

**Office of Management and Budget
Budget No. 110
Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	112.00	\$33,215,852	\$17,136,515	\$50,352,367
2019-21 base budget	117.00	30,720,260	9,434,087	40,154,347
Legislative increase (decrease) to base budget	(5.00)	\$2,495,592	\$7,702,428	\$10,198,020

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$32,915,852	\$300,000	\$33,215,852
2017-19 legislative appropriations	30,720,260	943,832 ¹	31,664,092 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$2,195,592	(\$643,832)	\$1,551,760
Percentage increase (decrease) to 2017-19 appropriations	7.1%	(68.2%)	4.9%

¹The 2017-19 biennium general fund appropriations reflect a deficiency appropriation of \$441,100 in Senate Bill No. 2024. See the **Deficiency Appropriations** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$9,781	(\$50,000)	(\$40,219)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		526,815	107,949	634,764
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		385,579	81,210	466,789
Removed 5 FTE positions, including 3 custodians and 2 system mechanics.	(5.00)	(560,182)		(560,182)
Underfunded salaries and wages for anticipated savings from vacant positions and employee turnover.		(210,252)	(600,994)	(811,246)

Added funding to reclassify positions (\$560,678) and for temporary employees (\$56,400).	617,078		617,078
Reduced funding for information technology and maintenance costs.	(588,483)	(247,461)	(835,944)
Added funding for contract custodians (\$640,000), utility costs (\$427,650), state accounting software and an employee onboarding project (\$483,360), Microsoft Office 365 licensing (\$77,308), and statewide memberships and dues (\$93,614).	1,700,208	21,724	1,721,932
Reduced funding for the Emergency Commission contingency fund to provide total funding of \$500,000.	(100,000)		(100,000)
Reduced funding for bond payments to provide total funding of \$567,125.	(206,352)		(206,352)
Increased funding for guardianship grants by \$621,400, from \$1,328,600 to \$1,950,000.	621,400		621,400
Added one-time funding for the state student internship program (\$250,000) and an electronic procurement study (\$50,000).	300,000		300,000
Added one-time funding from the risk management fund for a risk management information technology project.		170,000	170,000
Added one-time funding from the Capitol building fund for a Capitol building south entrance project (\$2 million), extraordinary repairs (\$1.9 million), and special assessments on the Capitol grounds (\$320,000).		4,220,000	4,220,000
Added one-time funding from the strategic investment and improvements fund for a litigation funding pool (\$3.5 million) and an assessment of state lands and facilities (\$500,000).		4,000,000	4,000,000
Total	<u>(5.00)</u>	<u>\$2,495,592</u>	<u>\$7,702,428</u>

FTE Changes

The Legislative Assembly approved 112 FTE positions for the Office of Management and Budget (OMB) for the 2019-21 biennium, a decrease of 5 FTE positions from the 2017-19 biennium authorized level of 117 FTE positions. The Legislative Assembly removed 3 FTE custodian positions and 2 FTE system mechanic positions.

One-Time Funding

One-time appropriations for the 2019-21 biennium for OMB include the following:

	General Fund	Other Funds	Total
State student internship program	\$250,000	\$0	\$250,000
Electronic procurement study	50,000	0	50,000
Risk management information technology project (risk management fund)	0	170,000	170,000

Capitol building south entrance project (Capitol building fund)	0	2,000,000	2,000,000
Extraordinary repairs (Capitol building fund)	0	1,900,000	1,900,000
Special assessments on Capitol grounds (Capitol building fund)	0	320,000	320,000
Litigation funding pool (strategic investment and improvements fund)	0	3,500,000	3,500,000
Assessment of state lands and facilities (strategic investment and improvements fund)	0	500,000	500,000
Total	\$300,000	\$8,390,000	\$8,690,000

Capital Improvements

The Legislative Assembly provided \$1.9 million from the Capitol building fund for extraordinary repairs, including \$800,000 for parking lot and sidewalk repairs, \$400,000 to replace an electrical transformer, \$250,000 to replace cooling equipment, \$170,000 to refurbish and repair entrance doors on the Capitol building, \$80,000 to replace elevator floors, and \$200,000 for other electrical and mechanical projects. The Legislative Assembly also provided \$2 million from the Capitol building fund for a Capitol building south entrance project to enclose the existing tunnel for a new public entrance with integrated security and improved accessibility.

Statewide Memberships

The Legislative Assembly provided \$625,064 from the general fund for state dues and memberships, an increase of \$93,614 from the 2017-19 biennium. The schedule below provides information on statewide dues and memberships for the 2017-19 and 2019-21 bienniums.

	2017-19 Biennium	2019-21 Biennium	Increase (Decrease)
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$117,450	\$155,200	\$37,750
Council of State Governments	169,200	213,864	44,664
Western Governors' Association	66,870	72,000	5,130
National Governors Association	73,350	75,800	2,450
National Lieutenant Governors Association	1,080	2,000	920
Education Commission of the States	103,500	106,200	2,700
Western Interstate Commission for Higher Education ¹	0	0	0
Total dues and memberships	\$531,450	\$625,064	\$93,614

¹Funding for the Western Intrastate Commission for Higher Education is included in the higher education budget. The 2017-19 biennium budget included \$230,000, and the 2019-21 biennium budget includes \$294,000.

Budget Stabilization Fund Transfer

North Dakota Century Code Chapter 54-27.2 provides any amount in the general fund at the end of the biennium in excess of \$65,000,000 must be transferred to the budget stabilization fund. The estimated transfer from the general fund to the budget stabilization fund at the end of the 2017-19 biennium totals \$285,084,979. After the transfer, the June 30, 2019, estimated general fund balance is \$65,000,000, and the June 30, 2019, estimated budget stabilization fund balance is \$399,903,648.

Special Fund Transfers

Strategic investment and improvements fund transfers - In Section 4 of Senate Bill No. 2015, the Legislative Assembly transferred \$764.4 million from the strategic investment and improvements fund to the general fund for the 2019-21 biennium. The Legislative Assembly also transferred \$100,000 from the strategic investment and improvements fund to the preliminary planning revolving fund for the 2019-21 biennium in Section 7 of Senate Bill No. 2015.

Tax relief fund transfers - In Section 5 of Senate Bill No. 2015, the Legislative Assembly transferred \$8.6 million from the tax relief fund to the general fund for the 2019-21 biennium. In Section 6 of the bill, the Legislative Assembly transferred \$173.7 million from the tax relief fund to the human service finance fund for the 2019-21 biennium.

Budgetary Changes for Other State Agencies

Attorney General - Section 3 of Senate Bill No. 2015 authorizes the Attorney General 1 FTE assistant attorney general position to assist in litigation relating to voter identification for the 2019-21 biennium. Funding for the position is available from the litigation funding pool.

Secretary of State - Section 24 of Senate Bill No. 2015 amends Section 54-09-05, as amended by Senate Bill No. 2002, to adjust the effective date of the salary increase for the Secretary of State.

North Dakota University System - Section 25 of Senate Bill No. 2015 amends Section 23 of House Bill No. 1003 to allow institutions of higher education to transfer funding from their capital assets line item to their operations line item.

Bank of North Dakota - Section 26 of Senate Bill No. 2015 amends Section 23 of House Bill No. 1014, which amended House Bill No. 1435 relating to the use of funding for the statewide interoperable radio network project, delaying the transfer of Bank of North Dakota profits until after \$25 million from a line of credit has been used.

Department of Commerce - Sections 27, 28, and 29 of Senate Bill No. 2015 amend House Bill No. 1018 to reduce funding in the Department of Commerce for the nonresident nurse employment recruitment program by \$300,000, from \$800,000 to \$500,000.

State Employee Compensation Package

Section 16 of Senate Bill No. 2015 provides guidelines for the 2019-21 biennium state employee compensation adjustments. The salary increases are to average 2 percent with a minimum of \$120 per month and a maximum of \$200 per month to eligible state employees in the 1st year and to average 2.5 percent in the 2nd year of the 2019-21 biennium. Agencies may use salaries and wages funding available due to vacant positions and employee turnover to provide additional salary increases for selected employees to address salary compression issues or to enhance merit-based increases for employees essential to the effective operations of the agency; however, an agency may not request additional funding for the 2021-23 biennium to continue the additional salary increases. The Office of Management and Budget is required to develop guidelines for the compensation adjustments for classified employees. Employees whose documented performance does not meet standards are not be eligible for compensation adjustments.

Legislative Management Studies

Legacy fund earnings study - Section 32 of Senate Bill No. 2015 creates a Legislative Management committee to study the potential uses of legacy fund earnings.

Olmstead Commission study - Section 33 of Senate Bill No. 2015 provides for a Legislative Management study regarding issues related to the Olmstead Commission.

Charitable gaming laws study - Section 34 of Senate Bill No. 2015 provides for a Legislative Management study of the state's charitable gaming laws.

Other uses of the Veterans' Home facilities study - Section 35 of Senate Bill No. 2015 provides for a Legislative Management study of the feasibility and desirability of developing other allowable revenue-generating uses of the Veterans' Home facilities and grounds.

Other Sections in Senate Bill No. 2015

State student internship program - Section 8 authorizes OMB to transfer funding from the state student internship program to other state agencies.

Litigation funding pool - Section 9 authorizes OMB to transfer funding from the litigation funding pool to other state agencies.

Grant and expense designations - Section 10 identifies the funding designated for boys' and girls' clubwork (\$53,000), statewide memberships and dues (\$625,064), unemployment insurance (\$2 million), and the Capitol Grounds Planning Commission (\$25,000).

Capitol building fund - Section 11 identifies \$4.22 million from the Capitol building fund, including \$2 million for a Capitol building south entrance project, \$1.9 million for extraordinary repairs, and \$320,000 for special assessments.

Risk management fund - Section 12 identifies \$170,000 from the risk management fund for an information technology project.

Strategic investment and improvements fund - Section 13 identifies \$4 million from the strategic investment and improvements fund, including \$3.5 million for the litigation funding pool and \$500,000 for a state lands facilities assessment.

Prairie Public Broadcasting matching grant - Section 14 authorizes OMB to provide a grant of up to \$200,000 to Prairie Public Broadcasting for essential equipment needs, but only to the extent Prairie Public Broadcasting provides \$1 of matching funds from nonstate sources for each dollar awarded.

Fiscal management exemption - Section 15 allows 2017-19 biennium appropriation authority for the Fiscal Management Division of OMB to continue to be available in the 2019-21 biennium.

Infrastructure revolving loan fund - Section 17 amends Section 6-09-49 to allow the Garrison Diversion Conservancy District and the Lake Agassiz Water Authority to access the infrastructure revolving loan fund for the Red River Valley Water Supply Project.

Specialty area teacher qualifications - Section 18 amends Section 15.1-18-10, as amended by Senate Bill Nos. 2265 and 2013, to allow individuals to teach certain subjects if the individual has the required qualifications.

Legacy fund earnings - Section 19 creates a new section to Chapter 21-10 to recognize legacy fund earnings as part of the beginning balance of the subsequent biennium rather than as revenue of the biennium in which the transfer is made for budgetary purposes. **The Governor vetoed this section.**

Capitol Grounds Planning Commission - Section 20 increases the spending limit of the Capitol Grounds Planning Commission from the Capitol building fund from \$175,000 to \$250,000 per biennium. Section 21 authorizes the Capitol Grounds Planning Commission to accept gifts of money for improvements to the Capitol grounds, including landscaping projects.

State employee suggestion incentive program - Section 22 amends Section 54-06-24 to require employees to submit recommendations prior to July 1, 2019. Section 31 repeals Section 54-06-24 relating to the state employee suggestion incentive program. Section 36 provides an effective date of June 30, 2021, related to the repeal.

State employee performance bonus program - Section 23 increases performance bonus limits from \$1,000 to \$1,500 per employee per year and removes a provision limiting performance bonuses to 25 percent of the agency's staff.

Placement of individuals in institutions study - Section 30 amends Section 18 of Senate Bill No. 2012, which relates to a study of the placement of individuals in institutions for mental disease, to change the reporting date from October 2020 to July 2020.

Emergency clause - Section 37 provides an emergency clause related to Senate Bill Nos. 2020 and 2297.

Related Legislation

There is no major related legislation affecting this agency.