

**FIRST ENGROSSMENT
with Senate Amendments**

Fifty-fifth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1015

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the various divisions
2 under the supervision of the director of the office of management and budget; to provide an
3 exemption from the provisions of section 54-44.1-11 of the North Dakota Century Code; to
4 provide a statement of legislative intent relating to state employee compensation adjustments;
5 to authorize transfer of various special funds to the general fund; to provide for mobile data
6 terminals; to provide directives relating to 911 telephone services; to provide for program
7 reductions if federal programs are terminated or reduced; to provide for a legislative council
8 study of public employee health insurance benefits; to provide for a transfer from the North
9 Dakota insurance reserve fund to the office of management and budget; to amend and reenact
10 sections 32-12.2-06 and 54-27.2-02 of the North Dakota Century Code, relating to the state risk
11 management fund and to the budget stabilization fund; to provide an expiration date; and to
12 declare an emergency.

13 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

14 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the
15 funds as may be necessary, are hereby appropriated out of any moneys in the general fund in
16 the state treasury, not otherwise appropriated, and from special funds derived from federal
17 funds and other income, to the various divisions under the supervision of the director of the
18 office of management and budget for the purpose of defraying their expenses, for the biennium
19 beginning July 1, 1997, and ending June 30, 1999, as follows:

20 Subdivision 1.

21 **OFFICE OF MANAGEMENT AND BUDGET**

22 Administration	\$ 3,366,327
23 Fiscal management	4,066,236
24 Facility management	8,421,012

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1	Central personnel	1,126,728
2	Intergovernmental assistance	39,503,256
3	Risk management	<u>1,094,360</u>
4	Total all funds	\$ 57,577,919
5	Less estimated income	<u>42,246,762</u>
6	Total general fund appropriation	\$ 15,331,157

7 Subdivision 2.

8 INFORMATION SERVICES DIVISION

9	Information resource management	\$ 45,326,741
10	Total special funds appropriation	\$ 45,326,741

11 Subdivision 3.

12 CENTRAL SERVICES

13	Central services	\$ 4,638,793
14	Total all funds	\$ 4,638,793
15	Less estimated income	<u>4,240,786</u>
16	Total general fund appropriation	\$ 398,007

17 Subdivision 4.

18 STATE RADIO COMMUNICATIONS

19	Salaries and wages	\$ 2,347,426
20	Operating expenses	1,741,249
21	Equipment	<u>613,201</u>
22	Total all funds	\$ 4,701,876
23	Less estimated income	<u>586,610</u>
24	Total general fund appropriation	\$ 4,115,266
25	Grand total general fund appropriation H.B. 1015	\$ 19,844,430
26	Grand total special funds appropriation H.B. 1015	\$ 92,400,899
27	Grand total all funds appropriation H.B. 1015	\$ 112,245,329

28 **SECTION 2. ADDITIONAL INCOME.** All income in excess of estimated income in the
29 budget appropriated by the legislative assembly to the office of management and budget for the
30 biennium beginning July 1, 1997, and ending June 30, 1999, must be deposited in the
31 appropriate operating funds in the state treasury and may only be expended with the

1 authorization of the emergency commission. Income exceeding \$50,000 must be approved by
2 the budget section.

3 **SECTION 3. LINE ITEM TRANSFERS.** Upon approval of the emergency commission,
4 the director of the office of management and budget may transfer between various line items in
5 subdivisions 1, 2, and 3 of section 1 of this Act appropriation authority of up to ten percent of a
6 given line item to adjust for changing circumstances in meeting established performance
7 measures. Any further transfers must be approved by the budget section.

8 **SECTION 4. CAPITOL BUILDING FUND.** The amount of \$605,850, or so much of the
9 sum as is necessary, included in the estimated income line item in subdivision 1 of section 1 of
10 this Act, is to be spent by the facility management division from the capitol building fund during
11 the biennium beginning July 1, 1997, and ending June 30, 1999.

12 **SECTION 5. EXEMPTION.** The fiscal management appropriation contained in
13 subdivision 1 of section 1 of chapter 37 of the 1995 Session Laws is not subject to the
14 provisions of section 54-44.1-11 for up to an amount of \$800,000 and any unexpended funds
15 from this appropriation are available for continued development and operating costs of the
16 accounting, management, and payroll systems during the biennium beginning July 1, 1997, and
17 ending June 30, 1999.

18 **SECTION 6. INTENT - STATE EMPLOYEE COMPENSATION ADJUSTMENTS -**
19 **GUIDELINES.** It is the intent of the fifty-fifth legislative assembly that 1997-99 compensation
20 adjustments for permanent state employees are to be increases providing an average of three
21 percent with a minimum of \$40 per month, beginning with the month of July 1997, to be paid in
22 August 1997, and providing an average of three percent with a minimum of \$40 per month,
23 beginning with the month of July 1998, to be paid in August 1998. Any increases greater than
24 \$40 per month must be based on merit.

25 During the biennium, no salary increase other than the \$40 per month in July 1997 and
26 the \$40 per month in July 1998 may be given to an employee whose salary exceeds or would
27 exceed the salary range maximum.

28 It is the intent of the fifty-fifth legislative assembly that the workers compensation
29 bureau receive its 1997-99 employee compensation adjustment in a lump sum amount of
30 \$508,406 to provide pay raises based on merit and performance throughout the 1997-99
31 biennium.

SECTION 7. INTENT. Within the authority included in subdivision 1 of section 1 of this Act, are the following grants and special items:

Boys and girls clubworks	\$ 53,000
State contingencies	500,000
State memberships and related expenses	307,500
Firemen's association	63,000
Unemployment insurance	2,000,000
Capitol grounds planning commission	25,000

SECTION 8. TRANSFER. During the biennium beginning July 1, 1997, and ending June 30, 1999, the director of the office of management and budget is authorized to transfer special funds to the general fund as follows:

Lands and minerals trust fund	\$ 5,500,000
State aid distribution fund	29,594,725

SECTION 9. FIRE AND TORNADO FUND. The amount of \$63,000, or so much of the amount as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is from the fire and tornado fund.

SECTION 10. MOBILE DATA TERMINALS. Of the amounts included in the operating and equipment line items in subdivision 4 of section 1 of this Act, \$266,180 and \$573,201, respectively, provide for radio tower upgrades for mobile data terminals. These funds may not be expended prior to the completion of the mobile data communications plan provided for in the highway patrol appropriation.

SECTION 11. STATE RADIO - 911 SERVICES. As required by section 18 of 1995 Senate Bill No. 2015, the fifty-fifth legislative assembly specifically provides state radio communications with the authority to expand its 911 services beyond the twenty-county limit set by the fifty-fourth legislative assembly. The authority to add Golden Valley and Divide counties to its 911 service begins with the effective date of this Act and ends on June 30, 1999. State radio communications is then limited to providing 911 services to the counties being served as of June 30, 1999.

SECTION 12. FEDERAL PROGRAM TERMINATIONS - BLOCK GRANT - FUNDING REDUCTIONS - RELATED PROGRAM REDUCTIONS - REPORTS TO THE BUDGET

SECTION. If the federal government during the 1997-99 biennium terminates funding for any

1 program administered by an agency, department, or institution of the state of North Dakota, the
2 agency, department, or institution, subject to budget section approval, may terminate the
3 program and not replace the reduction in federal funds with state funds, notwithstanding any
4 other provision of law. If the federal government combines funding for separate programs in a
5 block grant resulting in a reduction of total federal funds available for those programs, the
6 administering agency, department, or institution may, subject to budget section approval,
7 prioritize or reprioritize programs as necessary in making programmatic reductions. The
8 agency, department, or institution may administer funds available under a new federal block
9 grant or similar measure, consistent with the terms of that measure, notwithstanding any other
10 provisions of law intended to conform to or implement the provisions of the repealed federal
11 Act, and shall report any program terminations, reductions, or changes resulting from this
12 section to the budget section of the legislative council for its approval.

13 **SECTION 13. LEGISLATIVE INTENT - STATE EMPLOYEE SALARY REPORT.** It is
14 the intent of the fifty-fifth legislative assembly that during the 1997-98 interim the office of
15 management and budget report to an interim legislative council committee on state employee
16 salary compression problems. The report is to include information on the number of employees
17 impacted by salary compression, the job title of each employee impacted, the dollar amount
18 needed by position and in total to correct salary compression problems, and a ten-year
19 projection by job class of future salary compression based on historical salary increase trends.
20 In addition, the office of management and budget is also to develop and present a plan to
21 compensate state employees in a fair and adequate manner.

22 **SECTION 14. LEGISLATIVE COUNCIL INTERIM STUDY OF PUBLIC EMPLOYEE**
23 **HEALTH INSURANCE BENEFITS.** The legislative council shall consider studying public
24 employee health insurance benefits during the 1997-98 interim. If conducted, the study must
25 include a comparison of the cost of participating in exclusive provider organizations and
26 preferred provider organizations as compared to participating in the standard indemnity plan;
27 the extent to which members of the uniform group insurance program are now participating in
28 exclusive provider organizations and preferred provider organizations; the number of public
29 employees who are unable to participate in a preferred provider organization or exclusive
30 provider organization because of geographical considerations; an analysis of any cost savings
31 if up to all participants exercise the exclusive provider organization or preferred provider

organization option; and methods by which the public employees retirement system board could encourage members of the public employees retirement system uniform group insurance program to participate in exclusive provider organizations and preferred provider organizations. The study must include an analysis of general fund savings that may be realized if an additional copayment is required of all members not participating in an exclusive provider organization or preferred provider organization and an analysis of general fund savings that may be realized if members of the uniform group insurance program were permitted to participate in health maintenance organizations where such organizations are available. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-sixth legislative assembly.

SECTION 15. RISK MANAGEMENT - APPROPRIATION. The North Dakota insurance reserve fund shall transfer \$2,100,000 of surplus on July 1, 1997, and \$2,100,000 on July 1, 1998, to the office of management and budget. Funds the office of management and budget receives from the North Dakota insurance reserve fund are hereby appropriated for the purposes of the risk management fund under North Dakota Century Code section 32-12.2-07. This transfer represents final settlement with the North Dakota insurance reserve fund for any claim by the state to any funds held by the North Dakota insurance reserve fund, except for contractual obligations pursuant to the terms of any memorandum of coverage issued by the North Dakota insurance reserve fund to a state agency.

The recovery of the \$4,200,000, together with current reserves in the risk management fund and the contributions required from agencies or other governmental units not receiving a specific appropriation and boards and commissions, are considered sufficient reserves for claims anticipated in the 1997-99 biennium.

SECTION 16. AMENDMENT. Section 32-12.2-06 of the North Dakota Century Code is amended and reenacted as follows:

32-12.2-06. (~~Contingent expiration date—see Note~~) Liability insurance - Reinsurance. Upon approval of the director of the office of management and budget, an entity of the state may participate in a government self-insurance pool or may purchase insurance against liability of the entity and its employees for damages resulting from claims under this chapter. The director shall limit participation in government self-insurance pools and, except as provided in this section, the purchase of insurance to exposures determined to cause an

1 excessive financial risk to the state risk management fund including exposures reasonably
2 expected to deplete the fund and have a significant detrimental impact on the state's budget.
3 The director shall develop a state self-retention program that provides as much coverage as
4 possible of potential liability recognized by this chapter, but that includes insurance purchases
5 in a manner that is determined appropriate by the director in consultation with the state risk
6 manager. The insurance may be provided by an insurance company authorized to do business
7 in this state which the commissioner of insurance has determined to be responsible and
8 financially sound, considering the extent of the coverage required, or coverage may be
9 provided by a government self-insurance pool. If a premium savings will result and the director
10 of the office of management and budget approves, the insurance policy or memorandum of
11 coverage may be in force from one through three years from the date of issue. The director
12 may procure an excess loss reinsurance contract for the state.

13 **SECTION 17. AMENDMENT.** Section 54-27.2-02 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **54-27.2-02. ~~(Effective until June 30, 1997)~~ Certain general fund revenues to be**
16 **deposited in the budget stabilization fund.** Notwithstanding any other provision of law
17 except section 54-27.2-01, any amount in the state general fund in excess of ~~seventy~~ sixty-five
18 million dollars at the end of any biennium must be transferred by the state treasurer to the
19 budget stabilization fund. For purposes of this section, "at the end of any biennium" means
20 after cancellation of unexpended appropriations under section 54-44.1-11.

21 ~~**(Effective June 30, 1997) Certain general fund revenues to be deposited in the**~~
22 ~~**budget stabilization fund.**~~ Notwithstanding any other provision of law except section
23 ~~54-27.2-01, any amount in the state general fund in excess of forty million dollars at the end of~~
24 ~~any biennium must be transferred by the state treasurer to the budget stabilization fund. For~~
25 ~~purposes of this section, "at the end of any biennium" means after cancellation of unexpended~~
26 ~~appropriations under section 54-44.1-11.~~

27 **SECTION 18. EXPIRATION DATE.** Section 17 of this Act is effective through June 30,
28 1999, and after that date is ineffective.

29 **SECTION 19. EMERGENCY.** Section 17 of this Act is declared to be an emergency
30 measure.