

PROPOSED AMENDMENTS TO SENATE BILL NO. 2015

Page 1, line 2, replace the second "and" with "to create and enact a new section to chapter 54-27 of the North Dakota Century Code, relating to a shared services fund; to amend and reenact section 54-06-30 of the North Dakota Century Code, relating to the state employee performance bonuses; to repeal section 54-06-24 of the North Dakota Century Code, relating to the state employee suggestion incentive program; to provide compensation guidelines; to provide for a report to the legislative assembly; to provide for a transfer;"

Page 1, line 3, after "exemption" insert "; and to provide an effective date"

Page 1, remove lines 10 through 24

Page 2, replace lines 1 through 2 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$21,596,832	(\$588,055)	\$21,008,777
Operating expenses	14,051,438	4,076,010	18,127,448
Emergency commission contingency fund	600,000	(100,000)	500,000
Capital assets	973,477	1,863,648	2,837,125
Grants	54,000	0	54,000
Guardianship grants	1,328,600	1,001,400	2,330,000
Prairie public broadcasting	1,200,000	200,000	1,400,000
Community service supervision grants	350,000	50,000	400,000
Litigation funding pool	0	2,500,000	2,500,000
State student internship program	0	250,000	250,000
Total all funds	\$40,154,347	\$9,253,003	\$49,407,350
Less estimated income	9,434,087	6,188,799	15,622,886
Total general fund	\$30,720,260	\$3,064,204	\$33,784,464
Full-time equivalent positions	117.00	(9.00)	108.00"

Page 2, line 3, after "**FUNDING**" insert "- **EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY**"

Page 2, line 4, after "biennium" insert "and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace lines 6 through 11 with:

"Surplus property building	\$800,000	\$0
Theodore Roosevelt center grant	500,000	0
Cybersecurity remediation pool	1,000,000	0
Extraordinary repairs	0	1,900,000
Risk management technology project	0	170,000
State student internship program	0	250,000
Electronic procurement study	0	50,000
Special assessments on capitol grounds	0	320,000
Litigation funding pool	0	2,500,000
Assessments of state lands and facilities	0	2,000,000
Total all funds	\$2,300,000	\$7,190,000

Total special funds	<u>1,800,000</u>	<u>6,890,000</u>
Total general fund	\$500,000	\$300,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The office of management and budget shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. TRANSFER - TAX RELIEF FUND TO HUMAN SERVICE FINANCE FUND. The office of management and budget shall transfer the sum of \$182,300,000 from the tax relief fund to the human service finance fund during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO PRELIMINARY PLANNING REVOLVING FUND. The office of management and budget shall transfer the sum of \$500,000 from the strategic investment and improvements fund to the preliminary planning revolving fund during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. TRANSFER - STATE STUDENT INTERNSHIP PROGRAM TO STATE AGENCIES. The office of management and budget shall transfer funds from the state student internship program line item appropriated in section 1 of this Act to eligible state agencies for student internships during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 6. TRANSFER - LITIGATION POOL TO STATE AGENCIES. The office of management and budget shall transfer funds from the litigation funding pool line item appropriated in section 1 of this Act to eligible state agencies for litigation expenses during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 7. GRANTS AND SPECIAL ITEMS. Section 1 of this Act includes appropriation authority which may only be used for the following grants and special items:

Boys and girls club work	\$53,000
Unemployment insurance	\$2,000,000
Capitol grounds planning commission	\$25,000
Statewide memberships and related expenses	\$625,064

SECTION 8. ESTIMATED INCOME - ONE-TIME FUNDING - CAPITOL BUILDING FUND. The estimated income line item in section 1 of this Act includes \$2,220,000 of one-time funding from the capitol building fund. Of the \$2,220,000, \$1,900,000 in the capital assets line item is for extraordinary repairs, and \$320,000 in the operating expenses line item is for special assessments associated with the capitol grounds.

SECTION 9. ESTIMATED INCOME - ONE-TIME FUNDING - RISK MANAGEMENT FUND. The capital assets line item and the estimated income line item in section 1 of this Act includes \$170,000 of one-time funding from the risk management fund for an information technology project.

SECTION 10. ESTIMATED INCOME - ONE-TIME FUNDING - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The estimated income line item in section 1 of this Act includes \$4,500,000 of one-time funding from the strategic

investment and improvements fund. Of the \$4,500,000, \$2,000,000 in the operating expenses line item is for an assessment of state lands and facilities, and \$2,500,000 in the litigation funding pool line item is for a litigation funding pool.

SECTION 11. PRAIRIE PUBLIC BROADCASTING GRANT - MATCHING FUNDS. The prairie public broadcasting line item and the general fund appropriation in section 1 of this Act includes \$200,000 for a grant of up to \$200,000 to prairie public broadcasting for essential equipment needs. The \$200,000 may be awarded only to the extent prairie public broadcasting provides one dollar of matching funds from nonstate sources for each dollar provided by the office of management and budget."

Page 2, replace lines 18 through 23 with:

"SECTION 13. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.

1. The 2019-21 biennium compensation adjustments for permanent state employees are to average 2 percent with a minimum of \$80 per month per eligible employee for the first year of the biennium and are to average 3 percent for the second year. The increases for the first year of the biennium are to be given beginning with the month of July 2019, to be paid in August 2019, and for the second year of the biennium are to be given beginning with the month of July 2020, to be paid in August 2020. Increases for eligible state employees are to be based on documented performance and are not to be the same percentage increase for each employee.
2. The office of management and budget shall develop guidelines for use by state agencies for providing compensation adjustments for classified state employees. The guidelines must follow the compensation philosophy statement under section 54-44.3-01.2.
3. Probationary employees are not entitled to the increases. However, at the discretion of the appointing authority, probationary employees may be given all or a portion of the increases effective in July, paid in August, or upon completion of probation. Employees whose overall documented performance level does not meet standards are not eligible for any salary increase.

SECTION 14. AMENDMENT. Section 54-06-30 of the North Dakota Century Code is amended and reenacted as follows:

54-06-30. State employee performance bonus program - Criteria - Limitations.

State agencies may provide monetary performance bonuses to their employees under this section.

1. State agencies may pay bonuses under this section if:
 - a. The agency has had a written employee performance evaluation policy in place for more than one year before paying the bonus;

- b. The written employee performance evaluation policy required in subdivision a must have at least three levels of performance criteria; and
 - c. The agency performance bonus program adopted under this section must be a written policy and must be communicated to each employee in the agency. Development of the written policy must include input from employees.
- 2. State employees are eligible to receive a bonus under this section only if:
 - a. The employee has held a position in state government for at least one year before a bonus is paid;
 - b. The employee's overall annual performance evaluation satisfies the agency's performance bonus program criteria for receiving a bonus; and
 - c. The employee is a full-time or part-time regular nonprobationary employee holding a regularly funded nontemporary position.
- 3. An employee may not receive more than one performance bonus per fiscal year and may not receive more than one thousand two thousand five hundred dollars in bonuses per fiscal year.
- 4. ~~Except as provided in this subsection, agencies may pay bonuses under this section during a fiscal year to not more than the number of employees equal to twenty five percent of the employees employed by the agency on July first at the beginning of each state fiscal year. Upon a showing of special circumstances, North Dakota human resource management services may approve pay bonuses above the twenty five percent limitation in this subsection. North Dakota human resource management services shall report any exceptions granted under this subsection to the budget section of the legislative management. Each agency must fund the performance bonus program from within its agency budget for salaries and wages.~~
- 5. Bonuses paid under this section may not be included in an employee's base salary for purposes of calculating any wage or salary increase.
- 6. Bonuses paid under this section are not fiscal irregularities under section 54-14-03.1.

SECTION 15. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Shared services fund - Continuing appropriation.

There is created in the state treasury the shared services fund. The fund consists of all payments made from one state agency or institution to another state agency or institution related to a shared services agreement. State agencies and institutions must deposit any payments resulting from the shared services agreement into the fund. All moneys in the fund are appropriated on a continuing basis to the state agencies receiving a payment resulting from the shared services agreement. The state agency receiving the payment shall use the money to defray the costs related to the

shared services. Shared services include the equipment costs, operating expenses, and salaries and wages.

SECTION 16. REPEAL. Section 54-06-24 of the North Dakota Century Code is repealed.

SECTION 17. EFFECTIVE DATE. Section 16 of this Act becomes effective July 1, 2021."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2015 - Office of Management and Budget - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$21,596,832	(\$588,055)	\$21,008,777
Operating expenses	14,051,438	4,076,010	18,127,448
Capital assets	973,477	1,863,648	2,837,125
Grants	54,000		54,000
Emergency commission contingency fund	600,000	(100,000)	500,000
Guardianship grants	1,328,600	1,001,400	2,330,000
Prairie Public Broadcasting	1,200,000	200,000	1,400,000
Community service supervision grants	350,000	50,000	400,000
Litigation pool		2,500,000	2,500,000
State student internship		250,000	250,000
Total all funds	\$40,154,347	\$9,253,003	\$49,407,350
Less estimated income	9,434,087	6,188,799	15,622,886
General fund	\$30,720,260	\$3,064,204	\$33,784,464
FTE	117.00	(9.00)	108.00

Department 110 - Office of Management and Budget - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Removes FTE Positions and Adjusts Funding ³	Adjusts Funding and FTE Positions for IT Unification ⁴	Adjusts Funding for Operating Expenses ⁵	Reduces Funding for Contingency Fund ⁶
Salaries and wages	(\$40,219)	\$1,000,061	(\$754,350)	(\$793,547)		
Operating expenses				820,022	\$885,988	
Capital assets						
Grants						
Emergency commission contingency fund						(\$100,000)
Guardianship grants						
Prairie Public Broadcasting						
Community service supervision grants						
Litigation pool						
State student internship						
Total all funds	(\$40,219)	\$1,000,061	(\$754,350)	\$26,475	\$885,988	(\$100,000)
Less estimated income	(50,000)	175,530	(600,994)	0	(225,737)	0
General fund	\$9,781	\$824,531	(\$153,356)	\$26,475	\$1,111,725	(\$100,000)
FTE	0.00	0.00	(5.00)	(4.00)	0.00	0.00

	Reduces Funding For Bond Payments ⁷	Increases Funding for Grants ⁸	Adds One- Time Funding for Projects and a Funding Pool ⁹	Total Senate Changes
Salaries and wages				(\$588,055)
Operating expenses			\$2,370,000	4,076,010
Capital assets	(\$206,352)		2,070,000	1,863,648
Grants				
Emergency commission contingency fund				(100,000)
Guardianship grants		\$1,001,400		1,001,400
Prairie Public Broadcasting		200,000		200,000
Community service supervision grants		50,000		50,000
Litigation pool			2,500,000	2,500,000
State student internship			250,000	250,000
Total all funds	(\$206,352)	\$1,251,400	\$7,190,000	\$9,253,003
Less estimated income	0	0	6,890,000	6,188,799
General fund	(\$206,352)	\$1,251,400	\$300,000	\$3,064,204
FTE	0.00	0.00	0.00	(9.00)

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$441,684	\$94,320	\$536,004
Health insurance increase	<u>382,847</u>	<u>81,210</u>	<u>464,057</u>
Total	\$824,531	\$175,530	\$1,000,061

³ FTE positions and funding for salaries and wages is adjusted as follows:

	<u>FTE Positions</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Removes FTE positions	(5.00)	(\$560,182)	\$0	(\$560,182)
Underfunds salaries and wages	0.00	(210,252)	(600,994)	(811,246)
Adds funding to reclassify positions	0.00	560,678	0	560,678
Adds funding for temporary employees	<u>0.00</u>	<u>56,400</u>	<u>0</u>	<u>56,400</u>
Total	(5.00)	(\$153,356)	(\$600,994)	(\$754,350)

⁴ Funding and FTE positions are adjusted as follows for the information technology unification initiative:

	<u>FTE Positions</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Transfers FTE positions	(4.00)	(\$793,547)	\$0	(\$793,547)
Adds funding for operating expenses	<u>0.00</u>	<u>820,022</u>	<u>0</u>	<u>820,022</u>
Total	(4.00)	\$26,475	\$0	\$26,475

⁵ Funding for operating expenses is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Reduces funding for information technology and maintenance costs	(\$588,483)	(\$247,461)	(\$835,944)
Adds funding for contracted custodians	640,000	0	640,000
Increases funding for utility costs	427,650	0	427,650
Adds funding for information technology costs associated with the state's accounting software and an employee onboarding project	483,360	0	483,360
Adds funding for Microsoft Office 365 licensing	55,584	21,724	77,308
Increases funding for statewide memberships and dues	93,614	0	93,614
Total	\$1,111,725	(\$225,737)	\$885,988

⁶ Funding is reduced for the Emergency Commission contingency fund by \$100,000, from \$600,000 to \$500,000.

⁷ Funding is reduced for bond payments to provide total funding of \$567,125.

⁸ Funding from the general fund is increased for grants as follows:

- \$1,001,400 for guardianship grants to provide total funding of \$2,330,000.
- \$50,000 for community service supervision grants to provide total funding of \$400,000.
- \$200,000 for matching grants for Prairie Public Broadcasting to provide total funding of \$1,400,000.

⁹ Funding is added for the following one-time items:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Extraordinary repairs (Capitol building fund)	\$0	\$1,900,000	\$1,900,000
Risk management technology project (risk management fund)	0	170,000	170,000
State student internship program	250,000	0	250,000
Electronic procurement study	50,000	0	50,000
Special assessments on Capitol grounds (Capitol building fund)	0	320,000	320,000
Litigation funding pool (strategic investment and improvements fund)	0	2,500,000	2,500,000
Assessment of state lands and facilities (strategic investment and improvements fund)	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>
Total	\$300,000	\$6,890,000	\$7,190,000

This amendment also:

- Transfers \$182.3 million from the tax relief fund to the human service finance fund.
- Transfers \$500,000 from the strategic investment and improvements fund to the preliminary planning revolving fund.
- Authorizes the Office of Management and Budget (OMB) to transfer student internship funding and litigation funding to other state agencies.
- Identifies the funding designated for certain grants and expenses, including statewide memberships and dues.
- Identifies one-time funding of \$2.22 million from the Capitol building fund for extraordinary repairs (\$1.9 million) and special assessments (\$320,000).
- Identifies one-time funding of \$170,000 from the risk management fund for an information technology project.
- Identifies one-time funding of \$4.5 million from the strategic investment and improvements fund for a litigation funding pool (\$2.5 million) and a state facility assessment (\$2 million).
- Authorizes OMB to provide a grant of up to \$200,000 to Prairie Public Broadcasting and requires dollar-for-dollar matching funds.
- Includes an exemption allowing 2017-19 biennium appropriation authority for the Fiscal Management Division of OMB to continue to be available in the 2019-21 biennium.
- Provides guidelines for salary increases averaging 2 percent with a minimum of \$80 per month to eligible state employees in the 1st year and averaging 3 percent in the 2nd year of the 2019-21 biennium.
- Increases performance bonus limits from \$1,000 to \$2,500 per employee per year and removes a provision limiting performance bonuses to 25 percent of the agency's staff.
- Creates a new shared services fund allowing state agencies to make payments to each other for shared services, including equipment, operating expenses, or salaries.
- Repeals the state employee suggestion incentive program at the end of the 2019-21 biennium.