results: supply (+3.2%), demand (-5.8%), occupancy (-8.6%), ADR (-8.8%) and RevPAR (-16.7%). On an average day in 2009, there were 215,000 fewer rooms sold nationally, generating \$42 million less in revenue than a 1 ½ years ago; while in North Dakota our results shows: supply (+3%), demand (+3.6%), occupancy (+1.5%), ADR (+4.3%) and RevPAR (+5.8%) and our lodging tax receipts were up 8%.

A number of indicators suggest that business travel was the segment most negatively affected in 2009. American Express' global corporate travel sales shrunk 30% year-over-year in 2009 to \$14.6 billion. North Dakota hotels reported strong business use in 2009. This segment increased to 25% of all overnight travel in 2008.

National parks nationwide apparently benefitted from changing traveler preferences, with recreation visits reported to have risen about 5% in 2009. In North Dakota, visitation to our National Parks grew by 15% to 644,000 visitors. The increase is partially attributable to increased foreign visitation and increased interest in camping. State parks in North Dakota also enjoyed strong increases, up 19% over 2008.

North Dakota's tourism industry bucked declining national trends in 2009 and 2010, leading the nation in the four major reporting categories, according to the United States Travel Association (USTA)'s 2011 research. In USTA's annual report, Impact of Travel on State Economies 2011, North Dakota leads the nation in four categories for the second straight year. The 2011 report covers the impact of travel on state economies in 2009 and the U.S. national economy for 2010.

For travel-generated payroll, North Dakota was up 3.3%. Washington, D.C., was next at 3.1%, followed by South Dakota at 1.5%, Montana at .9% and Oklahoma at .3%.

North Dakota led the nation in growth for travel-generated employment at 1.7%. South Dakota trailed behind at -0.37%.

For travel-generated taxes, North Dakota led with a 5.2% increase, followed by South Dakota at 3.7%.

While travel expenditures were down nationwide in all states, North Dakota had the smallest percentage decrease in this area at -0.8%. Eleven states showed double-digit decreases in travel expenditures.

North Dakota's USTA 2011 research report, estimates, at a glance*Percent change from 2008-2009*

- Travel-generated Payroll + 3.3%
- Travel-generated Employment +1.7%
- Travel Expenditures -0.8%
- Travel-generated Taxes + 5.2%

PROGRAM NARRATIVE

601 Department of Commerce

Date: 12/07/2012

Time: 14:59:00

Program: North Dakota Tourism

Reporting level: 00-601-300-00-00-00-00000000

2011 Visitor Stats also show strong numbers despite unprecedented flooding:

	<u>2011</u>	<u>2012 1st Qtr</u>
State Park Visitors	-5%	+47%
National Park Visitors	-10%	+33%
Major Attractions	-4%	+18%
Local Visitor Centers	+6%	+29%
Canadian Border Crossings	-19%	+15%
Airline boardings	+9%	+23%
Cumulative lodging	+23%	+31%
Hotel Rev/Par	+26.5%	+27.8%

The results show although the accommodations sector is very strong statewide, the need to continue marketing to keep attraction and recreation providers busy and growing is imperative.

REQUEST DETAIL BY PROGRAM601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: North Dakota Tourism		Reporting Level: 00-601-300-00-00-00-00000000			
Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Salaries and Wages					
Salaries - Permanent	1,110,260	1,125,972	90,591	1,216,563	0
Temporary Salaries	53,025	40,000	6,344	46,344	0
Overtime	10,851	5,000	(5,000)	0	0
Fringe Benefits	409,389	501,845	(51,806)	450,039	0
Salary Increase	0	0	0	0	0
Benefit Increase	0	0	0	0	0
Total	1,583,525	1,672,817	40,129	1,712,946	0
Salaries and Wages					
General Fund	1,583,525	1,672,817	40,129	1,712,946	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	1,583,525	1,672,817	40,129	1,712,946	0
Operating Expenses					
Travel	139,439	157,300	(2,060)	155,240	0
Supplies - IT Software	17,596	15,500	(3,000)	12,500	10,000
Supply/Material-Professional	2,515	1,310	740	2,050	0
Food and Clothing	75	1,000	50	1,050	0
Miscellaneous Supplies	49,245	184,100	3,650	187,750	0
Office Supplies	16,880	17,200	(1,555)	15,645	0
Postage	373,448	389,350	(62,100)	327,250	0
Printing	691,697	678,150	(4,950)	673,200	52,000
IT Equip Under \$5,000	16,282	28,500	(5,500)	23,000	0
Office Equip & Furn Supplies	7,140	0	10,500	10,500	0
Insurance	1,046	1,100	55	1,155	0
Rentals/Leases-Equip & Other	3,138	6,061	(1,000)	5,061	0
Rentals/Leases - Bldg/Land	101,354	109,600	(3,875)	105,725	0
Repairs	423	216	(16)	200	0
IT - Data Processing	39,694	42,500	0	42,500	0
IT - Communications	28,081	30,000	366	30,366	0
IT Contractual Svcs and Rprs	48,683	61,403	0	61,403	0
Professional Development	49,877	58,950	1,090	60,040	3,500
Operating Fees and Services	5,493,794	4,898,189	182,305	5,080,494	1,411,874
Fees - Professional Services	1,193,046	1,003,900	(114,700)	889,200	150,000
Total	8,273,453	7,684,329	0	7,684,329	1,627,374

Operating Expenses

REQUEST DETAIL BY PROGRAM601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: North Dakota Tourism		Reporting Level: 00-601-300-00-00-00-00000000			
Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
General Fund	8,152,138	7,321,329	0	7,321,329	1,627,374
Federal Funds	0	0	0	0	0
Special Funds	121,315	363,000	0	363,000	0
Total	8,273,453	7,684,329	0	7,684,329	1,627,374
Grants					
Grants, Benefits & Claims	2,011,632	1,052,066	(910,093)	141,973	1,325,000
Total	2,011,632	1,052,066	(910,093)	141,973	1,325,000
Grants					
General Fund	2,011,632	1,052,066	(910,093)	141,973	1,325,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	2,011,632	1,052,066	(910,093)	141,973	1,325,000
Total Expenditures	11,868,610	10,409,212	(869,964)	9,539,248	2,952,374
Funding Sources					
General Fund					
Total	11,747,295	10,046,212	(869,964)	9,176,248	2,952,374
Special Funds					
443 Department of Tourism Fund 443	121,315	363,000	0	363,000	0
Total	121,315	363,000	0	363,000	0
Total Funding Sources	11,868,610	10,409,212	(869,964)	9,539,248	2,952,374
FTE Employees	11.00	11.00	(0.50)	10.50	0.00

CHANGE PACKAGE DETAIL

601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: North Dakota Tourism **Reporting Level:** 00-601-300-00-00-00-00000000

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
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Base Budget Changes

Ongoing Budget Changes

A-A 24 Remove Carryover Authority		0.00	(836,266)	0	0	(836,266)
A-A 3 Increased Cost to do Business		0.00	84,148	0	0	84,148
A-A 6 Miscellaneous Changes		0.00	(157,975)	0	0	(157,975)
Base Payroll Change		(0.50)	40,129	0	0	40,129
Total Ongoing Budget Changes		(0.50)	(869,964)	0	0	(869,964)
Total Base Budget Changes		(0.50)	(869,964)	0	0	(869,964)

Optional Budget Changes

Ongoing Optional Changes

A-C 13 Tourism Enhancement	5	0.00	2,952,374	0	0	2,952,374
Total Ongoing Optional Changes		0.00	2,952,374	0	0	2,952,374
Total Optional Budget Changes		0.00	2,952,374	0	0	2,952,374

Optional Savings Changes

Total Optional Savings Changes		0.00	0	0	0	0
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PROGRAM NARRATIVE**Date:** 12/07/2012**601 Department of Commerce****Time:** 14:59:00**Program:** ND Workforce Development**Reporting level:** 00-601-400-00-00-00-00000000**Program Performance Measures**

Ensure implementation of statewide strategic workforce plan goals and initiatives. Overview of goals:

- Grow our future workforce
- Facilitate and enhance interactions between business and North Dakota's current and future workforce
- Assist North Dakota in recruitment and retention of workers and their families
- Map North Dakota's workforce development activities, incentives and programs; analyze gaps and recommend strategies; utilize to promote ND to current and future workforce

Facilitate a collaborative relationship and actions to improve University System connections with economic development, private sector, policy makers, and customers, resulting in a strengthened workforce development system.

Facilitate the ongoing development and value of a statewide team of workforce professionals for addressing workforce issues.

Operate and identify ongoing enhancements to programs that assist in addressing state workforce development, including AmeriCorps, Operation Intern and Relocation Program.

Program Statistical Data

Operation Intern

2011 biennium as of June 2012:

- 103 - Number of businesses participating in Operation Intern
- 46 - Number of new businesses participating in Operation Intern
 - 45% of total 103 companies (Internal Goal is 30%)
- No federal internships with Operation Intern (\$25,000 set aside)
- 342 - Number of new positions created in this biennium through Operation Intern
 - 21 full-time hires in 11-13 biennium
 - 23 full-time hires in 09-11 biennium
 - 27 full-time hires in 07-09 biennium
 - = 71 Total number of full-time hires since inception**
- \$1,049,780.94 obligated (97% of \$1,077,307)

PROGRAM NARRATIVE

601 Department of Commerce

Date: 12/07/2012

Time: 14:59:00

Program: ND Workforce Development**Reporting level:** 00-601-400-00-00-00-00000000

- 78% Targeted (\$839,150.73 of \$1,077,307)
- 20% Non-Targeted (\$210,630.21 of \$1,077,307)
- 35% New Companies (\$380,565 of \$1,077,307) - totaling 125 internships

Explanation of Program Costs

Costs for the Workforce Development Division include administrative work for the State Commission on National and Community Service, which serves as the required match for receipt of AmeriCorps Program funds; administration of the Office of Faith Based and Community Service; the Youth Office and Operation Intern; and activities related to support implementation of the Talent Strategy, such as the relocation program, statewide biennial strategic planning, performance accountability, workforce intelligence coordination and support, and other activities designed to address workforce development. Federal AmeriCorps grant funding of \$1.2 million goes to sub-grantee AmeriCorps projects around the state.

PROGRAM NARRATIVE

601 Department of Commerce

Date: 12/07/2012

Time: 14:59:00

Program: ND Workforce Development

Reporting level: 00-601-400-00-00-00-00000000

Program Goals and Objectives**The Division of Workforce Development:**

The Division of Workforce Development provides administrative support to Governor-appointed councils and a commission, which are mandated under federal law in order for the state to receive federal funds under the National Community Service Act of 1992. In addition, the Workforce Development Division has a legislated responsibility for development and implementation of the state talent strategy.

The Workforce Development Division supports the North Dakota Talent Strategy to base all decisions on qualitative and quantitative workforce intelligence.

Program: Workforce Development Division:

The Workforce Development Division has a legislated role to: 1) Develop and implement the state's talent strategy; 2) Actively monitor local, regional, and national private and public workforce development initiatives; and 3) Develop and implement a statewide intelligence coordination strategy.

In addition, the Workforce Development Division is legislatively mandated to develop, in partnership with state agencies, a Consolidated Biennial State Strategic Plan for Workforce Development, Workforce Training and Talent Attraction.

Federal and state-funded programs administered through the Division of Workforce Development include:

- AmeriCorps State
- Workforce Enhancement Grants

Program: North Dakota State Commission on National and Community Service:

The North Dakota State Commission on National and Community Service was authorized under executive order 2002-02. The council is a 16 voting and two ex-officio member (non-voting) board appointed by the Governor and serves in an advisory capacity to the Governor with responsibility for advancing civic engagement and volunteerism in the state and for administration of the AmeriCorps State Formula grants under the National and Community Service Act of 1990.

Responsibilities of the North Dakota State Commission on National and Community Service Include:

Development of a comprehensive State Service Plan and establishment of state priorities for use of AmeriCorps State Formula funding and the expansion of civic engagement and volunteerism:

- a. Administer a competitive grant process to select program sponsors for national service programs;
- b. Administer grant programs selected and awarded in the state, including evaluation and monitoring of sub grantee programs;
- c. Assist state educational agency in preparing the application for subtitle B school-based service learning programs;

PROGRAM NARRATIVE**Date:** 12/07/2012**601 Department of Commerce****Time:** 14:59:00**Program:** ND Workforce Development**Reporting level:** 00-601-400-00-00-00-00000000

- d. May apply to receive funding for community-based after coordination with the state educational agency;
- e. Provide technical assistance to local nonprofit organizations and other entities in planning programs, applying for funds, and in implementing and operating high quality programs.
- f. Provide services to promote disability inclusion in national programs in the state.

State Commission Administration:

Federal funds provide 100% of the salary and benefits of 1.3 full time equivalent permanent positions, along with the operating budget for the State Commission. The federal funds require a non-federal match of a maximum of 50%. This non-federal match will be leveraged by using the state general funds salary and travel appropriation included in the budget for the Workforce Development Division.

Staff:

100% Federal and State Funds

Operations Budget:

100% Federal Funds

State Commission Program Development Assistance and Training (PDAT):

States receive federal Program Development Assistance and Training (PDAT) funds to support building capacity and infrastructure consistent with Administrative Standard Eight, *Implementing Training and Technical Assistance*, and the *Characteristics of a Successful Training and Technical Assistance Program*, established by the Corporation for National and Community Service. The Program Development Assistance and Training activities must be consistent with these guidelines provided by the Corporation for National and Community Service and with the State Commission Training Plan. PDAT funds are the principal resource available to commissions for enhancing and sustaining high quality, effectively-functioning AmeriCorps*State and National service programs.

Federal funds provide 100% of the salary and benefits of one .50 full time equivalent permanent position, along with the operating budget. No non-federal match is required.

Staff:

100% Federal Funds

Operations Budget:

100% Federal Funds

State Commission Disability Inclusion:

The federal Disability Placement Funds which are available to State Commissions are for the placement, reasonable accommodation, and auxiliary services for members and potential members with disabilities, serving in AmeriCorps*State and AmeriCorps*National Direct programs.

Federal funds provide 100% of the salary and benefits for a .50 FTE position, along with the operating budget. No non-federal match is required.

Staff:

100% Federal Funds

PROGRAM NARRATIVE**Date:** 12/07/2012**601 Department of Commerce****Time:** 14:59:00**Program:** ND Workforce Development**Reporting level:** 00-601-400-00-00-00-00000000

Operations Budget:
100% Federal Funds

State Commission AmeriCorps*State Formula Funds:

The federal AmeriCorps*State Formula funds which are available to the State Commission are for sub grant awards to nonprofits, community-based, faith-based, state and local government agencies to conduct allowable community service activities under AmeriCorps funded programs. No non-federal match is required.

Operations Budget: 100% Federal Funds (Sub Grantee Contracts)

Office of Faith-Based and Community Initiatives:

The Office of Faith-Based and Community Initiatives was transferred from the Governor's Office to the ND Department of Commerce by the 2007 Legislative Assembly. The Faith-Based and Community Initiatives Advisory Committee is a seven-member board appointed by the Governor and serves in an advisory capacity to the Governor with responsibilities to establish policies, priorities, and objectives for the state's comprehensive effort to enlist, equip, empower, and expand the work of faith-based and community organizations to the extent permitted by law. There is no budget to support this initiative.

Operation Intern:

NDCC 54-60-17 mandates operation of a program to increase use of internships. The resulting program provides for matching funds to employers to incentivize use of internships, cooperative experiences, and apprenticeships to expose students to industry and business opportunities, provide them with direct learning activities, and assist North Dakota and its employers in recruiting, training and retaining new workers.

REQUEST DETAIL BY PROGRAM601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: ND Workforce Development		Reporting Level: 00-601-400-00-00-00-00000000			
Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Salaries and Wages					
Salaries - Permanent	694,390	781,479	14,442	795,921	0
Temporary Salaries	5,247	0	0	0	0
Fringe Benefits	244,753	334,921	(49,444)	285,477	0
Salary Increase	0	0	0	0	0
Benefit Increase	0	0	0	0	0
Total	944,390	1,116,400	(35,002)	1,081,398	0
Salaries and Wages					
General Fund	587,943	663,594	236,460	900,054	0
Federal Funds	356,447	452,806	(271,462)	181,344	0
Special Funds	0	0	0	0	0
Total	944,390	1,116,400	(35,002)	1,081,398	0
Operating Expenses					
Travel	133,258	156,805	(10,000)	146,805	25,000
Supplies - IT Software	170	4,065	(788)	3,277	160,000
Supply/Material-Professional	2,596	2,200	0	2,200	0
Miscellaneous Supplies	1,840	4,967	(1,000)	3,967	0
Office Supplies	9,158	7,529	0	7,529	0
Postage	3,824	4,922	(50)	4,872	0
Printing	6,769	6,829	(1,000)	5,829	0
IT Equip Under \$5,000	6,449	5,086	1,314	6,400	0
Other Equip Under \$5,000	71	0	0	0	0
Office Equip & Furn Supplies	48	2,572	0	2,572	0
Insurance	0	389	0	389	0
Rentals/Leases-Equip & Other	1,634	3,472	0	3,472	0
Rentals/Leases - Bldg/Land	39,919	34,178	(400)	33,778	0
Repairs	178	507	0	507	0
IT - Data Processing	16,013	11,575	4,078	15,653	0
IT - Communications	13,915	11,411	(559)	10,852	0
IT Contractual Svcs and Rprs	1,440	3,343	557	3,900	36,000
Professional Development	51,684	16,814	7,173	23,987	10,000
Operating Fees and Services	993,165	588,827	(336,724)	252,103	773,174
Fees - Professional Services	2,635	206,800	(50,000)	156,800	225,826
Non-Operating Expenses	0	900,000	0	900,000	0
Total	1,284,766	1,972,291	(387,399)	1,584,892	1,230,000

Operating Expenses

REQUEST DETAIL BY PROGRAM601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: ND Workforce Development		Reporting Level: 00-601-400-00-00-00-00000000			
Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
General Fund	1,054,145	1,464,196	(209,900)	1,254,296	1,230,000
Federal Funds	215,621	333,095	(127,499)	205,596	0
Special Funds	15,000	175,000	(50,000)	125,000	0
Total	1,284,766	1,972,291	(387,399)	1,584,892	1,230,000
Grants					
Grants, Benefits & Claims	1,164,047	2,325,000	(1,125,000)	1,200,000	0
Total	1,164,047	2,325,000	(1,125,000)	1,200,000	0
Grants					
General Fund	23	1,125,000	(1,125,000)	0	0
Federal Funds	1,164,024	1,200,000	0	1,200,000	0
Special Funds	0	0	0	0	0
Total	1,164,047	2,325,000	(1,125,000)	1,200,000	0
Workforce Enhancement Fund					
Transfers Out	1,000,000	375,000	(375,000)	0	2,000,000
Total	1,000,000	375,000	(375,000)	0	2,000,000
Workforce Enhancement Fund					
General Fund	1,000,000	375,000	(375,000)	0	2,000,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	1,000,000	375,000	(375,000)	0	2,000,000
Total Expenditures	4,393,203	5,788,691	(1,922,401)	3,866,290	3,230,000
Funding Sources					
General Fund					
Total	2,642,111	3,627,790	(1,473,440)	2,154,350	3,230,000
Federal Funds					
A048 Workforce Development	364,833	238,557	(238,557)	0	0
A060 WFD NDCNCS	1,365,193	1,747,344	(160,404)	1,586,940	0
A063 Learn & Serve Program	6,066	0	0	0	0
Total	1,736,092	1,985,901	(398,961)	1,586,940	0

REQUEST DETAIL BY PROGRAM

601 Department of Commerce
 Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: ND Workforce Development		Reporting Level: 00-601-400-00-00-00-00000000			
Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Special Funds					
330 Economic Dev. Fund 330	15,000	175,000	(50,000)	125,000	0
Total	15,000	175,000	(50,000)	125,000	0
Total Funding Sources	4,393,203	5,788,691	(1,922,401)	3,866,290	3,230,000
FTE Employees	7.00	6.00	0.50	6.50	0.00

CHANGE PACKAGE DETAIL601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: ND Workforce Development			Reporting Level: 00-601-400-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes**One Time Budget Changes**

A-E 9 Remove Prior Biennium One-time Approp.		0.00	(525,000)	0	0	(525,000)
Total One Time Budget Changes		0.00	(525,000)	0	0	(525,000)

Ongoing Budget Changes

A-A 24 Remove Carryover Authority		0.00	(1,125,000)	0	0	(1,125,000)
A-A 3 Increased Cost to do Business		0.00	(50,073)	0	0	(50,073)
A-A 4 Operation Changes		0.00	(2,827)	0	(50,000)	(52,827)
A-A 5 Program Changes		0.00	(7,000)	(127,499)	0	(134,499)
Base Payroll Change		0.50	236,460	(271,462)	0	(35,002)
Total Ongoing Budget Changes		0.50	(948,440)	(398,961)	(50,000)	(1,397,401)

Total Base Budget Changes

0.50	(1,473,440)	(398,961)	(50,000)	(1,922,401)
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Optional Budget Changes**One Time Optional Changes**

A-D 12 Workforce Enhancement Program	4	0.00	2,000,000	0	0	2,000,000
A-D 18 Strategic Workforce Initiatives	10	0.00	130,000	0	0	130,000
Total One Time Optional Changes		0.00	2,130,000	0	0	2,130,000

Ongoing Optional Changes

A-C 14 Operation Intern Enhancement	6	0.00	1,100,000	0	0	1,100,000
Total Ongoing Optional Changes		0.00	1,100,000	0	0	1,100,000

Total Optional Budget Changes

0.00	3,230,000	0	0	3,230,000
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Optional Savings Changes**Total Optional Savings Changes**

0.00	0	0	0	0
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PROGRAM NARRATIVE**Date:** 12/07/2012**601 Department of Commerce****Time:** 14:59:00**Program:** Economic Development and Finance**Reporting level:** 00-601-500-00-00-00-00000000**Program Performance Measures**

ED&F's performance is primarily measured through benchmarks established through the Department of Commerce – ED Foundation Strategic Plan and through goals established amongst the ED&F Division staff. Measurement most applicable to ED&F's efforts include:

Local economic development organizations participating in state marketing strategy

Net job growth in ND

New private sector businesses in ND

Average annual wage growth in ND

Per capita personal income growth in ND

Net migration into ND

Increase in population in ND

Net job growth in manufacturing businesses in ND

Net job growth in business services businesses in ND

New private sector businesses in manufacturing sector in ND

New private sector businesses in business services sector in ND

Increase in gross domestic product in ND

Program Statistical Data**Program Statistical Data for the 09-11 Biennium and first 11 months of the 11-13 biennium****APUC**

PROGRAM NARRATIVE**Date:** 12/07/2012**601 Department of Commerce****Time:** 14:59:00**Program:** Economic Development and Finance**Reporting level:** 00-601-500-00-00-00-00000000

The Agricultural Products Utilization Commission (APUC) was established in 1979 by the North Dakota legislature with the mission of adding value to agricultural products through the promotion of ethanol. The Agricultural Products Utilization Commission has broadened its mission to create new wealth and jobs through the development of new and expanded uses of North Dakota agricultural products. The Commission administers seven grant programs; Basic and Applied Research, Marketing and Utilization, Farm Diversification, Prototype Development, Agricultural Technology, Nature-Based Agri-Tourism and Technical Assistance.

2005-2007 Biennium APUC funded 74 projects totaling \$2,225,963.85

2007-2009 Biennium APUC funded 54 projects totaling \$1,507,015

2009-2011 Biennium APUC funded 41 projects totaling \$1,212,572.95

2011-2013 Biennium to-date (June 19, 2012) APUC funded 21 projects totaling \$917,698

BUSINESS DEVELOPMENT

The ED&F business development team through the support assistance of the ED&F research group has aggressively worked to generate and pursue business development opportunities that have resulted in the following:

2007-2009 Biennium

* New Active Business Development Projects 92

* New Primary Sector Projects Successfully Developed 15

2009-2011 Biennium

* New Active Business Development Projects 84

* New Primary Sector Projects Successfully Developed 18

2011-2013 Biennium to-date (June 30, 2012)

* New Active Business Development Projects 45

* New Primary Sector Projects Successfully Developed 9

* Active Projects are those companies that have a defined project and are either uncertain of their level of interest in North Dakota or are considering North Dakota as a location for their company.

Community and business partnership efforts were enhanced to take on a more focused approach during the 07-09 biennium. The business development team began visiting North Dakota communities to better understand the attributes and challenges of communities and to promote communications between ED&F and local community leaders. This effort also includes visiting existing ND businesses to better address issues these companies may be dealing with and to understand their capabilities so the business development staff can promote linkages between ND companies and companies outside the state.

2007-2009 Biennium

Community visits 43

On-site company visits 49

2009-2011 Biennium

Community visits 35

On-site company visits 42

2011-2013 Biennium to-date (June 30, 2012)

Community visits 23

On-site company visits 37

PROGRAM NARRATIVE**Date:** 12/07/2012**601 Department of Commerce****Time:** 14:59:00**Program:** Economic Development and Finance**Reporting level:** 00-601-500-00-00-00-00000000**NORTH DAKOTA DEVELOPMENT FUND (NDDF)**

The North Dakota Development Fund, created in 1991 is a division of the Department of Economic Development and Finance under the North Dakota Department of Commerce and is a statewide nonprofit development corporation. It has the authority to take equity positions, provide loans, or use other innovative financing mechanisms to provide capital for new or expanding primary sector businesses in the state, or relocating businesses to the state. The Fund is responsible for the administration and management of two "fund pools," the Development Fund and the Regional Rural Development Revolving Loan Fund (Rural Fund) in addition to managing the New Venture Capital Program offered through the Bank of ND. The Regional Rural Development Revolving Loan Fund was created in 1993 from a one-time appropriation of \$8.7 million. Since then the NDDF has invested approximately \$31 million into projects located in companies operating in rural communities with a population of 8,000 or less or located more than five miles outside the city limits. During the 2009 ND legislative session, the NDDF was directed to develop and manage a child care funding program to be delivered during the 09-11 biennium. The program was extended during the 2011 legislative session to June 30, 2013. The NDDF was appropriated \$1,250,000 to provide funding for child care start-up and expansion businesses. The NDDF has helped 18 child care businesses with funding totaling approximately \$938,000. The NDDF and its assets are directed by the NDDF's Board of Directors. During the 2011 ND Legislative session, the NDDF was directed to manage the ND Small Business Technology Investment Program. The NDDF was appropriated \$1,000,000 to provide funding to help primary sector technology businesses at the start-up stage. The NDDF including the Development Fund and Rural Fund manages eight different funding programs.

2005-2007 Biennium - NDDF funded 55 projects totaling \$11,735,326.

With the NDDF dollars invested, there has been \$140,928,768 leveraged from other financing institutions resulting in a \$12.01 to 1 ratio - for every NDDF dollar invested \$12.01 was invested from other sources. Of the 55 projects invested in, 23 were start-up companies, with 16 of them being in rural communities. The average investment by the NDDF increased from \$112,297 in 2005 to \$231,936 in 2007.

2007-2009 Biennium - NDDF funded 45 projects totaling \$12,761,558.

With the NDDF dollars invested, there has been \$35,004,928 leveraged from other financing institutions resulting in a \$4.73 to 1 ratio for every NDDF dollar invested \$4.73 was invested from other sources. Of the 45 projects invested in by the NDDF, 16 were start-up companies, with seven of the companies located in rural communities. The average investment by the NDDF increased from \$231,936 in 2007 to \$307,943 in 2009.

2009-2011 Biennium - NDDF funded 49 projects totaling \$7,972,774.

With the NDDF dollars invested, there has been \$27,974,730 leveraged from other financing institutions resulting in a \$3.51 to 1 ratio for every NDDF dollar invested \$3.51 was invested from other sources. Of the 49 projects invested in by the NDDF, 11 were start-up companies, with nine of the companies located in rural communities, and 15 of the companies were child care businesses. The average investment by the NDDF on all projects is \$162,709.

2011-Date (05/31/2012) - NDDF funded 32 projects totaling \$8,101,411.

The average project funded was \$253,169. Of the 32 projects invested in by the NDDF, eight were start-up companies, with six of the companies located in rural communities and three of the companies were child care businesses.

Since its inception in 1991, the NDDF has received \$31.25 million from legislative appropriations. Since 1991, the NDDF has invested nearly \$98 million in 515 companies with \$31 million invested in rural communities, and has contributed over \$2 million back to the General Fund.

PROGRAM NARRATIVE

601 Department of Commerce

Date: 12/07/2012

Time: 14:59:00

Program: Economic Development and Finance**Reporting level:** 00-601-500-00-00-00-00000000**Explanation of Program Costs**

The North Dakota Development Fund (NDDF) did not receive an appropriation from the North Dakota legislature during the 05-07 biennium. Increased investment activity and investment size limited the scope of potential project activity the NDDF could be involved in during the 07-09 biennium and therefore the North Dakota legislature appropriated \$3 million while also granting the Industrial Commission authority to transfer up to \$1 million in additional funds from the Bank of North Dakota at the request of the Department of Commerce. The NDDF has not accessed the additional \$1 million in funds from the Bank of North Dakota. During the 2009 ND legislative session, the NDDF was directed to develop and manage a new Child Care funding program to be delivered during the 09-11 biennium. The NDDF was appropriated \$1,250,000 to provide funding for child care start-up and expansion businesses.

The Ag Products Utilization Commission received an enhancement to its General Fund appropriation for the 09-11 biennium of \$187,814 to support grant funding for projects. This increase helps offset a continual decrease in North Dakota gas tax collections, of which a portion of these collections provides funds for APUC's granting programs. Considering the decrease in gas tax collections has an impact on the number of projects APUC is able to support in coming years, the 2009 legislature established an additional funding source for APUC, which was 5% of the State Mill and Elevator Association's net income earned during each fiscal year to be transferred to the agricultural fuel tax fund to support APUC project funding.

ED&F business development activities continue with a targeted and focused effort on pursuing opportunities within specific industry sectors; providing services to assist with entrepreneurial start-ups, existing business expansions, and business recruitment; creating linkages between business and universities; and providing very broad business support and promotion of North Dakota around the world. The business development staff is made up of individuals with expertise in Energy, Value-Added Agriculture, Aerospace, Science & Technology, and Information Technology. Over the past biennium ED&F has more aggressively delivered a business retention and expansion (R&E) program to support existing North Dakota businesses. This R&E strategy has taken on a focus to create linkages between existing North Dakota companies as well as linkages between North Dakota companies and out-of-state companies in an effort to promote new contract manufacturing and service opportunities for existing companies. ED&F Research has a system to collect information about the capabilities of North Dakota manufacturers and processors. This information is available via the ED&F website to increase business-to-business opportunities among North Dakota companies. With the lingering effects of the national recession, ED&F is also working to maintain close relationships and providing support to companies operating in North Dakota but headquartered in other states or countries. ED&F is continuing to web-enable more data for businesses and the general public to access information that supports their informational needs and development efforts.

Program Goals and Objectives

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/07/2012**Time:** 14:59:00**Program:** Economic Development and Finance**Reporting level:** 00-601-500-00-00-00-00000000

The ED&F Division implements relevant and effective strategies, programs and services to support business and community growth in the state. The primary objectives to be realized include, but are not limited to:

- Business leaders and entrepreneurs choose to start-up, expand or locate their business operations in North Dakota.
- Continues growth of North Dakota's innovative and entrepreneurial base.
- Diversifies and expanded uses for North Dakota's agricultural resources, natural resources, and intellectual resources.
- Services and financial resources that support business and community growth and development needs.

REQUEST DETAIL BY PROGRAM601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: Economic Development and Finance **Reporting Level:** 00-601-500-00-00-00-00000000

Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Salaries and Wages					
Salaries - Permanent	1,688,961	1,800,720	118,776	1,919,496	0
Fringe Benefits	553,022	771,738	(95,887)	675,851	0
Salary Increase	0	0	0	0	0
Benefit Increase	0	0	0	0	0
Total	2,241,983	2,572,458	22,889	2,595,347	0

Salaries and Wages

General Fund	1,591,572	1,890,529	(16,916)	1,873,613	0
Federal Funds	0	0	0	0	0
Special Funds	650,411	681,929	39,805	721,734	0
Total	2,241,983	2,572,458	22,889	2,595,347	0

Operating Expenses

Travel	225,921	312,341	(6,118)	306,223	0
Supplies - IT Software	495	8,000	2,900	10,900	0
Supply/Material-Professional	68,933	86,861	7,732	94,593	0
Bldg, Ground, Maintenance	205	0	0	0	0
Miscellaneous Supplies	1,886	6,279	(435)	5,844	0
Office Supplies	6,953	3,120	6,166	9,286	0
Postage	9,309	9,162	1,478	10,640	0
Printing	2,793	6,882	1,750	8,632	0
IT Equip Under \$5,000	6,518	8,300	(300)	8,000	0
Office Equip & Furn Supplies	877	4,400	1,500	5,900	0
Insurance	2,085	2,460	664	3,124	0
Rentals/Leases-Equip & Other	4,019	4,760	0	4,760	0
Rentals/Leases - Bldg/Land	177,836	109,757	0	109,757	0
Repairs	186	500	0	500	0
IT - Data Processing	29,236	27,783	16,235	44,018	0
IT - Communications	29,319	26,690	664	27,354	0
IT Contractual Svcs and Rprs	90,309	53,150	(32,150)	21,000	0
Professional Development	98,146	122,900	(605)	122,295	0
Operating Fees and Services	179,050	216,757	(84,098)	132,659	0
Fees - Professional Services	11,578	21,200	0	21,200	0
Total	945,654	1,031,302	(84,617)	946,685	0

Operating Expenses

General Fund	945,654	970,201	(84,617)	885,584	0
Federal Funds	0	0	0	0	0

REQUEST DETAIL BY PROGRAM601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: Economic Development and Finance		Reporting Level: 00-601-500-00-00-00-00000000			
Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Special Funds	0	61,101	0	61,101	0
Total	945,654	1,031,302	(84,617)	946,685	0
Capital Assets					
Equipment Over \$5000	5,472	0	0	0	0
Total	5,472	0	0	0	0
Capital Assets					
General Fund	5,472	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	5,472	0	0	0	0
Grants					
Grants, Benefits & Claims	0	1,000,000	(1,000,000)	0	0
Total	0	1,000,000	(1,000,000)	0	0
Grants					
General Fund	0	1,000,000	(1,000,000)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	1,000,000	(1,000,000)	0	0
ND Development Fund					
Grants, Benefits & Claims	1,299,700	0	0	0	0
Total	1,299,700	0	0	0	0
ND Development Fund					
General Fund	1,299,700	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	1,299,700	0	0	0	0
Economic Develop Initiatives					
IT Contractual Srvcs and Rprs	10,679	0	0	0	0
Operating Fees and Services	94,126	186,846	0	186,846	0
Fees - Professional Services	250	0	0	0	0
Grants, Benefits & Claims	68,453	0	0	0	0

REQUEST DETAIL BY PROGRAM601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: Economic Development and Finance		Reporting Level: 00-601-500-00-00-00-00000000			
Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Total	173,508	186,846	0	186,846	0
Economic Develop Initiatives					
General Fund	173,508	186,846	0	186,846	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	173,508	186,846	0	186,846	0
Agric. Products Util. Comm. (APUC)					
Salaries - Permanent	200,382	186,233	33,831	220,064	0
Overtime	9	0	0	0	0
Fringe Benefits	73,224	104,756	(20,671)	84,085	0
Travel	22,864	34,460	0	34,460	0
Supplies - IT Software	381	750	0	750	0
Supply/Material-Professional	958	2,000	0	2,000	0
Miscellaneous Supplies	102	2,500	(1,000)	1,500	0
Office Supplies	1,327	2,000	(500)	1,500	0
Postage	576	1,200	0	1,200	0
Printing	1,812	2,500	0	2,500	0
IT Equip Under \$5,000	0	3,200	0	3,200	0
Rentals/Leases - Bldg/Land	10,354	12,000	0	12,000	0
Repairs	0	500	0	500	0
Salary Increase	0	0	0	0	0
Benefit Increase	0	0	0	0	0
IT - Data Processing	4,116	5,852	628	6,480	0
IT - Communications	3,763	4,828	372	5,200	0
IT Contractual Svcs and Rprs	0	0	500	500	0
Professional Development	9,182	15,000	0	15,000	0
Operating Fees and Services	1,052	5,000	0	5,000	0
Fees - Professional Services	890	5,000	0	5,000	0
Grants, Benefits & Claims	1,297,620	3,850,847	(1,032,019)	2,818,828	0
Transfers Out	12,500	20,000	0	20,000	0
Total	1,641,112	4,258,626	(1,018,859)	3,239,767	0
Agric. Products Util. Comm. (APUC)					
General Fund	1,411,470	2,383,575	(682,092)	1,701,483	(878,981)
Federal Funds	78,125	300,000	0	300,000	0
Special Funds	151,517	1,575,051	(336,767)	1,238,284	878,981
Total	1,641,112	4,258,626	(1,018,859)	3,239,767	0

REQUEST DETAIL BY PROGRAM601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: Economic Development and Finance		Reporting Level: 00-601-500-00-00-00-00000000			
Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Equine Processing Study					
Travel	225	0	0	0	0
Fees - Professional Services	24,500	0	0	0	0
Total	24,725	0	0	0	0
Equine Processing Study					
General Fund	24,725	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	24,725	0	0	0	0
Total Expenditures	6,332,154	9,049,232	(2,080,587)	6,968,645	0
Funding Sources					
General Fund					
Total	5,452,101	6,431,151	(1,783,625)	4,647,526	(878,981)
Federal Funds					
A053 APUC Rural Business Enterp. Grants	77,875	300,000	0	300,000	0
E012 HOME Program	250	0	0	0	0
Total	78,125	300,000	0	300,000	0
Special Funds					
224 Alcohol Motor Vehicle Fuel Fund 224	151,517	1,575,051	(336,767)	1,238,284	878,981
330 Economic Dev. Fund 330	650,411	743,030	39,805	782,835	0
Total	801,928	2,318,081	(296,962)	2,021,119	878,981
Total Funding Sources	6,332,154	9,049,232	(2,080,587)	6,968,645	0
FTE Employees	17.00	17.00	(0.50)	16.50	0.00

CHANGE PACKAGE DETAIL

601 Department of Commerce
 Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: Economic Development and Finance **Reporting Level:** 00-601-500-00-00-00-00000000

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
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Base Budget Changes

Ongoing Budget Changes

A-A 24 Remove Carryover Authority		0.00	(1,682,092)	0	(836,767)	(2,518,859)
A-A 3 Increased Cost to do Business		0.00	20,744	0	0	20,744
A-A 4 Operation Changes		0.00	(68,951)	0	0	(68,951)
A-A 6 Miscellaneous Changes		0.00	(49,570)	0	500,000	450,430
Base Payroll Change		(0.50)	(3,756)	0	39,805	36,049
Total Ongoing Budget Changes		(0.50)	(1,783,625)	0	(296,962)	(2,080,587)
Total Base Budget Changes		(0.50)	(1,783,625)	0	(296,962)	(2,080,587)

Optional Savings Changes

A-G 1 3% Cost Savings Plan	1	0.00	(878,981)	0	878,981	0
Total Optional Savings Changes		0.00	(878,981)	0	878,981	0

PROGRAM NARRATIVE**Date:** 12/07/2012**601 Department of Commerce****Time:** 14:59:00**Program:** Division of Community Services**Reporting level:** 00-601-600-00-00-00-00000000**Program Performance Measures**

- 1) Timely distribution of community development program funds in accordance with Housing and Urban Development guidelines.
- 2) Timely distribution of energy program funds in accordance with the Department of Energy guidelines.
- 3) Timely distribution of self sufficiency program funds in accordance with Health and Human Services guidelines.
- 4) Increased number of Renaissance Zones in the state.
- 5) Enhanced quality of site-built, manufactured and modular structures in North Dakota through training and program implementation.

Program Statistical Data

Services provided by the Division of Community Services are organized into the four major program areas of Community Development, Office of Renewable Energy and Energy Efficiency, Self-Sufficiency, and Governmental and Technical Assistance.

Community Development

Time Period: 7/1/09-6/30/10

3 HOME rental units assisted.

52 homes rehabilitated through the HOME program.

140 families provided with home ownership assistance through the HOME program.

637 families provided with security deposits or rental assistance through the HOME program.

300 jobs created or retained through the Community Development Block Grant program for economic development projects.

24 homeless shelters funded through the Emergency Shelter Grant Program.

7 economic development projects funded.

PROGRAM NARRATIVE**Date:** 12/07/2012**601 Department of Commerce****Time:** 14:59:00**Program:** Division of Community Services**Reporting level:** 00-601-600-00-00-00-00000000

45 public facilities funded.

6 housing projects funded.

Office of Renewable Energy and Energy Efficiency

In the two year period ending June 30, 2010:

- 1,984 homes throughout North Dakota received Weatherization Assistance.
- 1,301 households received heating and cooling repair or replacement services.
- ARRA Weatherization funds totaling \$25,266,330 were received in July of 2009.
- ARRA Weatherization funds of \$9,047,042 or 36% were expended.
- An on-line audit and reporting program was implemented in 2009 for use by the Community Action Agencies.
- The Renewable Energy Development program, established by the 2007 legislature, awarded over \$1.8 million in the current biennium for renewable energy projects.
- Economic conditions related to the state ethanol production incentive were monitored and evaluated. A significant payout went to producers in August 2009 for the second quarter due to unfavorable ethanol and corn prices. The payout depleted the fund. However, a large deposit is expected in 2010.
- ARRA injected \$24.5 million into the State Energy program.

Self Sufficiency

257 of 527 unemployed Community Action Agency (CAA) clients who participated in a CAA employment initiative became employed.

242 of 279 clients who opened an Individual Development Account (IDA) or other savings account saved \$91,958 toward their goal of purchasing a home, pursuing post-secondary education or starting a business.

Volunteers provided 184,909 hours of volunteer service in the CAAs. Calculating those hours at the federal minimum wage, those volunteer hours provided \$1,260,227 of in-kind support for the CAAs.

\$6,563,308 (15%) in Community Shelter Block Grant funds enabled the CAA to mobilize \$37,975,185 (85%) in other resources to address poverty in North Dakota. Including CSBG ARRA funds in this outcome shows: \$11,091,019 (21%) in CSBG and CSBG ARRA funds mobilized \$42,885,116 (79%).

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/07/2012**Time:** 14:59:00**Program:** Division of Community Services**Reporting level:** 00-601-600-00-00-00-00000000

7,897 senior citizens and 3,830 individuals with disabilities who received services from the CAAs were able to maintain an independent living situation.

3,450 of 4,009 parents participating in CAA services to strengthen their parenting skills were able to learn and demonstrate their new skills.

Governmental and Technical Assistance

49 North Dakota communities have Renaissance Zones. Our goal is to designate at least four Renaissance Zones during the biennium. In 2009-2010 we designated five new Renaissance Zones. We are currently working with five communities on Renaissance Zone designations.

The North Dakota State building code is in the process of being updated which includes adopting, with amendments, the 2009 IBC, IRC, and IMC codes. Unique to this process is the inclusion of an energy code as required by Senate Bill 2352. The updated building code will go into effect on January 1, 2011. The energy code program provided assistance for 7 trainings.

DCS continues to implement the Third Party Inspection program which ensures modular structures, both residential and commercial buildings, built by manufacturers adhere to the State Building Code, State Plumbing Code and State Electrical Code. The program has been successful in identifying and correcting code violations throughout the state. An Advisory Committee has been formed for input and guidance concerning the process.

The North Dakota Manufactured Home Installation program focus is on the proper set-up and installation of manufactured homes through the training of installers and inspectors. Each home is required to be installed by a state trained installer and inspected by a state trained inspector. An insignia is affixed to the home after it passes inspection. The state offers several trainings per year in different locations to assure all inspectors and trainers are current with the latest rules of the program. Both inspectors and installers are required to register and be trained on a yearly basis. DCS has implemented its own training rather than hiring out-of-state firms. We are in the process of implementing on-line software with procedures to track, identify and contact parties not conforming to the state regulations. All inspectors, installers, manufacturers and dealers will have access to the system.

State Administrative Agency (SAA)

- o Third Party Complaint Program

PROGRAM NARRATIVE

601 Department of Commerce

Date: 12/07/2012**Time:** 14:59:00**Program:** Division of Community Services**Reporting level:** 00-601-600-00-00-00-00000000

DCS receives and processes consumer complaints regarding the construction of modular homes. DCS then forwards complaints for corrective action to the manufacturer and SAA in the state where the manufacturer is located.

o Manufactured Housing Complaint Program

DCS also receives and processes consumer complaints regarding the construction of manufactured homes. DCS forwards complaints for corrective action to the manufacturer and the SAA in the state where the manufacturer is located. DCS assures that corrective actions are completed on the homes in question.

PROGRAM NARRATIVE

601 Department of Commerce

Date: 12/07/2012**Time:** 14:59:00**Program:** Division of Community Services**Reporting level:** 00-601-600-00-00-00-00000000**Explanation of Program Costs**

Approximately ninety-three (93%) percent of the funds in the DCS base budget are passed on to sub-recipient grantee agencies. The remaining 6% is used for salaries, fringe, and operating expenses. Over 97% percent of the division's base budget is from federal and other sources and is subject to federal and other judicially imposed regulations. It is necessary that DCS maintain a programmatic and administrative staff to ensure compliance with those regulations and to account for the numerous grants and sources of funds.

Three percent of the DCS base budget request is for general funds. These funds are used for administering state programs and to meet the matching requirements imposed by some federal sources. In addition to the base budget, the DCS budget contains \$24.4 million of stimulus funds.

Program Goals and Objectives

DCS's budget includes funds to maintain the division's IT support. This past biennium, DCS continued the implementation of an electronic document management system (EDMS) hosted by ITD. Efforts are continuing to input existing CDBG documents and records on the system to reduce space and provide for quicker access to sub-grantee records at a reduced cost. This will be expanded to other programs within the division.

In addition, DCS continues the successful implementation of the HOMENet system which is a web-based program where clients can submit required reports and request funds electronically. This allows for requests for funds to be processed more quickly and accurately and reduces duplication of reports while creating better tracking for HOME program projects. The system has reduced work and prep time for clients administering HOME projects.

REQUEST DETAIL BY PROGRAM601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: Division of Community Services		Reporting Level: 00-601-600-00-00-00-00000000			
Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Salaries and Wages					
Salaries - Permanent	1,355,795	1,900,002	28,313	1,928,315	0
Temporary Salaries	23,020	81,203	147,901	229,104	0
Fringe Benefits	479,955	689,981	51,202	741,183	0
Salary Increase	0	0	0	0	0
Benefit Increase	0	0	0	0	0
Total	1,858,770	2,671,186	227,416	2,898,602	0
Salaries and Wages					
General Fund	676,132	1,075,919	(153,956)	921,963	0
Federal Funds	1,111,944	1,468,241	295,398	1,763,639	0
Special Funds	70,694	127,026	85,974	213,000	0
Total	1,858,770	2,671,186	227,416	2,898,602	0
Operating Expenses					
Travel	85,507	227,003	(26,095)	200,908	33,950
Supplies - IT Software	1,543	17,125	(1,425)	15,700	0
Supply/Material-Professional	10,765	10,613	19,198	29,811	0
Bldg, Ground, Maintenance	0	200	2,600	2,800	0
Miscellaneous Supplies	1,714	31,500	(23,550)	7,950	0
Office Supplies	4,847	9,850	(50)	9,800	0
Postage	12,489	10,625	(3,011)	7,614	0
Printing	5,088	33,960	5,138	39,098	1,000
IT Equip Under \$5,000	7,180	7,000	18,700	25,700	3,200
Other Equip Under \$5,000	126	0	(5,200)	(5,200)	0
Office Equip & Furn Supplies	1,951	12,500	(1,300)	11,200	0
Insurance	1,406	4,000	(4,000)	0	0
Rentals/Leases-Equip & Other	3,890	3,000	2,375	5,375	0
Rentals/Leases - Bldg/Land	85,031	108,349	(5,294)	103,055	8,907
Repairs	153	1,020	(770)	250	0
IT - Data Processing	74,710	99,695	(20,445)	79,250	49,419
IT - Communications	18,508	20,926	14,316	35,242	0
IT Contractual Svcs and Rprs	25,278	11,500	6,667	18,167	0
Professional Development	106,044	128,200	(13,400)	114,800	3,000
Operating Fees and Services	221,208	159,839	194,549	354,388	90,518
Fees - Professional Services	74,127	214,195	(52,814)	161,381	3,221
Total	741,565	1,111,100	106,189	1,217,289	193,215

Operating Expenses

REQUEST DETAIL BY PROGRAM601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: Division of Community Services		Reporting Level: 00-601-600-00-00-00-00000000			
Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
General Fund	320,110	390,607	52,524	443,131	193,215
Federal Funds	320,895	674,498	(90,522)	583,976	0
Special Funds	100,560	45,995	144,187	190,182	0
Total	741,565	1,111,100	106,189	1,217,289	193,215
Capital Assets					
Equipment Over \$5000	0	70,018	(60,018)	10,000	0
Total	0	70,018	(60,018)	10,000	0
Capital Assets					
General Fund	0	0	0	0	0
Federal Funds	0	70,018	(60,018)	10,000	0
Special Funds	0	0	0	0	0
Total	0	70,018	(60,018)	10,000	0
Grants					
Grants, Benefits & Claims	35,777,689	57,908,694	(14,403,509)	43,505,185	0
Transfers Out	7,346,456	475,792	0	475,792	0
Total	43,124,145	58,384,486	(14,403,509)	43,980,977	0
Grants					
General Fund	958,140	1,287,292	(822,292)	465,000	0
Federal Funds	39,191,445	50,873,194	(13,570,305)	37,302,889	0
Special Funds	2,974,560	6,224,000	(10,912)	6,213,088	0
Total	43,124,145	58,384,486	(14,403,509)	43,980,977	0
Flood Impact Loans/Grants					
Salaries - Permanent	0	222,987	(222,987)	0	0
Temporary Salaries	0	0	0	0	120,640
Fringe Benefits	0	71,580	(71,580)	0	12,064
Travel	0	30,000	(30,000)	0	16,573
Supplies - IT Software	0	0	0	0	2,000
Office Supplies	0	0	0	0	200
Postage	0	0	0	0	470
IT Equip Under \$5,000	0	0	0	0	1,200
Rentals/Leases - Bldg/Land	0	0	0	0	8,000
IT - Communications	0	0	0	0	3,300
Professional Development	0	0	0	0	2,900
Operating Fees and Services	0	264,567	(264,567)	0	46,488

REQUEST DETAIL BY PROGRAM601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: Division of Community Services **Reporting Level:** 00-601-600-00-00-00-00000000

Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Fees - Professional Services	0	0	0	0	22,000
Grants, Benefits & Claims	0	234,410,866	(234,410,866)	0	11,547,031
Total	0	235,000,000	(235,000,000)	0	11,782,866

Flood Impact Loans/Grants

General Fund	0	0	0	0	0
Federal Funds	0	235,000,000	(235,000,000)	0	11,782,866
Special Funds	0	0	0	0	0
Total	0	235,000,000	(235,000,000)	0	11,782,866

Federal Stimulus Funds - 2009

Salaries - Permanent	679,368	626,000	(626,000)	0	0
Temporary Salaries	51,893	25,000	(25,000)	0	24,960
Overtime	1,780	0	0	0	0
Fringe Benefits	208,077	169,000	(169,000)	0	2,496
Travel	99,190	70,000	(70,000)	0	10,550
Supplies - IT Software	10,793	1,000	(1,000)	0	200
Supply/Material-Professional	2,452	600	(600)	0	300
Bldg, Ground, Maintenance	300	500	(500)	0	0
Miscellaneous Supplies	3,050	500	(500)	0	0
Office Supplies	5,351	2,000	(2,000)	0	350
Postage	3,123	2,100	(2,100)	0	700
Printing	870	0	0	0	1,900
IT Equip Under \$5,000	7,396	5,000	(5,000)	0	0
Other Equip Under \$5,000	3,969	500	(500)	0	0
Office Equip & Furn Supplies	1,590	0	0	0	0
Rentals/Leases - Bldg/Land	15,503	25,000	(25,000)	0	0
IT - Data Processing	610	0	0	0	162
IT - Communications	10,150	5,500	(5,500)	0	202
IT Contractual Svcs and Rprs	23,946	500	(500)	0	0
Professional Development	16,860	25,300	(25,300)	0	4,950
Operating Fees and Services	1,542,344	670,000	(670,000)	0	0
Fees - Professional Services	6,863	0	0	0	0
Grants, Benefits & Claims	34,632,440	29,868,250	(29,868,250)	0	750,000
Total	37,327,918	31,496,750	(31,496,750)	0	796,770

Federal Stimulus Funds - 2009

General Fund	0	0	0	0	0
Federal Funds	37,327,740	31,496,750	(31,496,750)	0	796,770

REQUEST DETAIL BY PROGRAM601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: Division of Community Services		Reporting Level: 00-601-600-00-00-00-00000000			
Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Special Funds	178	0	0	0	0
Total	37,327,918	31,496,750	(31,496,750)	0	796,770
Total Expenditures	83,052,398	328,733,540	(280,626,672)	48,106,868	12,772,851
Funding Sources					
General Fund					
Total	1,954,382	2,753,818	(923,724)	1,830,094	193,215
Federal Funds					
E011 Community Development Block Grant	8,504,799	11,217,656	(2,827,001)	8,390,655	0
E012 HOME Program	4,861,690	7,434,934	(377,618)	7,057,316	0
E013 State Energy Program	470,137	348,311	43,989	392,300	0
E018 Community Services Block Grant	1,743,288	0	3,740	3,740	0
E030 Shelter Plus Care	157,593	0	50,000	50,000	0
E031 Shelter Plus Care	260,000	450,000	0	450,000	0
E035 ESGP 2000	562,719	480,477	592,980	1,073,457	0
E037 DOE Weatherization Asst for Low Inc	1,370,764	7,194,606	(73,141)	7,121,465	0
E040 Homeless Mis Supportive Housing Pro	772	0	0	0	0
E050 LI Energy Assist - Weatherization	939,924	194,606	(71,416)	123,190	0
E056 Indirect Cost	410,139	548,668	104,856	653,524	0
E061 State Heating Oil and Propane Prog	1,117	6,064	0	6,064	0
E064 EERE	2,180	0	0	0	0
E078 Neighborhood Stabilization Prog	15,568,216	11,164,344	(11,090,334)	74,010	0
E104 Low Inc Energy Asst Prog Emer Rprs	951,529	7,000,000	0	7,000,000	0
E119 Stimulus Comm Devel Block Grant	1,210,662	200,000	(206,827)	(6,827)	0
E121 HOME Program	0	0	217,779	217,779	0
E139 Stimulus State Energy Program	6,365,349	9,000,000	(9,023,148)	(23,148)	0
E181 Community Services Block Grt.	4,792,366	7,046,285	719	7,047,004	0
E189 Stimulus Comm Svcs Block Grant	4,482,083	0	0	0	0
E309 Stimulus Homelessness Prev and Hous	1,923,958	1,250,000	(1,243,173)	6,827	0
E379 Stimulus DOE Weatherization	18,345,128	9,100,000	(9,158,991)	(58,991)	0
E781 Disaster Community Dev Block Grant	0	235,000,000	(235,000,000)	0	11,782,866
E901 Stimulus Energy Eff Comm Block Grt	4,294,064	11,796,750	(11,719,715)	77,035	796,770
E902 Stimulus Energy Eff Appliance Rebat	614,999	0	0	0	0
E903 Stimulus Smart Grid Energy Assur	118,548	150,000	(144,896)	5,104	0
Total	77,952,024	319,582,701	(279,922,197)	39,660,504	12,579,636

REQUEST DETAIL BY PROGRAM

601 Department of Commerce
 Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: Division of Community Services		Reporting Level: 00-601-600-00-00-00-00000000			
Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Special Funds					
342 Intergovernmental Assist. Fund 342	3,145,992	6,397,021	219,249	6,616,270	0
Total	3,145,992	6,397,021	219,249	6,616,270	0
Total Funding Sources	83,052,398	328,733,540	(280,626,672)	48,106,868	12,772,851
FTE Employees	17.69	17.08	(0.34)	16.74	0.00

CHANGE PACKAGE DETAIL601 Department of Commerce
Biennium: 2013-2015

Bill#: SB2018

Date: 12/07/2012

Time: 14:59:00

Program: Division of Community Services			Reporting Level: 00-601-600-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes**One Time Budget Changes**

A-E 9 Remove Prior Biennium One-time Approp.		0.00	0	(265,382,183)	0	(265,382,183)
Total One Time Budget Changes		0.00	0	(265,382,183)	0	(265,382,183)

Ongoing Budget Changes

A-A 24 Remove Carryover Authority		0.00	(822,292)	0	0	(822,292)
A-A 3 Increased Cost to do Business		0.00	0	0	96,940	96,940
A-A 4 Operation Changes		0.00	79,083	(115,879)	(12,753)	(49,549)
A-A 5 Program Changes		0.00	0	(13,585,116)	49,088	(13,536,028)
A-A 6 Miscellaneous Changes		0.00	(26,559)	40,168	0	13,609
A-A 8 Capital Asset Adjustment		0.00	0	10,000	0	10,000
A-F 23 Remove Prior Biennium Capital Assets		0.00	0	(70,018)	0	(70,018)
Base Payroll Change		(0.34)	(153,956)	(819,169)	85,974	(887,151)
Total Ongoing Budget Changes		(0.34)	(923,724)	(14,540,014)	219,249	(15,244,489)
Total Base Budget Changes		(0.34)	(923,724)	(279,922,197)	219,249	(280,626,672)

Optional Budget Changes**One Time Optional Changes**

A-D 21 Flood CDBG Carryover	13	0.00	0	11,782,866	0	11,782,866
A-D 22 Stimulus Carryover	14	0.00	0	796,770	0	796,770
Total One Time Optional Changes		0.00	0	12,579,636	0	12,579,636

Ongoing Optional Changes

A-C 19 Home Program	11	0.00	193,215	0	0	193,215
Total Ongoing Optional Changes		0.00	193,215	0	0	193,215
Total Optional Budget Changes		0.00	193,215	12,579,636	0	12,772,851