

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Funding Summary

	Base Budget	Final Legislative Action	Comparison to Base Budget
Department of Commerce			
Salaries and wages	\$13,015,999	\$12,995,788	(\$20,211)
Operating expenses	16,384,623	15,477,622	(907,001)
Grants	48,134,795	54,510,416	6,375,621
Discretionary funds	784,152	2,200,000	1,415,848
Ag. Products Utilization Commission	3,118,611	3,152,915	34,304
North Dakota Trade Office	2,556,694	2,000,000	(556,694)
Entrepreneurship grants and vouchers	1,500,000	2,250,000	750,000
Partner programs	2,173,829	1,939,845	(233,984)
Flood impact grants/loans		5,201,752	5,201,752
Total all funds	\$87,668,703	\$99,728,338	\$12,059,635
Less estimated income	53,809,604	68,385,658	14,576,054
General fund	\$33,859,099	\$31,342,680	(\$2,516,419)
FTE	69.40	66.40	(3.00)
Bill Total			
Total all funds	\$87,668,703	\$99,728,338	\$12,059,635
Less estimated income	53,809,604	68,385,658	14,576,054
General fund	\$33,859,099	\$31,342,680	(\$2,516,419)
FTE	69.40	66.40	(3.00)

Senate Bill No. 2018 - Department of Commerce - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$13,015,999	(\$7,148)	\$13,008,851
Operating expenses	16,384,623	(1,397,001)	14,987,622
Grants	48,134,795	12,292,417	60,427,212
Discretionary funds	784,152	30,688	814,840
Ag. Products Utilization Commission	3,118,611	34,719	3,153,330
North Dakota Trade Office	2,556,694	(275,196)	2,281,498
Entrepreneurship grants and vouchers	1,500,000		1,500,000
Partner programs	2,173,829	(233,984)	1,939,845
Total all funds	\$87,668,703	\$10,444,495	\$98,113,198
Less estimated income	53,809,604	12,478,979	66,288,583
General fund	\$33,859,099	(\$2,034,484)	\$31,824,615
FTE	69.40	(3.00)	66.40

Department 601 - Department of Commerce - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes¹	Adds Funding for Health Insurance Increases²	Removes 3 FTE Positions³	Adjusts Base Level Funding⁴	Adjusts Funding for Agricultural Products Utilization Commission⁵	Reduces Funding for North Dakota Trade Office⁶
Salaries and wages	135,814	180,308	(479,078)	155,808		
Operating expenses				(1,397,001)		(100,000)
Grants	(41,004)			6,033,421		
Discretionary funds				30,688		
Ag. Products Utilization Commission	17,107	5,724			11,888	
North Dakota Trade Office						(275,196)
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	\$111,917	\$186,032	(\$479,078)	\$4,822,916	\$11,888	(\$275,196)
Less estimated income	188,064	40,377	(204,556)	5,795,689	659,405	0
General fund	(\$76,147)	\$145,655	(\$274,522)	(\$972,773)	(\$647,517)	(\$275,196)
FTE	0.00	0.00	(3.00)	0.00	0.00	0.00

	Reduces Funding for Partner Programs⁷	Adds Funding for Homeless Shelter Grants⁸	Adds One-Time Funding⁹	Total Senate Changes
Salaries and wages				(7,148)
Operating expenses				(1,497,001)
Grants		300,000	6,000,000	12,292,417
Discretionary funds				30,688
Ag. Products Utilization Commission				34,719
North Dakota Trade Office				(275,196)
Entrepreneurship grants and vouchers				
Partner programs	(233,984)			(233,984)
Total all funds	(\$233,984)	\$300,000	\$6,000,000	\$10,444,495
Less estimated income	0	0	6,000,000	12,478,979
General fund	(\$233,984)	\$300,000	\$0	(\$2,034,484)
FTE	0.00	0.00	0.00	(3.00)

¹ Funding is adjusted for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.

² Funding is added for increases in health insurance premiums from \$1,130 to \$1,249 per month.

³ The following FTE positions and related funding are removed:

	FTE Positions	General Fund	Other Funds	Total
Administrative assistant	(1.00)	(\$102,193)	(\$71,015)	(\$173,208)
Program assistant	(1.00)	(129,972)	(1,313)	(131,285)
Program administrator	(1.00)	(42,357)	(132,228)	(174,585)
Total	(3.00)	(\$274,522)	(\$204,556)	(\$479,078)

⁴ Base level funding is adjusted as follows:

	General Fund	Other Funds	Total
Adjusts funding for salaries and wages	\$155,808	\$0	\$155,808
Adjusts funding for operating expenses	(1,438,838)	129,837	(1,309,001)
Reduces funding for operation intern	(225,000)	0	(225,000)
Increases funding for tourism operating expenses	0	137,000	137,000
Adjusts funding for grants	819,495	123,778	943,273
Increases funding for workforce and economic development grants	0	162,318	162,318
Reduces funding for prekindergarten community grants	(314,926)	0	(314,926)
Increases funding for discretionary grants	30,688	0	30,688
Increases federal funding for flood grants	0	5,242,756	5,242,756
Total	<u>(\$972,773)</u>	<u>\$5,795,689</u>	<u>\$4,822,916</u>

⁵ Funding is adjusted for the Agricultural Products Utilization Commission (APUC) to remove funding from the general fund and increase funding from the APUC fund, providing a total appropriation of \$3,153,330.

⁶ Funding is reduced for the North Dakota Trade Office to provide a total general fund appropriation of \$2,281,498.

⁷ Funding is reduced for partner programs to provide a total general fund appropriation of \$1,939,845.

⁸ Funding is added for homeless shelter grants to provide a total appropriation of \$300,000 from the general fund.

⁹ One-time funding is provided from the strategic investment and improvements fund for:

Unmanned aircraft systems grants	\$2,000,000
Base realignment grants	1,000,000
Enhanced use lease grants	3,000,000
Total	<u>\$6,000,000</u>

This amendment adds sections to:

- Provide an exemption for unexpended 2015-17 biennium funds for the unmanned aircraft systems program to be available for use by the Department of Commerce for the 2017-19 biennium.
- Provide an exemption for unexpended 2015-17 biennium funds for prekindergarten community grants to be available for use by the Department of Commerce for the 2017-19 biennium.
- Identify \$1 million from the strategic investment and improvements fund for a base retention grant program for the 2017-19 biennium.
- Identify \$2 million from the strategic investment and improvements fund for the unmanned aircraft systems program for the 2017-19 biennium.
- Identify \$3 million from the strategic investment and improvements fund for the enhanced use lease grant program for the 2017-19 biennium.
- Declare the internship fund transfer an emergency measure.

Senate Bill No. 2018 - Department of Commerce - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$13,015,999	\$13,008,851	(\$13,063)	\$12,995,788
Operating expenses	16,384,623	14,987,622	290,000	15,277,622
Grants	48,134,795	60,427,212	(8,116,796)	52,310,416
Discretionary funds	784,152	814,840	685,160	1,500,000
Ag. Products Utilization Commission	3,118,611	3,153,330	(415)	3,152,915
North Dakota Trade Office	2,556,694	2,281,498	(500,000)	1,781,498

Entrepreneurship grants and vouchers	1,500,000	1,500,000	(750,000)	750,000
Partner programs	2,173,829	1,939,845		1,939,845
Flood impact grants/loans			5,201,752	5,201,752
Total all funds	\$87,668,703	\$98,113,198	(\$3,203,362)	\$94,909,836
Less estimated income	53,809,604	66,288,583	(1,302,925)	64,985,658
General fund	\$33,859,099	\$31,824,615	(\$1,900,437)	\$29,924,178
FTE	69.40	66.40	0.00	66.40

Department 601 - Department of Commerce - Detail of House Changes

	Adjusts Funding for Health Insurance Increases¹	Adjusts Funding for Grants²	Adds Funding for North Dakota Tourism³	Reduces Funding for Operation Intern⁴	Reduces Funding for Prekindergarten Community Grants⁵	Reduces Funding for the North Dakota Trade Office⁶
Salaries and wages	(13,063)					
Operating expenses			815,000	(525,000)		
Grants		(929,970)			(185,074)	
Discretionary funds		685,160				
Ag. Products Utilization Commission	(415)					
North Dakota Trade Office						(500,000)
Entrepreneurship grants and vouchers						
Partner programs						
Flood impact grants/loans						
Total all funds	(\$13,478)	(\$244,810)	\$815,000	(\$525,000)	(\$185,074)	(\$500,000)
Less estimated income	(2,925)	0	500,000	0	0	0
General fund	(\$10,553)	(\$244,810)	\$315,000	(\$525,000)	(\$185,074)	(\$500,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Reduces Funding for Entrepreneurship Grants⁷	Transfers One-Time Funding for Flood Impact Grants⁸	Reduces One-Time Funding for Base Retention Grants⁹	Reduces One-Time Funding for Enhanced Use Lease Grants¹⁰	Total House Changes
Salaries and wages					(13,063)
Operating expenses					290,000
Grants		(5,201,752)	(800,000)	(1,000,000)	(8,116,796)
Discretionary funds					685,160
Ag. Products Utilization Commission					(415)
North Dakota Trade Office					(500,000)
Entrepreneurship grants and vouchers	(750,000)				(750,000)
Partner programs					
Flood impact grants/loans		5,201,752			5,201,752
Total all funds	(\$750,000)	\$0	(\$800,000)	(\$1,000,000)	(\$3,203,362)
Less estimated income	0	0	(800,000)	(1,000,000)	(1,302,925)
General fund	(\$750,000)	\$0	\$0	\$0	(\$1,900,437)
FTE	0.00	0.00	0.00	0.00	0.00

¹ Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month.

² Funding of \$929,970 from the general fund is removed for the grant programs listed below and \$685,160 from the general fund is added to the discretionary funds line item.

- Area health education centers grants - (\$200,000)
- Continuum of care grants - (\$75,301)

- Emergency solutions grants - (\$244,669)
- Homeless shelter grants - (\$300,000)
- Self sufficiency grants - (\$110,000)

- ³ Funding of \$815,000 is added for North Dakota tourism, of which \$315,000 is from the general fund and \$500,000 is from the Research North Dakota fund.
- ⁴ Funding is reduced for the operation intern program by \$525,000 to provide a total appropriation of \$750,000. The Senate approved an appropriation of \$1,275,000. Sections 7 and 16 of the bill are also adjusted to reflect the revised appropriation.
- ⁵ Funding is reduced for prekindergarten community grants by \$185,074 to provide \$1,500,000 from the general fund. The Senate approved an appropriation of \$1,685,074.
- ⁶ Funding for the North Dakota Trade Office is reduced by an additional \$500,000 from the general fund. The Senate reduced funding for the North Dakota Trade Office by \$275,196 from the general fund. The total reduction for the North Dakota Trade Office is \$775,196 from the general fund compared to the base budget. The House also reduced the amount of funding that can be spent without requiring a match from 70 to 50 percent, which is reflected in Section 11 of the bill.
- ⁷ Funding is reduced for entrepreneurship grants and vouchers, also known as Innovate North Dakota, by \$750,000 to provide a total appropriation of \$750,000, \$600,000 of which is from the general fund. The Senate approved an appropriation of \$1,500,000. Section 12 of the bill is also adjusted to reflect the revised appropriation.
- ⁸ Federal funds of \$5,201,752 is transferred from the grants line item to a flood impact grants/loans line item. This funding is considered one-time funding.
- ⁹ One-time funding from the strategic investment and improvements fund for base retention grants is reduced from \$1,000,000 to \$200,000. Section 8 of the bill is also adjusted to reflect the revised appropriation.
- ¹⁰ Funding is reduced for enhanced use lease grants by \$1 million to provide a total of \$2 million from the strategic investment and improvements fund. The Senate approved an appropriation of \$3 million from the strategic investment and improvements fund. Section 10 of the bill is also adjusted to reflect the revised appropriation.

This amendment also:

- Adds a section to identify the amount of funding included in the bill for the increase in employee health insurance premiums.
- Removes a section allowing the Department of Commerce to continue unexpended 2015-17 funding for prekindergarten community grants into the 2017-19 biennium. This change will result in an estimated \$315,000 of general fund appropriation authority being canceled at the end of the 2015-17 biennium.
- Adds a section identifying a sum of \$500,000 included in Section 1 of the bill from the Research North Dakota fund for the North Dakota tourism program.
- Adds a section directing a transfer of \$4 million from the Research North Dakota fund to the general fund.

Senate Bill No. 2018 - Department of Commerce - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$13,015,999	\$13,008,851	(\$13,063)	\$12,995,788	\$12,995,788	
Operating expenses	16,384,623	14,987,622	490,000	15,477,622	15,277,622	200,000
Grants	48,134,795	60,427,212	(5,916,796)	54,510,416	52,310,416	2,200,000
Discretionary funds	784,152	814,840	1,385,160	2,200,000	1,500,000	700,000
Ag. Products Utilization Commission	3,118,611	3,153,330	(415)	3,152,915	3,152,915	
North Dakota Trade Office	2,556,694	2,281,498	(281,498)	2,000,000	1,781,498	218,502
Entrepreneurship grants and vouchers	1,500,000	1,500,000	750,000	2,250,000	750,000	1,500,000
Partner programs	2,173,829	1,939,845		1,939,845	1,939,845	

Flood impact grants/loans			5,201,752	5,201,752	5,201,752	
Total all funds	\$87,668,703	\$98,113,198	\$1,615,140	\$99,728,338	\$94,909,836	\$4,818,502
Less estimated income	53,809,604	66,288,583	2,097,075	68,385,658	64,985,658	3,400,000
General fund	\$33,859,099	\$31,824,615	(\$481,935)	\$31,342,680	\$29,924,178	\$1,418,502
FTE	69.40	66.40	0.00	66.40	66.40	0.00

Department 601 - Department of Commerce - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Increases¹	Adjusts Funding for Grants²	Adds Funding for North Dakota Tourism³	Reduces Funding for Operation Intern⁴	Reduces Funding for Prekindergarten Community Grants⁵	Reduces Funding for the North Dakota Trade Office⁶
Salaries and wages	(13,063)					
Operating expenses			815,000	(325,000)		
Grants		(129,970)			(185,074)	
Discretionary funds		1,385,160				
Ag. Products Utilization Commission	(415)					
North Dakota Trade Office Entrepreneurship grants and vouchers						(281,498)
Partner programs						
Flood impact grants/loans						
Total all funds	(\$13,478)	\$1,255,190	\$815,000	(\$325,000)	(\$185,074)	(\$281,498)
Less estimated income	(2,925)	1,500,000	500,000	0	0	0
General fund	(\$10,553)	(\$244,810)	\$315,000	(\$325,000)	(\$185,074)	(\$281,498)
FTE	0.00	0.00	0.00	0.00	0.00	0.00
	Adjusts Funding for Entrepreneurship Grants⁷	Transfers One-Time Funding for Flood Impact Grants⁸	Reduces One-Time Funding for Base Retention Grants⁹	Adjusts One-Time Funding for Enhanced Use Lease Grants¹⁰	Total Conference Committee Changes	
Salaries and wages					(13,063)	
Operating expenses					490,000	
Grants		(5,201,752)	(400,000)		(5,916,796)	
Discretionary funds					1,385,160	
Ag. Products Utilization Commission					(415)	
North Dakota Trade Office Entrepreneurship grants and vouchers	750,000				(281,498)	750,000
Partner programs						
Flood impact grants/loans		5,201,752			5,201,752	
Total all funds	\$750,000	\$0	(\$400,000)	\$0	\$1,615,140	
Less estimated income	1,500,000	0	(400,000)	(1,000,000)	2,097,075	
General fund	(\$750,000)	\$0	\$0	\$1,000,000	(\$481,935)	
FTE	0.00	0.00	0.00	0.00	0.00	

¹ Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month. Section 2 of the bill is added to reflect the revised premium rate, the same as the House.

² Funding of \$629,970 from the general fund is removed for the grant programs listed below and \$385,160 from the general fund is added to the discretionary funds line item.

- Area health education centers grants - (\$200,000)
- Continuum of care grants - (\$75,301)
- Emergency solutions grants - (\$244,669)

- Self sufficiency grants - (\$110,000)

The House approved a reduction of \$929,970 from the general fund for the grant programs above, including a reduction of \$300,000 for homeless shelter grants, and an increase of \$685,160 from the general fund to the discretionary funds line item. The conference committee approved \$300,000 for homeless shelter grants in the grants line item, the same as the Senate version.

In addition, the conference committee approved a \$1,500,000 appropriation from the Research North Dakota fund to the Department of Commerce, of which \$1,000,000 is added to the discretionary funds line item and \$500,000 is for providing a grant to the Energy and Environmental Research Center at the University of North Dakota. The grant must be utilized for economic development and diversification of the North Dakota economy and may be spent only to the extent the Energy and Environmental Research Center provides \$1 of matching funds from other sources for each \$1 provided by the department. These items are also reflected in Sections 13 and 14 of the bill.

The conference committee actions result in a net decrease of \$129,970 in the grants line item, of which \$629,970 is removed from the general fund and \$500,000 is added from the Research North Dakota fund. The result in the discretionary funds line item is an increase of \$1,385,160, of which \$385,160 is from the general fund and \$1,000,000 is from the Research North Dakota fund.

- ³ Funding of \$815,000 is added for North Dakota tourism, of which \$315,000 is from the general fund and \$500,000 is from the Research North Dakota fund, the same as the House version. Section 14 of the bill also identifies the \$500,000 appropriation from the Research North Dakota fund.
- ⁴ Funding for the Operation Intern program is reduced by \$325,000 to provide a total appropriation of \$950,000, an increase of \$200,000 compared to the House version. The Senate approved an appropriation of \$1,275,000. Sections 7 and 16 of the bill are also adjusted to reflect the revised appropriation.
- ⁵ Funding for prekindergarten community grants is reduced by \$185,074 to provide \$1,500,000 from the general fund, the same as the House. The Senate approved an appropriation of \$1,685,074.
- ⁶ Funding for the North Dakota Trade Office is reduced by \$281,498 from the general fund to provide a total of \$2,000,000 from the general fund. The House provided a total of \$1,781,498 and the Senate provided \$2,281,498. The conference committee also reduced the amount of funding that can be spent without requiring a match to 60 percent, compared to the Senate version of 70 percent and the House version of 50 percent. This is also reflected in Section 11 of the bill.
- ⁷ Funding for entrepreneurship grants and vouchers, also known as Innovate North Dakota, is reduced by \$750,000 from the general fund and increased by \$1.5 million from the Research North Dakota fund to provide a total appropriation of \$2.25 million, of which \$600,000 is from the general fund. Of the total amount appropriated, \$900,000 is to be distributed equally to entrepreneurial centers located in Bismarck, Fargo, and Grand Forks, \$300,000 to an organization that provides workforce safety, and \$300,000 for biotechnology grants. **The Governor vetoed the portion of this section related to the \$300,000 designation to an organization that provides workforce safety.**

The Senate approved an appropriation of \$1.5 million, of which \$1.35 million is from the general fund. The House approved an appropriation of \$750,000, of which \$600,000 is from the general fund. Sections 12 and 14 of the bill are also adjusted to reflect the revised appropriation.
- ⁸ Federal funding of \$5,201,752 is transferred from the grants line item to a flood impact grants/loans line item, the same as the House version. This funding is considered one-time funding.
- ⁹ One-time funding from the strategic investment and improvements fund for base retention grants is reduced from \$1,000,000 to \$600,000, a \$400,000 decrease from the Senate version and a \$400,000 increase from the House version of \$200,000. Section 8 of the bill is also adjusted to reflect the revised appropriation.
- ¹⁰ Funding for enhanced use lease grants is reduced by \$1 million from the strategic investment and improvements fund and increased by \$1 million from the general fund to provide a total one-time appropriation of \$3 million for the 2017-19 biennium, compared to \$2 million of one-time funding from the strategic investment and improvements fund approved by the House. The Senate approved a one-time appropriation of \$3 million from the strategic investment and improvements fund. Section 10 of the bill is also adjusted to reflect the revised appropriation.

This amendment also:

- Removes a section approved by the Senate allowing the Department of Commerce to continue unexpended 2015-17 funding for prekindergarten community grants into the 2017-19 biennium, the same as the House. This change will result in an estimated \$315,000 of general fund appropriation authority being canceled at the end of the 2015-17 biennium and being added to the estimated 2017-19 beginning general fund balance. This funding is appropriated from the general fund to the Department of Commerce for North Dakota tourism in the 2017-19 biennium.
- Amends Section 6 to allow the Department of Commerce to continue only \$1 million of unexpended 2015-17 biennium funds for the unmanned aircraft systems (UAS) program, resulting in a total of approximately \$1 million of 2015-17 biennium funds available for UAS. This change will result in an estimated \$1 million of general fund appropriation authority being canceled at the end of the 2015-17 biennium and being added to the estimated 2015-17 beginning general fund balance. This funding is appropriated to the Department of Commerce for enhanced use lease grants in the 2017-19 biennium.
- Requires the Department of Commerce to consult with the Aeronautics Commission regarding the unmanned aircraft systems test site.
- Adds Section 15, which directs the Office of Management and Budget to transfer \$4 million from the Research North Dakota fund to the general fund during the 2017-19 biennium. The House also included this transfer.