

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1015

Page 1, line 2, after "budget" insert "; to create and enact a new subsection to section 54-44.1-18 of the North Dakota Century Code, relating to political subdivisions submitting budget information to the state budget database website"

Page 1, line 4, after "intent" insert "; to provide for legislative management studies"

Page 1, line 5, replace "declare an emergency" with "provide an effective date"

Page 1, remove lines 15 through 24

Page 2, replace lines 1 through 4 with:

"Salaries and wages	\$18,477,763	\$1,241,539	\$19,719,302
Operating expenses	13,755,254	471,534	14,226,788
Emergency commission contingency fund	700,000	300,000	1,000,000
Capital assets	5,190,143	605,922	5,796,065
Grants	430,000	0	430,000
Prairie public broadcasting	1,000,000	537,138	1,537,138
State student internship program	200,000	0	200,000
Accrued leave payments	0	<u>570,412</u>	<u>570,412</u>
Total all funds	\$39,753,160	\$3,726,545	\$43,479,705
Less estimated income	<u>10,514,461</u>	<u>(1,844,863)</u>	<u>8,669,598</u>
Total general fund	\$29,238,699	\$5,571,408	\$34,810,107
Full-time equivalent positions	131.50	(1.00)	130.50"

Page 2, replace lines 17 through 19 with:

"Prairie public broadcasting 0 200,000"

Page 2, replace lines 21 through 23 with:

"Total general fund \$478,354,000 \$4,090,000"

Page 2, line 29, remove "- **2011-13 BIENNIUM**"

Page 2, line 31, replace "\$744,767,676" with "\$373,210,000"

Page 3, line 1, remove "for the period beginning"

Page 3, line 2, replace "with the effective date of this Act" with "during the biennium beginning July 1, 2013,"

Page 3, line 2, replace "2013" with "2015"

Page 3, remove lines 18 through 25

Page 3, line 28, replace "9" with "8"

Page 3, line 29, after the period insert "However, agencies may not transfer appropriation authority from the accrued leave payments line item under authority granted in this section."

Page 4, replace lines 1 through 22 with:

**"SECTION 8. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - LEGISLATIVE INTENT - GUIDELINES.** It is the intent of the sixty-third legislative assembly that 2013-15 biennium compensation adjustments for classified state employees are to be in a range of 2 to 4 percent for each year of the biennium based on documented performance. Increases for classified state employees are not to be the same percentage increase for each employee. The performance increases are to be given beginning with the month of July 2013, to be paid in August 2013, and beginning with the month of July 2014, to be paid in August 2014. An additional compensation adjustment of up to two percent for the first year of the biennium may be provided for a classified state employee whose salary is in the first quartile of the employee's assigned salary range to address market equity. The market equity increases are to be given beginning with the month of July 2013, to be paid in August 2013.

It is the intent of the sixty-third legislative assembly that the goal of the classified state employee compensation program be a compensation ratio of 95 percent of the market policy point used by the office of management and budget for establishing the grade and salary range structure for fiscal year 2013. The office of management and budget may not adjust the market policy point based on an estimated inflationary factor during the 2013-15 biennium. The office of management and budget shall develop guidelines for use by state agencies for providing compensation adjustments for regular classified employees in accordance with provisions of this section and section 54-44.3-01.2.

Compensation adjustments for regular nonclassified state employees are to be in a range of 2 to 4 percent for each year of the biennium based on market and documented performance and are not to be the same percentage increase for each employee. The market and performance increases are to be given beginning with the month of July 2013, to be paid in August 2013, and beginning with the month of July 2014, to be paid in August 2014.

It is the intent of the legislative assembly that retirement contribution percentages provided by the state and the employee to the public employees retirement system not be changed during the 2013-15 biennium from the percentages in effect at the end of the 2011-13 biennium.

Probationary employees are not entitled to the market and performance increases. However, probationary employees may be given all or a portion of the increases upon completion of probation, at the discretion of the appointing authority. Employees whose overall documented performance level does not meet standards are not eligible for any salary increase.

**SECTION 9. ACCRUED LEAVE PAYMENTS LINE ITEM - LINE ITEM TRANSFERS - EMERGENCY COMMISSION APPROVAL.** The accrued leave payments line item included in agency appropriation bills, as approved by the sixty-third legislative assembly, includes funding for paying accrued annual leave and sick leave for eligible employees resigning, retiring, or otherwise discontinuing employment with the agency. The emergency commission may approve agency requests for line item transfers from the accrued leave payments line item to the

salaries and wages line item or other line item that includes salaries and wages funding subject to the agency providing documentation justifying the need for the funding transfer for the biennium beginning July 1, 2013, and ending June 30, 2015."

Page 6, replace lines 1 and 2 with:

"**SECTION 11.** A new subsection to section 54-44.1-18 of the North Dakota Century Code is created and enacted as follows:

The governing body of each political subdivision may submit the annual budget adopted by the governing body to the director of the budget for inclusion in the state budget database website. The director of the budget shall include in the budget database website any information submitted by any participating governing body of a political subdivision. The official who submits the annual budget to the director of the budget may not submit any information that is confidential under state or federal law. In lieu of submitting the annual budget adopted by the governing body to the director, any participating governing body may provide to the director a publicly accessible internet link on which the annual budget adopted by the participating governing body is available.

**SECTION 12. LEGISLATIVE MANAGEMENT STUDY - STATE AGENCY FACILITY NEEDS.** During the 2013-14 interim, the legislative management shall study the facility needs of state agencies located in the Bismarck area, including an evaluation of current and projected facility needs of state agencies, facilities on the capitol grounds currently being used by state agencies, and facilities owned or leased by state agencies that are not located on the capitol grounds. As part of the study, the legislative management shall determine if additional facilities are needed for the operations of state agencies. If it is determined that additional space is needed, the legislative management shall review the most economical options for increasing the amount of facilities space available, including options for renovating or expanding existing buildings on the capitol grounds, options for constructing new buildings on the capitol grounds, and options for building or leasing facilities that are not located on the capitol grounds. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

**SECTION 13. LEGISLATIVE MANAGEMENT STUDY - SALARIES AND WAGES APPROPRIATIONS - CLASSIFICATION SYSTEM.** The legislative management shall consider studying, during the 2013-14 interim, the process of appropriating funds for salaries and wages and the state's classification system. The study, if conducted, must consider the feasibility and desirability of appropriating a lump sum amount to each agency for salaries and wages, without identifying specific purposes for the funding and allowing the agency head the flexibility to use the funding as necessary to accomplish the duties and responsibilities of the agency. The study must also include the effect of this change on the state's classification and benefits system and on the process of reporting by the agency on its use of the funds to the legislative assembly. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

**SECTION 14. LEGISLATIVE MANAGEMENT STUDY - STATE EMPLOYEE HEALTH INSURANCE PREMIUMS.** The legislative management shall consider studying, during the 2013-14 interim, the feasibility and desirability of establishing a

maximum state contribution to the cost of state employee health insurance premiums. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

**SECTION 15. EFFECTIVE DATE.** Section 11 of this Act becomes effective on January 1, 2014."

Re-number accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1015 - Office of Management and Budget - House Action**

	<b>Executive Budget</b>	<b>House Changes</b>	<b>House Version</b>
Salaries and wages	\$20,904,344	(\$1,185,042)	\$19,719,302
Operating expenses	14,696,788	(470,000)	14,226,788
Capital assets	9,796,065	(4,000,000)	5,796,065
Grants	430,000		430,000
Emergency Commission contingency fund	700,000	300,000	1,000,000
Prairie Public Broadcasting	2,037,138	(500,000)	1,537,138
State student internship program	200,000		200,000
Health insurance pool - temp employees	2,000,000	(2,000,000)	
Accrued leave payments		570,412	570,412
Transfer to property tax fund		373,210,000	373,210,000
Total all funds	\$50,764,335	\$365,925,370	\$416,689,705
Less estimated income	9,589,395	(919,797)	8,669,598
General fund	\$41,174,940	\$366,845,167	\$408,020,107
FTE	131.50	(1.00)	130.50

**Department No. 110 - Office of Management and Budget - Detail of House Changes**

	<b>Corrects Executive Compensation Package<sup>1</sup></b>	<b>Adjusts State Employee Compensation and Benefits Package<sup>2</sup></b>	<b>Provides Separate Line Item for Accrued Leave Payments<sup>3</sup></b>	<b>Removes Vacant FTE Position<sup>4</sup></b>	<b>Adjusts Funding for Central Services Operations<sup>5</sup></b>	<b>Adds Funding for State Database Website<sup>6</sup></b>
Salaries and wages	\$34,729	(\$654,359)	(\$570,412)	(\$150,000)	\$155,000	
Operating expenses					30,000	100,000
Capital assets						
Grants						
Emergency Commission contingency fund						
Prairie Public Broadcasting						
State student internship program						
Health insurance pool - temp employees						
Accrued leave payments			570,412			
Transfer to property tax fund						
Total all funds	\$34,729	(\$654,359)	\$0	(\$150,000)	\$185,000	\$100,000
Less estimated income	5,904	(110,701)	0	0	185,000	0
General fund	\$28,825	(\$543,658)	\$0	(\$150,000)	\$0	\$100,000
FTE	0.00	0.00	0.00	(1.00)	0.00	0.00

	Removes Funding for Contracting With Auditors <sup>7</sup>	Increases State Contingencies Funding <sup>8</sup>	Removes Health Insurance Pool for Temporary Employees <sup>9</sup>	Reduces One- Time Funding for Prairie Public Broadcasting <sup>10</sup>	Removes Funding for Parking Lot Project <sup>11</sup>	Adjusts General Fund Transfer to Property Tax Relief Sustainability Fund <sup>12</sup>
Salaries and wages						
Operating expenses	(600,000)					
Capital assets					(4,000,000)	
Grants						
Emergency Commission contingency fund		300,000				
Prairie Public Broadcasting				(500,000)		
State student internship program						
Health insurance pool - temp employees			(2,000,000)			
Accrued leave payments						
Transfer to property tax fund						373,210,000
Total all funds	(\$600,000)	\$300,000	(\$2,000,000)	(\$500,000)	(\$4,000,000)	\$373,210,000
Less estimated income	0	0	(1,000,000)	0	0	0
General fund	(\$600,000)	\$300,000	(\$1,000,000)	(\$500,000)	(\$4,000,000)	\$373,210,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Total House Changes
Salaries and wages	(\$1,185,042)
Operating expenses	(470,000)
Capital assets	(4,000,000)
Grants	
Emergency Commission contingency fund	300,000
Prairie Public Broadcasting	(500,000)
State student internship program	
Health insurance pool - temp employees	(2,000,000)
Accrued leave payments	570,412
Transfer to property tax fund	373,210,000
Total all funds	\$365,925,370
Less estimated income	(919,797)
General fund	\$366,845,167
FTE	(1.00)

<sup>1</sup> Funding is added due to a calculation error in the executive compensation package.

<sup>2</sup> This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 2 to 4 percent per year.
- Reduces the market component from 2 to 4 percent per year for employees below the midpoint of their salary range to up to 2 percent for employees in the first quartile of their salary range for the first year of the biennium only.
- Removes funding for additional retirement contribution increases.

<sup>3</sup> A portion of salaries and wages funding from the general fund (\$478,233) and from other funds (\$92,179) for permanent employees compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

<sup>4</sup> One vacant FTE position in the Facilities Management Division is removed.

<sup>5</sup> Additional special funds authority is added for salaries (\$155,000) and operating expenses (\$30,000) for the Central Services Division.

<sup>6</sup> Funding is added for costs associated with the implementation of a political subdivision-reporting component for the state budget database website.

<sup>7</sup> Funding included in the executive budget recommendation for the Office of Management and Budget to contract with an external audit firm for audits is removed.

<sup>8</sup> Funding for the Emergency Commission state contingencies fund is increased by \$300,000, from \$700,000 to \$1,000,000.

<sup>9</sup> Funding included in the executive budget for a health insurance pool for temporary employees under the federal Affordable Care Act is removed.

<sup>10</sup> One-time funding for Prairie Public Broadcasting upgrades is reduced by \$500,000, from \$700,000 to \$200,000.

<sup>11</sup> Funding included in the executive budget for Capitol grounds parking lot projects is removed.

<sup>12</sup> The transfer from the general fund to the property tax relief sustainability fund is reduced from \$744.8 million to \$373.2 million and the timing of the transfer is changed from the 2011-13 biennium to the 2013-15 biennium.

---

This amendment also provides for the following:

- Creates a new subsection to Section 54-44.1-18 relating to political subdivisions submitting budget information to the state database website. The new subsection becomes effective on January 1, 2014.
- Adds a study of the facility needs of state agencies located in the Bismarck area.
- Revises the guidelines for state employee compensation increases during the 2013-15 biennium to provide for 2 to 4 percent annual performance increases and additional market increases of up to 2 percent during the first year of the biennium.
- Adds guidelines regarding the use of funding from state agency accrued leave payments line items.
- Adds a study of the process of appropriating funds for salaries and wages for the state employee classification system.
- Adds a study of state contributions for state employee health insurance premiums.