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Title.
Fiscal No. 1

Prepared by the Legislative Council
staff for House Appropriations -
Government Operations Division
Committee

January 30, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1004

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state auditor; and
2 to amend and reenact section 54-10-10 of the North Dakota Century Code, relating to the salary
3 of the state auditor.

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

5 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
6 as may be necessary, are appropriated out of any moneys in the general fund in the state
7 treasury, not otherwise appropriated, and from other funds derived from special funds and
8 federal funds, to the state auditor for the purpose of defraying the expenses of the state auditor,
9 for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

	Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
12 Salaries and wages	\$14,627,899	\$0	\$14,627,899
13 Operating expenses	1,719,771	0	1,719,771
14 Information technology consultants	450,000	0	450,000
15 Total all funds	\$16,797,670	\$0	\$16,797,670
16 Less other funds	6,486,821	0	6,486,821
17 Total general fund	\$10,310,849	\$0	\$10,310,849
18 Full-time equivalent positions	65.00	0.00	65.00
19 Salaries and wages	\$14,627,899	\$843,128	\$15,471,027

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1	New and vacant FTE pool	0	626,476	626,476
2	Operating expenses	1,719,771	69,321	1,789,092
3	Information technology consultants	450,000	135,000	585,000
4	Total all funds	\$16,797,670	\$1,673,925	\$18,471,595
5	Less other funds	6,486,821	4,630	6,491,451
6	Total general fund	\$10,310,849	\$1,669,295	\$11,980,144
7	Full-time equivalent positions	65.00	(4.00)	61.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO

SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

13	<u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total Funds</u>
14	Cost related to new FTE	\$0	\$3,000	\$3,000
15	Peer review	25,000	0	25,000
16	Audit software migration	<u>25,200</u>	<u>10,800</u>	<u>36,000</u>
17	Grand total	\$50,200	\$13,800	\$64,000

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The

state auditor may not spend funds appropriated in the new and vacant FTE pool line item in section 1 of this Act, but may request the office of management and budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

SECTION 4. AMENDMENT. Section 54-10-10 of the North Dakota Century Code is amended and reenacted as follows:

54-10-10. Salary of state auditor.

The annual salary of the state auditor is ~~one hundred thirty thousand~~ one hundred thirty-nine thousand two hundred fifty-six dollars through June 30, ~~2024~~2026, and ~~one hundred thirty-five thousand two hundred~~ one hundred forty-three thousand four hundred thirty-four dollars thereafter.

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1004 - State Auditor - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$14,627,899	\$843,128	\$15,471,027
New and vacant FTE pool		626,476	626,476
Operating expenses	1,719,771	69,321	1,789,092
Information technology consultants	450,000	135,000	585,000
Total all funds	\$16,797,670	\$1,673,925	\$18,471,595
Less estimated income	6,486,821	4,630	6,491,451
General fund	\$10,310,849	\$1,669,295	\$11,980,144
FTE	65.00	(4.00)	61.00

Department 117 - State Auditor - Detail of House Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Cost to Continue Salaries and Wages ²	Adds Funding for Salary and Benefit Increases ³	Adds Funding to Replace 2023-25 New and Vacant FTE Pool ⁴	Transfers Funding for 2025-27 New and Vacant FTE Pool ⁵	Removes 5 FTE Local Government Audit Positions ⁶
Salaries and wages	\$951	\$219,988	\$927,774	\$1,610,418	(\$866,484)	(\$1,149,205)
New and vacant FTE pool					626,476	
Operating expenses						
Information technology consultants						
Total all funds	\$951	\$219,988	\$927,774	\$1,610,418	(\$240,008)	(\$1,149,205)
Less estimated income	(40,050)	67,801	323,360	1,016,169	(99,705)	(1,149,205)
General fund	\$41,001	\$152,187	\$604,414	\$594,249	(\$140,303)	\$0
FTE	0.00	0.00	0.00	0.00	0.00	(5.00)

	Adjusts the Funding Source of 2 FTE Positions ⁷	Adds 1 FTE Mineral Royalty Auditor Position ⁸	Adjusts Funding for Operating Expenses ⁹	Increases Funding for Security Assessments ¹⁰	Adds One-time Funding for a Peer Review ¹¹	Adds One-time Funding for Audit Software Migration ¹²
Salaries and wages		\$99,686				
New and vacant FTE pool						
Operating expenses		7,516	\$805		\$25,000	\$36,000
Information technology consultants				\$135,000		
Total all funds	\$0	\$107,202	\$805	\$135,000	\$25,000	\$36,000
Less estimated income	(412,845)	107,202	91,103	90,000	0	10,800
General fund	\$412,845	\$0	(\$90,298)	\$45,000	\$25,000	\$25,200
FTE	0.00	1.00	0.00	0.00	0.00	0.00

	Total House Changes
Salaries and wages	\$843,128
New and vacant FTE pool	626,476
Operating expenses	69,321
Information technology consultants	135,000
Total all funds	\$1,673,925
Less estimated income	4,630
General fund	\$1,669,295
FTE	(4.00)

¹ Funding is adjusted for base payroll changes.

² Adds funding for cost to continue 2023-25 biennium salary increases.

³ The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from \$1,643 to \$1,893 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$376,213	\$194,245	\$570,458
Health insurance increase	228,201	129,115	357,316
Total	\$604,414	\$323,360	\$927,774

⁴ Funding is added to replace 2023-25 biennium new and vacant FTE pool funding as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Vacant FTE positions	\$375,577	\$276,409	\$651,986
New FTE positions	<u>218,672</u>	<u>739,760</u>	<u>958,432</u>
Total	\$594,249	\$1,016,169	\$1,610,418

⁵ Funding of \$99,686 for a new FTE position and \$766,798 for estimated savings from vacant FTE positions is removed and funding of \$626,476 is added for a 2025-27 new and vacant FTE pool line item as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
New FTE positions	(\$0)	(\$99,686)	(\$99,686)
Vacant FTE positions	<u>(467,678)</u>	<u>(299,120)</u>	<u>(766,798)</u>
Total	(\$467,678)	(\$398,806)	(\$866,484)
Funding pool line item	<u>327,375</u>	<u>299,101</u>	<u>626,476</u>
Net savings	(\$140,303)	(\$99,705)	(\$240,008)

⁶ Removes 5 FTE vacant local government audit positions.

⁷ Adjusts the funding source for 2 FTE local government audit positions from special funds from local government audit fees to the general fund.

⁸ Adds 1 FTE mineral royalty auditor position and related funding from federal funds for salaries and wages and ongoing and one-time operating expenses, including \$3,000 of one-time funding for operating expenses.

⁹ Adjusts funding for operating expenses, including funding for IT rate increases.

¹⁰ Increases funding for IT consultants for security assessments, including funding from special funds for assessments of the North Dakota University System.

¹¹ Adds one-time funding for costs related to a peer review required every 3 years.

¹² Adds one-time funding for IT costs related to new audit software migration.

This amendment also:

- Adds a section regarding the use of funding in the new and vacant FTE pool line item; and
- Adds a section to provide the statutory changes necessary to increase the State Auditor's annual salary 3 percent each year of the biennium to \$139,256 effective July 1, 2025, and to \$143,434 effective July 1, 2026.