

**Office of Management and Budget
Budget 110**

Senate Bill Nos. 2015, 2009, 2189, 2341; House Bill Nos. 1522, 1014, 1018, 1019

	FTE Positions	General Fund	Other Funds	Total
2007-09 legislative appropriation	132.50	\$25,283,253 ¹	\$36,717,584	\$62,000,837
2005-07 legislative appropriation	<u>131.50</u>	<u>20,156,011</u>	<u>46,655,319</u>	<u>66,811,330</u>
2007-09 appropriation increase (decrease) to 2005-07 appropriation	1.00	\$5,127,242	(\$9,937,735)	(\$4,810,493)

¹This amount includes \$3,686,000 of one-time funding and \$1,857 of unallocated funding from the general fund for the statewide salary equity pool. Excluding these amounts, the agency's ongoing general fund appropriation is \$21,595,396.

NOTE: The 2007-09 legislative appropriation amounts have been reduced to reflect the \$4,998,143 general fund and \$3,541,747 other funds allocations from the \$10 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees. The amounts have been increased by \$112,668, of which \$82,452 is from the general fund, for OMB's share of the special market equity funding pool.

Item Description

Centers of excellence - In House Bill No. 1018, the Legislative Assembly provided an appropriation of \$15 million from the permanent oil tax trust fund to OMB for providing funding to centers of excellence for the 2007-09 biennium. Of this amount, up to \$10 million is available for Budget Section approval at its first meeting after September 1, 2007, and up to \$5 million and any unawarded funds remaining from the \$10 million allocation is available for Budget Section approval at its first meeting after September 1, 2008. If the \$15 million is not adequate funding for the 2007-09 biennium and subject to Emergency Commission and Budget Section approval, OMB may borrow an additional \$5 million from the Bank of North Dakota for providing funding to centers of excellence for the 2007-09 biennium. The Office of Management and Budget is to request funding from the 61st Legislative Assembly to repay any loan obtained, including accrued interest.

Status/Result

The Budget Section approved \$10 million in centers of excellence awards at the October 30, 2007, meeting. Of the \$10 million in funds approved, OMB has distributed \$845,054.

State memberships - The Legislative Assembly appropriated \$581,000 from the general fund for state memberships as follows:

The state membership amounts are not anticipated to be materially different than projected at the close of the 2007 Legislative Assembly.

Commission on Uniform State Laws	\$146,000
Council of State Governments	155,000
Government Accounting Standards Board	6,000
Western Governors Association	74,300
National Governors Association	72,500
Midwest Governors Association	20,000
National Lieutenant Governors Association	1,200
Education Commission of the States	106,000
Total	\$581,000

Special funds transfers - The Legislative Assembly provided for the following special funds transfers to the general fund:

Lands and minerals trust fund (HB 1014)	\$15,000,000
Student loan trust fund (HB 1014)	3,100,000
Permanent oil tax trust fund (SB 2032)	115,000,000
Total	\$133,100,000

Bank of North Dakota transfers - Section 14 of House Bill No. 1014 provides for a transfer of \$60 million from the current earnings and profits of the Bank of North Dakota to the general fund. The section provides that the transfer may only be made to the extent the transfer does not reduce the Bank's capital structure below \$175 million.

Mill and Elevator Association transfers - Section 16 of House Bill No. 1014 provides for a transfer of \$5 million from the Mill and Elevator Association to the general fund.

Capital improvements - The 2007 Legislative Assembly appropriated \$3,595,000 from the general fund and \$750,000 from the Capitol building fund for extraordinary repairs as follows:

	General Fund	Capitol Building Fund	Total
Capitol complex deferred maintenance	\$2,000,000		\$2,000,000
Heritage Center - Replacement of heat pump, carpet, and remodeling	1,000,000		1,000,000
Emergency power to Governor's residence	35,000		35,000
Capitol building repairs and maintenance	560,000	\$675,000	1,235,000
Restoration study		75,000	75,000
Total	\$3,595,000	\$750,000	\$4,345,000

Budget stabilization fund - The 2007 Legislative Assembly authorized, in House Bill No. 1429, a transfer of \$100,527,369 from the general fund to the budget stabilization fund.

One-time funding - In Section 7 of House Bill No. 1522 and Section 17 of House Bill No. 1018, the Legislative Assembly identified the general fund appropriations for one-time funding items of \$3,686,000, extraordinary repairs (\$3 million), and Prairie Public Broadcasting analog to digital conversion (\$686,000). This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget, and OMB is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

The status of the transfers as of April 30, 2008, is:

- Lands and minerals trust fund - No transfer has been made.
- Student loan trust fund - No transfer has been made.
- Permanent oil tax trust fund - \$115 million was transferred in October 2007.

The Office of Management and Budget anticipates making the full transfers by the end of the biennium.

The Office of Management and Budget anticipates that \$30 million will be transferred to the general fund by December 31, 2008, and the remaining \$30 million will be transferred by June 2009.

The Office of Management and Budget anticipates that \$5 million will be transferred by June 2009.

The Office of Management and Budget anticipates spending all of the \$4,345,000 appropriated for capital projects during the 2007-09 biennium.

At the end of the 2005-07 biennium, OMB transferred \$100,527,369 to the budget stabilization fund to provide a total of \$200 million in the fund for the 2007-09 biennium. As a result, interest earned on the fund is deposited into the general fund.

The Office of Management and Budget expects to spend all funds related to extraordinary repairs by the end of the biennium. The funding for Prairie Public Broadcasting was distributed in July 2007.

Special market equity adjustment pool - Senate Bill No. 2189 provides an appropriation of \$5 million from the general fund and \$5 million from other funds to provide statewide salary equity adjustments for classified state employees for the 2007-09 biennium. The special market equity increases are to be prioritized based on equity for employees whose salaries are the furthest from their respective salary range midpoints effective July 1, 2007. The special market equity increases may not be given to employees whose documented performance levels do not meet standards.

The Office of Management and Budget allocated \$4,998,143 of the \$5 million general fund appropriation and \$3,541,747 of the \$5 million appropriated from other funds to agencies based on classified employees' positions in salary ranges. The agency allocations are shown in the table below.

	General Fund	Other Funds	Total
Secretary of State	\$13,721	\$615	\$14,336
Office of Management and Budget	82,452	30,216	112,668
Information Technology Department		241,595	241,595
State Auditor's office	58,661	24,428	83,089
State Treasurer	616		616
Attorney General	194,215	24,249	218,464
Tax Department	178,657		178,657
Office of Administrative Hearings		3,836	3,836
Commission on Legal Counsel for Indigents	7,531		7,531
Retirement and Investment Office		18,228	18,228
Public Employees Retirement System		29,988	29,988
Department of Public Instruction	47,922	110,235	158,157
Land Department		9,884	9,884
State Library	100,674	17,072	117,746
School for the Deaf	35,717	2,483	38,200
North Dakota Vision Services - School for the Blind	9,532	4,104	13,636
Department of Career and Technical Education	19,404		19,404
State Department of Health	132,460	253,568	386,028
Veterans Home	63,747		63,747
Indian Affairs Commission	336		336
Department of Veterans Affairs	11,506		11,506
Department of Human Services	1,953,442	805,667	2,759,109
Protection and Advocacy Project	15,854	61,105	76,959
Job Service North Dakota		578,955	578,955
Insurance Department		26,983	26,983
Industrial Commission	42,632	4,423	47,055
Labor Department	11,032		11,032
Public Service Commission	17,428	9,508	26,936
Aeronautics Commission		6,048	6,048
Department of Financial Institutions		7,280	7,280
Securities Department	5,040		5,040
Bank of North Dakota		104,223	104,223
Housing Finance Agency		34,886	34,886
Highway Patrol	96,599	50,429	147,028
Department of Emergency Services	14,764	26,826	41,590
Department of Corrections and Rehabilitation	1,461,389	78,537	1,539,926
Adjutant General	26,730	48,564	75,294
Agriculture Department	30,277	26,000	56,277
Seed Department		12,908	12,908
Racing Commission	82	394	476
State Historical Society	141,809	17,526	159,335
Council on the Arts	3,248		3,248
Game and Fish Department		192,006	192,006
Parks and Recreation Department	127,264	3,130	130,394
State Water Commission	93,402	7,902	101,304
Department of Transportation		667,946	667,946
Total	\$4,998,143	\$3,541,747	\$8,539,890

State contingencies fund - The Legislative Assembly provided \$700,000 from the general fund for the state contingencies fund in House Bill Nos. 1014 and 1522.

The status of state contingencies is summarized in the table below:

2007-09 state contingencies fund appropriation		\$700,000
Approved contingencies requests		
Adjutant General	\$120,000 ¹	
Attorney General	25,000	
Adjutant General	52,100	
Veterans Home	109,000	
Secretary of State	30,263	
Total approved contingencies requests		336,363
Remaining contingencies balance		\$363,637

¹The \$120,000 requested by the Adjutant General was for operation support relating to the Northwood tornado damage. Of this amount, the Adjutant General anticipates Federal Emergency Management Agency reimbursement of \$88,000 which will be returned to the state contingencies fund.

Heritage Center expansion project - In Senate Bill No. 2341, and as amended by Section 10 of Senate Bill No. 2018, the Legislative Assembly provided a contingent appropriation of \$1.5 million from the lands and minerals trust fund to OMB for the Heritage Center expansion project. The appropriation is only available when the State Historical Society certifies to OMB that \$1.5 million of other funds have been received or pledged.

In August 2007 the State Historical Society certified to OMB that \$1.5 million in pledges were secured for the Heritage Center expansion project. The State Historical Board has directed the State Historical Society to proceed with the space plan and schematic designs. The architects have completed the space plans and are scheduled to complete the schematic designs by June 30, 2008.