

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

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$111,981,600	\$83,863,624	\$195,845,224
2023-25 Base Level	33,926,399	8,828,309	42,754,708
Increase (Decrease)	\$78,055,201	\$75,035,315	\$153,090,516

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which \$1,456,401 is for salary increases and \$516,502 is for health insurance increases	\$1,681,497	\$291,406	\$1,972,903
2. Adds 9 FTE positions, including 1 learning development manager, 2 business developers, 1 talent acquisition manager, 1 total rewards specialist, 1 talent acquisition specialist, 2 shared communication service specialists, and 1 change management position	\$1,895,224	\$0	\$1,895,224
3. Adds funding to reclassify 2 FTE positions for a public improvements manager and a lease administrator	\$396,888	\$0	\$396,888
4. Adds funding for a salary equity funding pool	\$49,300,000	\$40,400,000	\$89,700,000
5. Adds funding for new procurement software licensing fees	\$1,000,000	\$0	\$1,000,000
6. Adjusts funding for a new Capitol space rent model	(\$3,711,638)	\$4,101,552	\$389,914
7. Adds one-time funding for new procurement software	\$2,500,000	\$0	\$2,500,000
8. Adds one-time funding for a steam boiler replacement project	\$12,000,000	\$0	\$12,000,000
9. Adds one-time funding for Capitol grounds landscaping	\$1,800,000	\$0	\$1,800,000
10. Adds one-time funding for Capitol space utilization improvements	\$5,500,000	\$0	\$5,500,000
11. Adds one-time funding for Prairie Public Broadcasting grants to provide total grant funding of \$2,992,450	\$1,792,450	\$0	\$1,792,450
12. Adds one-time funding from the Capitol building fund for Capitol window replacement	\$0	\$4,000,000	\$4,000,000
13. Adds one-time funding from the strategic investment and improvements fund for a deferred maintenance funding pool	\$0	\$20,000,000	\$20,000,000
14. Adds one-time funding from the federal Governor's Emergency Education Relief (GEER) fund for education grants	\$0	\$3,659,555	\$3,659,555

The following is a comparison of funding from the general fund for statewide dues and memberships:

Statewide Dues and Memberships			
	2021-23 Biennium Legislative Budget	2023-25 Biennium Executive Budget	Increase (Decrease)
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues)	\$148,000	\$162,800	\$14,800
Council of State Governments	230,889	240,125	9,236
Western Governors' Association	79,200	83,160	3,960
National Governors Association	75,800	79,590	3,790
National Lieutenant Governors Association	2,000	2,100	100
Education Commission of the States	106,200	117,882	11,682
Western Interstate Commission for Higher Education ¹	0	0	0
Total dues and memberships	\$642,089	\$685,657	\$43,568

¹Funding for the Western Interstate Commission for Higher Education is included in the higher education budget. The executive budget recommendation includes \$330,000 for the 2023-25 biennium compared to \$294,000 in the 2021-23 biennium.

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Tax relief fund to social services finance fund - Section 3 would transfer \$200 million from the tax relief fund to the social services finance fund during the 2023-25 biennium.

Salary equity funding pool - Section 6 would authorize the Office of Management and Budget (OMB) to transfer salary equity funding to other state agencies, and Section 19 would provide an emergency clause related to the equity funding.

State employee compensation adjustments - Section 9 would provide guidelines for an average salary increase of 6 percent to eligible state employees in the 1st year and an average salary increase of 4 percent in the 2nd year of the 2023-25 biennium. Additional salary increases would be available if state agencies have savings in their current budget. Employees whose documented performance does not meet standards would not be eligible for compensation adjustments.

Legacy earnings fund - Section 10 would amend North Dakota Century Code Section 21-10-13 to provide allocations based on percentages rather than dollar amounts and to return any earnings exceeding the percent of market value calculation to the legacy fund to become part of the principal.

Capitol building fund continuing appropriation limit - Section 11 would amend Section 48-10-02, increasing the amount available from the Capitol building fund as a continuing appropriation to the Capitol Grounds Planning Commission from \$250,000 to \$750,000.

Capitol Grounds Planning Commission - Section 12 would amend Section 54-21-24.1, Section 18 would create a new section in Chapter 48-10, and Section 20 would repeal Section 54-44.4-02 to provide a continuing appropriation to the Capitol Grounds Planning Commission for space utilization studies and improvements at the Capitol and to authorize the commission to establish policies for space allocations in the Capitol.

Budget stabilization fund limit - Section 15 would amend Section 54-27.2-01 to decrease the maximum balance of the budget stabilization fund from 15 percent of the most recent general fund budget to 15 percent of the most recent ongoing general fund budget excluding state school aid appropriations.

Facility management operating fund - Section 16 would amend Section 54-44-11 to authorize OMB to create an operating fund for facility management operations to fund the operations of the Facility Management Division from the proposed Capitol space rental model.

State share of oil and gas tax revenue allocations ("buckets") - Section 17 would increase the allocation of oil and gas tax revenues to the general fund by \$200 million, from \$400 million to \$600 million, per biennium.

Capitol space rental model - Section 20 would amend Section 54-21-19 to authorize agency rental payments for space used on the Capitol grounds by agencies receiving general fund appropriations.

Continuing Appropriations

Risk management fund - Chapter 32-12.2 - Risk fund used to timely settle claims and lawsuits.

Risk management workers' compensation fund - Section 65-04-03.1 - Provides workers' compensation for state employees.

Human Resource Management Services training fund - Section 54-44-11 - State personnel training and development operating fund.

Capitol building fund - Chapter 48-10 - Income and interest of the fund may be used for Capitol grounds projects approved by the Capitol Grounds Planning Commission. The continuing appropriation amount is limited to 50 percent of the unencumbered balance of the fund on the 1st day of the biennium subject to a maximum amount of \$175,000.

Preliminary planning revolving fund - Section 54-27-22 - Preliminary planning revolving fund for state agencies to study and plan for capital projects.

Postage revolving fund - Chapter 48-06 - Used to purchase postage for postage machines in central mailroom.

Indigent civil legal services fund - Section 54-06-20 - Used for distributions to legal services programs that provide civil legal assistance to indigent individuals.

State purchasing operating fund - Section 54-44-11 - Used for the procurement and maintenance of an equipment and supply inventory for state agencies.

Deficiency Appropriations

Senate Bill No. 2025 provides a deficiency appropriation of \$765 from the general fund for costs related to a judgement.

Significant Audit Findings

The operational audit for OMB conducted by the State Auditor's office during the 2021-22 interim identified no significant audit findings.

Major Related Legislation

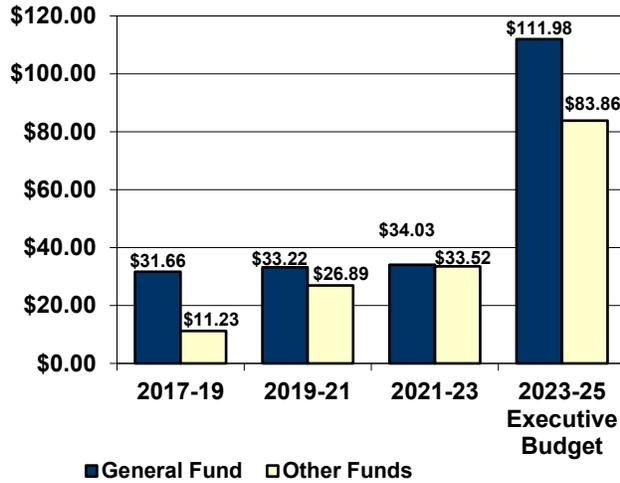
Senate Bill No. 2035 - Appropriates \$500,000 from the general fund for additional guardianship grants.

Senate Bill No. 2042 - Clarifies the procurement process and requires bidders to register with the Secretary of State prior to the contract award.

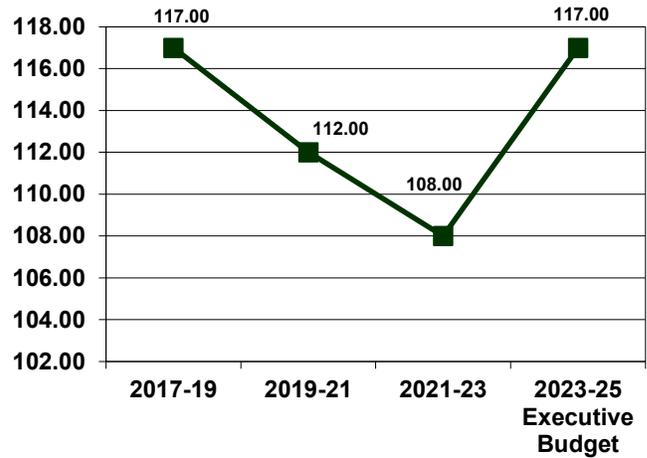
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$30,826,724	\$30,720,260	\$32,915,852	\$33,926,399	\$85,290,281
Increase (decrease) from previous biennium	N/A	(\$106,464)	\$2,195,592	\$1,010,547	\$51,363,882
Percentage increase (decrease) from previous biennium	N/A	(0.3%)	7.1%	3.1%	151.4%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(0.3%)	6.8%	10.1%	176.7%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

- Adjusted funding for FTE positions, including the removal of 1.5 FTE administrative assistant positions, 1 FTE maintenance position, 1 FTE computer and networking specialist position, 1 FTE facility construction engineer, and 1 FTE human resource officer position (\$862,713)
- Adjusted funding for operating expenses \$171,178
- Increased funding for the Emergency Commission contingency fund \$100,000
- Added funding for extraordinary repairs and bond payments \$773,477
- Removed funding for community service supervision grants (\$500,000) and reduces funding for other grants (\$1,000) (\$501,000)
- Reduced funding for Prairie Public Broadcasting from \$1.6 million to \$1.2 million (\$400,000)
- Removed funding for the state student internship program (\$200,000)
- Added funding for community service supervision grants \$350,000

2019-21 Biennium

- Removed 5 FTE positions, including 3 FTE custodian positions and 2 FTE system mechanic positions (\$560,182)
- Underfunded salaries and wages for anticipated savings from vacant positions and employee turnover (\$210,252)
- Added funding to reclassify positions (\$560,678) and for temporary employees (\$56,400) \$617,078
- Reduced funding for IT and maintenance costs (\$588,483)

- 5. 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 expenses (\$77,308), and statewide memberships and dues (\$93,614) \$1,700,208
- 6. Reduced funding for the Emergency Commission contingency fund to provide total funding of \$500,000 (\$100,000)
- 7. Reduced funding for bond payments to provide total funding of \$567,125 (\$206,352)
- 8. Increased funding for guardianship grants by \$621,400, from \$1,328,600 to \$1,950,000 \$621,400

2021-23 Biennium

- 1. Added funding to reclassify vacant FTE positions into a human resource officer (\$110,869) and procurement officers (\$104,824) \$215,693
- 2. Decreased funding for operating expenses primarily related to IT costs (\$701,000)
- 3. Added funding for a budget software maintenance agreement (\$403,000) and a procurement software maintenance agreement (\$152,000) \$555,000
- 4. Decreased funding for the Emergency Commission contingency fund to provide total funding of \$400,000 (\$100,000)
- 5. Increased funding for guardianship grants by \$500,000, from \$1,950,600 to \$2,450,000 \$500,000

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds 9 FTE positions, including 1 learning development manager, 2 business developers, 1 talent acquisition manager, 1 total rewards specialist, 1 talent acquisition specialist, 2 shared communication service specialists, and 1 change management position \$1,895,224
- 2. Adds funding to reclassify 2 FTE positions for a public improvements manager and a lease administrator \$396,888
- 3. Adds funding for a salary equity funding pool \$49,300,000
- 4. Adds funding for new procurement software licensing fees \$1,000,000
- 5. Adjusts funding for a new Capitol space rent model (\$3,711,638)

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$6,530,303	\$941,100	\$300,000	\$100,000	\$26,691,319

Major One-Time General Fund Appropriations

2017-19 Biennium

- 1. Added one-time funding for a grant to the Theodore Roosevelt Center at Dickinson State University \$500,000
- 2. Provided a deficiency appropriation of \$441,100 for lawsuit expenses \$441,000

2019-21 Biennium

- 1. Added one-time funding for the state student internship program \$250,000
- 2. Added one-time funding for an electronic procurement study \$50,000

2021-23 Biennium

- 1. Added one-time funding for the state student internship program \$100,000

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds one-time funding for new procurement software \$2,500,000
- 2. Adds one-time funding for a steam boiler replacement project \$12,000,000
- 3. Adds one-time funding for Capitol grounds landscaping \$1,800,000
- 4. Adds one-time funding for Capitol space utilization improvements \$5,500,000
- 5. Adds one-time funding for Prairie Public Broadcasting grants to provide total grant funding of \$2,992,450 \$1,792,450

Office of Management and Budget - Budget No. 110
Senate Bill No. 2015
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	108.00	\$33,926,399	\$8,828,309	\$42,754,708
2023-25 Ongoing Funding Changes				
Cost to continue salaries		\$127,384	\$24,024	\$151,408
Salary increase		1,243,185	213,216	1,456,401
Health insurance increase		438,312	78,190	516,502
Adds FTE learning development manager position	1.00	255,452		255,452
Adds FTE business development positions	2.00	381,724		381,724
Adds FTE talent acquisition manager position	1.00	255,452		255,452
Adds FTE total rewards specialist position	1.00	218,472		218,472
Adds FTE talent acquisition specialist position	1.00	218,472		218,472
Adds FTE shared communications services positions	2.00	350,722		350,722
Adds FTE change management position	1.00	214,930		214,930
Adds funding to reclassify an FTE public improvements manager position		198,444		198,444
Adds funding to reclassify an FTE lease administrator position		198,444		198,444
Adds funding for a salary equity pool		49,300,000	40,400,000	89,700,000
Increase in ITD rates		25,067	824	25,891
Adds funding for new procurement software		1,000,000		1,000,000
Adds funding for inflationary increases		323,100	508,674	831,774
Adds funding for classification system administration		12,000		12,000
Adds funding for LinkedIn recruitment tools		95,000		95,000
Adjusts funding for a new Capitol space rent model		(3,711,638)	4,101,552	389,914
Transfers \$200,000 from capital assets to operating expenses				0
Adjusts funding for bond payments		(280,640)		(280,640)
Adds funding for electrical and mechanical repairs		500,000		500,000
Adds funding for Central Services Division software and equipment			24,480	24,480
Total ongoing funding changes	9.00	\$51,363,882	\$45,350,960	\$96,714,842
One-time funding items				
Adds one-time funding for accrued leave retirement payouts		\$74,369	\$26,000	\$100,369
Adds one-time funding for inflationary increases		18,500	340,000	358,500
Adds one-time funding for an ADA compliance study		100,000		100,000
Adds one-time funding for Capitol tour enhancements		100,000		100,000
Adds one-time funding for state employee leave management software		540,000		540,000
Adds one-time funding for new procurement software		2,500,000		2,500,000
Adds one-time funding to continue automation upgrades at the Capitol		800,000		800,000
Adds one-time funding for electrical and mechanical repairs		100,000		100,000
Adds one-time funding for steam boiler replacement		12,000,000		12,000,000
Adds one-time funding to remodel the State Office Building		451,000		451,000
Adds one-time funding for Capitol grounds landscaping		1,800,000		1,800,000
Adds one-time funding for Capitol space utilization improvements		5,500,000		5,500,000
Adds one-time funding for Central Services Division software and		215,000	358,800	573,800
Adds one-time funding for Governor's residence exterior repairs			300,000	300,000
Adds one-time funding to remodel the 18th floor of the Capitol			500,000	500,000
Adds one-time funding for the Brynhild Haugland room			500,000	500,000
Adds one-time funding for Capitol window replacement			4,000,000	4,000,000
Adds one-time funding for a deferred maintenance pool			20,000,000	20,000,000
Adds one-time funding for Prairie Public Broadcasting grants		1,792,450		1,792,450
Adds one-time funding for the state student internship program		700,000		700,000
Adds one-time funding for federal education grants			3,659,555	3,659,555
Total one-time funding changes	0.00	\$26,691,319	\$29,684,355	\$56,375,674
Total Changes to Base Level Funding	9.00	\$78,055,201	\$75,035,315	\$153,090,516
2023-25 Total Funding	117.00	\$111,981,600	\$83,863,624	\$195,845,224
<i>Federal funds included in other funds</i>			\$9,059,555	
<i>Total ongoing changes as a percentage of base level</i>	8.3%	151.4%	513.7%	226.2%
<i>Total changes as a percentage of base level</i>	8.3%	230.1%	849.9%	358.1%

Other Sections in Office of Management and Budget - Budget No. 110

Other Sections in Office of Management and Budget - Budget No. 110

Executive Budget Recommendation

Tax relief fund to social services finance fund	Section 3 would transfer \$200 million from the tax relief fund to the social services finance fund during the 2023-25 biennium.
Strategic investment and improvements fund	Section 4 would identify \$20 million from the strategic investment and improvements fund for a deferred maintenance funding pool and would authorize OMB to transfer the funding to other eligible state agencies.
State student internship program	Section 5 would authorize OMB to transfer student internship funding to other state agencies.
Salary equity funding pool	Section 6 would authorize OMB to transfer salary equity funding to other state agencies, and Section 19 would provide an emergency clause related to the equity funding.
Fiscal management exemption	Section 7 would allow 2021-23 biennium appropriation authority for the Fiscal Management Division of OMB to continue to be available in the 2023-25 biennium.
Grant and expense designations	Section 8 would identify the funding designated for statewide memberships and dues, unemployment insurance, and the Capitol Grounds Planning Commission.
State employee compensation adjustments	Section 9 would provide guidelines for an average salary increase of 6 percent to eligible state employees in the 1st year and an average salary increase of 4 percent in the 2nd year of the 2023-25 biennium. Additional salary increases would be available if state agencies have savings in their current budget. Employees whose documented performance does not meet standards would not be eligible for compensation adjustments.
Legacy earnings fund	Section 10 would amend North Dakota Century Code Section 21-10-13 to provide allocations based on percentages rather than dollar amounts and to return any earnings exceeding the percent of market value calculation to the legacy fund to become part of the principal.
Capitol building fund continuing appropriation limit	Section 11 would amend Section 48-10-02, increasing the amount available from the Capitol building fund as a continuing appropriation to the Capitol Grounds Planning Commission from \$250,000 to \$750,000.
Capitol Grounds Planning Commission	Section 12 would amend Section 54-21-24.1, Section 18 would create a new section in Chapter 48-10, and Section 20 would repeal Section 54-44.4-02 to provide a continuing appropriation to the Capitol Grounds Planning Commission for space utilization studies and improvements at the Capitol and to authorize the commission to establish policies for space allocations in the Capitol.
Budget stabilization fund limit	Section 15 would amend Section 54-27.2-01 to decrease the maximum balance of the budget stabilization fund from 15 percent of the most recent general fund budget to 15 percent of the most recent ongoing general fund budget excluding state school aid appropriations.
Facility management operating fund	Section 16 would amend Section 54-44-11 to authorize OMB to create an operating fund for facility management operations to fund the operations of the Facility Management Division for a new Capitol space rent model.
State share of oil and gas tax revenue allocations ("buckets")	Section 17 would increase the allocation of oil and gas tax revenues to the general fund by \$200 million, from \$400 million to \$600 million, per biennium.
Capitol space rent model	Section 20 would amend Section 54-21-19 to authorize agency rental payments for space used on the Capitol grounds by agencies receiving general fund appropriations.

**SENATE BILL NO. 2015
(Governor’s Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the various divisions under the supervision of the director of the office of management and budget; to create a new section to chapter 48-10 relating to office space allocation; to amend and reenact sections 21-10-13, 48-10-02, 54-21-19, 54-27.2-01, 54-44-11, 54-52.1-18, 54-52.1-19, 57-40.3-10 and 57-51.1-07.5 of North Dakota Century Code relating to legacy earnings, capitol grounds planning commission, allocation of space in the capitol, charges for services, the budget stabilization fund, the creation of operating funds, transfer of revenue, and oil tax allocations; to repeal section 54-21-28 of the North Dakota Century Code, relating to space utilization; to repeal section 54-44.4-02.2 of the North Dakota Century Code, relating to a report on exempted services; to provide an exemption; to provide for various transfers; to provide a continuing appropriation; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the office of management and budget for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2023 and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$21,926,979	\$ 94,216,792	\$ 116,143,771
Operating Expenses	15,663,214	3,653,079	19,316,293
Contingency Fund	400,000	0	400,000
Capital Assets	764,515	49,068,640	49,833,155
Guardianship Grants	2,450,000	0	2,450,000
Community Service Grants	350,000	0	350,000
Prairie Public Broadcasting	1,200,000	1,792,450	2,992,450
State Student Internship	0	700,000	700,000
GEER	<u>0</u>	<u>3,659,555</u>	<u>3,659,555</u>
Total All Funds	\$42,754,367	\$153,090,516	\$195,845,224
Less Estimated Income	<u>8,828,309</u>	<u>75,035,315</u>	<u>83,863,624</u>
Total General Fund	\$33,926,399	\$78,055,201	\$ 111,981,600
Full-time Equivalent Positions	108.00	9.00	117.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Deferred Maintenance	\$0	\$ 20,000,000
Space Utilization	0	5,500,000
Special Assessments	300,000	0
Extraordinary Repairs	500,000	7,200,000
Operating Increases	0	458,500
Boiler Replacement	0	12,000,000

Student Internship	100,000	700,000
Prairie Public Broadcasting Projects	0	1,792,450
State Budget System	1,230,100	0
Building Automation Upgrade	518,800	800,000
Facility Consolidation Study	350,000	0
Exterior/Interior Wayfinding Signs	500,000	0
Retirement Leave Payout	0	100,369
Equipment/IT Software	0	908,800
ADA Study	0	100,000
Demolish State Office Building	0	451,000
E-Procurement Software	2,021,204	2,500,000
Total All Funds	\$5,520,104	\$56,170,674
Total Special Funds	5,420,104	29,684,355
Total General Fund	\$ 100,000	\$ 26,486,319

The 2023-25 one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The office of management and budget shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 3. TRANSFER - TAX RELIEF FUND TO SOCIAL SERVICES FINANCE FUND. The office of management and budget shall transfer the sum of \$200,000,000, or so much of the sum as may be necessary, from the tax relief fund to the social services financing fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 4. ESTIMATED INCOME – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - ONE-TIME FUNDING. The estimated income line item in the capital assets line of section 1 of this Act includes the sum of \$20,000,000 from the strategic investment and improvements fund, which is for the deferred maintenance pool. The office of management and budget may transfer funds to eligible state agencies for identified deferred maintenance projects. This funding is considered a one-time funding item.

SECTION 5. STATE STUDENT INTERNSHIP PROGRAM. The office of management and budget may 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, 2023 and ending June 30, 2025.

SECTION 6. EQUITY FUNDING. The salary and wages line item in section 1 of this Act contains \$90 million for salary equity funding for state agencies and institutions of higher education. The office of management and budget shall transfer funds from the equity funding in section 1 of this Act to agencies based on identified inequities in agencies as determined by the human resource management services division of the office of management and budget.

SECTION 7. EXEMPTION. The amount appropriated for the fiscal management division, as contained in section 1 of chapter 15 of the 2021 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for continued development and operating costs of the statewide systems including accounting, management, and payroll, during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 8. INTENT. Within the authority included in section 1 of this Act are the following grants and special items:

State Memberships and Related Expenses	\$ 685,657
Unemployment Insurance	\$1,800,000
Capitol Grounds Planning Commission	\$ 25,000

SECTION 9. STATE EMPLOYEE COMPENSATION ADJUSTMENT - GUIDELINES.

1. The 2023-25 biennium compensation adjustments for permanent state employees are to average 6 percent for fiscal year 2024 and 4 percent for fiscal year 2025 and are to be based on documented performance.
2. 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. The biennial cost of any additional salary increases must be within the agency's current salaries and wages funding level. An agency may not request any additional funding for the 2025-27 biennium to continue the additional salary increases.

3. The office of management and budget shall develop guidelines for use by state agencies for providing compensation adjustments for regular classified employees. The guidelines must follow the compensation philosophy statement under section 54-44.2-01.2.
4. Probationary employees are not entitled to the salary increase. However, at the discretion of the appointing authority, probationary employees may be given all or a portion of the increase 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 10. AMENDMENT. Section 21-10-13 of the North Dakota Century Code is amended and reenacted as follows:

21-10-13. Legacy earnings fund - State treasurer - Transfers.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys transferred to the fund under subsection 2 and all interest and earnings upon moneys in the fund.
2. Any legacy fund earnings transferred to the general fund at the end of each biennium in accordance with section 26 of article X of the Constitution of North Dakota, which may not exceed seven percent of the five-year average value of the legacy fund assets as reported by the state investment board, must be immediately transferred by the state treasurer to the legacy earnings fund.
3. ~~For each biennium subsequent to the biennium in which the legacy fund earnings are transferred under subsection 2, the amount available for appropriation from the legacy earnings fund is seven percent of the five-year average value of the legacy fund assets as reported by the state investment board.~~ The average value of the legacy fund assets must be calculated using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.
4. On July first of each odd-numbered year, from the amount ~~available for appropriation or transfer from~~ in the legacy earnings fund for the biennium, the state treasurer shall transfer funding in the following order the legislature shall provide for the allocation and appropriation of moneys as follows:
 - a. ~~The first one hundred fifty million dollars~~ Thirty-one percent to the legacy sinking and interest fund under section 6-09.4-10.1.
 - b. ~~The next sixty million dollars to the highway tax distribution fund for allocations under section 54-27-19~~ Fourteen percent for community and workforce development programs and initiatives.
 - c. Thirty-five percent for economic development and research programs and initiatives ~~Any remaining funds for other purposes as designated by the legislative assembly, including:~~
 - (1) ~~Up to fifty million dollars for tax relief pursuant to appropriations or transfers authorized by the legislative assembly;~~
 - (2) ~~Up to thirty million dollars to the clean sustainable energy fund pursuant to appropriations or transfers authorized by the legislative assembly; and~~
 - (3) ~~Up to thirty million dollars for university research programs, the innovation loan fund to support technology advancement, and workforce enrichment initiatives pursuant to appropriations or transfers authorized by the legislative assembly.~~
 - d. Twenty percent to legacy projects and destination development programs and initiatives.
5. ~~If the amounts transferred under subsection 2 exceed the amount available for appropriation under subsection 3, an amount equal to any appropriations from the legacy sinking and interest fund for bond payments under section 6-09.4-10.1 must be retained in the legacy earnings fund through June 30, 2025, after which an amount equal to twice any appropriations from the legacy sinking and interest fund under section 6-09.4-10.1 for bond payments, but not more than one hundred fifty million dollars, must be retained in the legacy earnings fund. After deducting any amounts to be retained in the legacy earnings fund, the state treasurer shall transfer, within thirty days, any remaining amounts under this subsection in the following order:~~
 - a. ~~The first one hundred million dollars to the legacy fund to become part of the principal.~~

~~b. Any remaining amount to the strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08.~~

SECTION 11. AMENDMENT. Section 48-10-02 of the North Dakota Century Code is amended and reenacted as follows:

48-10-02. Capitol building fund to be administered by the capitol grounds planning commission - Continuing appropriation - Procedure for expenditure of certain funds. The capitol grounds planning commission shall have general powers to superintend the administration of the capitol building fund, its interest and income fund, and its investments and properties. It may cause any lands now held in such funds to be sold at market value, direct the conversion of any securities now held by such funds to cash, approve expenditures from such funds subject to law and legislative appropriations, and to do all other things necessary to carry out the intent and purposes of this section. The board of university and school lands or its designee, on the commission's behalf, shall see to the investment and management of the capitol building fund and its interest and income fund and shall account to the commission concerning these funds at the commission's request.

Provided further, all moneys and other property in the capitol building fund, except as otherwise appropriated, are hereby dedicated and reserved to the exclusive purpose of the construction of an addition to the legislative wing of the state capitol building, and the capitol grounds planning commission shall take necessary steps to accumulate and conserve the money and property in the capitol building fund for such purpose.

The commission may, during any biennium, expend from the interest and income fund of the capitol building fund a sum not to exceed fifty percent of the unencumbered balance on the first day of any biennium, and such amount is hereby appropriated to the capitol grounds planning commission. The expenditure may be made, after consideration of the capitol grounds master plan, for projects or planning but may not exceed ~~two~~seven hundred fifty thousand dollars per biennium. The expenditure may only be made upon approval by two-thirds of the total membership of the commission. The expenditure must be made upon a voucher, or vouchers, prepared by the office of management and budget at the direction of the commission.

SECTION 12. AMENDMENT. Section 54-21-24.1 of the North Dakota Century Code is amended and reenacted as follows:

54-21-24.1. Lease of additional space by state agencies, departments, offices, officers, boards, and institutions. A lease or rental agreement or renewal of the lease or rental agreement for the lease or rental of buildings or portions of buildings for use by state agencies, departments, offices, officers, boards, and institutions, other than institutions under the board of higher education, the adjutant general and department of transportation office and storage space for field engineering and maintenance crews, unless approved may be entered by the director of the office of management and budget subject to a determination of the legal sufficiency of the lease or rental agreement and subject to space utilization studies and allocation and assignment of office space as determined by the capitol grounds planning commission pursuant to chapter 48-10. To ensure economy, efficiency, and cooperation between the state and its political subdivisions, and to limit the number of locations of state offices for the convenience of individuals traveling to the offices, the director shall promulgate rules governing the lease or rental of additional buildings or portions of the buildings by state agencies, departments, offices, officers, boards, and institutions other than those under the board of higher education, the adjutant general, and department of transportation office and storage space for field engineering and maintenance crews. The department, agency, or board for which the office space is sought approve the office space before the director may finalize a contract or lease for the office space.

SECTION 13. AMENDMENT. Section 57-40.3-10 of the North Dakota Century Code is amended and reenacted as follows:

57-40.3-10. Transfer of revenue. Seventy-five percent of all All moneys collected and received under this chapter during the period of July 1, 2023, through June 30, 2024, and fifty percent of all moneys collected and received under this chapter thereafter must be transmitted monthly by the director of the department of transportation to the state treasurer to be transferred and credited to the general fund. Twenty-five percent of all moneys collected and received under this chapter during the period of July 1, 2023, through June 30, 2024, and fifty percent of all moneys collected and received under this chapter thereafter must be transmitted monthly by the director to the department of transportation highway fund.

SECTION 14. AMENDMENT. Section 54-21-19 of the North Dakota Century Code is amended and reenacted as follows:

54-21-19. Director to furnish supplies and maintain capitol, state offices, and executive mansion - Authority to charge for services. The director of the office of management and budget shall provide all necessary fuel, electricity, insurance, janitorial, and other services necessary to maintain the state offices on the capitol grounds as well as all necessary furniture, fuel, electricity, express, freight, drayage, and all other necessary supplies for the executive mansion and the capitol grounds and shall make all necessary repairs. The purchases must be in accordance with chapter 54-44.4. The director shall charge an amount equal to the fair value of the office space and other services rendered to all departments ~~that receive and expend moneys from other than the general fund~~, except that for good cause the amounts charged may be waived by the director for a one-year period of time with the waiver subject to further annual renewals after proper application has been filed with the director.

SECTION 15. AMENDMENT. Section 54-27.2-01 of the North Dakota Century Code is amended and reenacted as follows:

54-27.2-01. Budget stabilization fund. The budget stabilization fund is a special fund in the state treasury. The state investment board shall supervise investment of the budget stabilization fund in accordance with chapter 21-10. Any interest or other budget stabilization fund earnings must be credited to the fund. Any amounts provided by law for deposit in the fund and any interest or earnings of the fund which would bring the balance in the fund at the end of any fiscal year to an amount greater than fifteen percent of the current ongoing biennial state general fund budget minus the general fund portion of the integrated formula payment line appropriated to the department of public instruction, as finally approved by the most recently adjourned special or regular session of the legislative assembly, may not be deposited in or credited to the fund but must be deposited instead in the state general fund.

SECTION 16. AMENDMENT. Section 54-44-11 of the North Dakota Century Code is amended and reenacted as follows:

54-44-11. Office's operating funds creation - Continuing appropriation.

1. The office of management and budget shall establish a state purchasing operating fund to be used for the procurement and maintenance of an inventory of equipment and supplies for the state departments and agencies. Funds in the state purchasing operating fund are appropriated on a continuing basis and may be spent by the office of management and budget for the procurement and maintenance of an inventory of equipment and supplies as provided in this subsection. The director of the office of management and budget shall transfer any unobligated balance in the fund, in excess of one hundred twenty-five thousand dollars, to the state general fund at the end of each fiscal year.
2. The office of management and budget shall establish a state printing operating fund to be used for the procurement and maintenance of an inventory of printing equipment and supplies for the state departments and agencies.
3. The office of management and budget shall establish a state personnel training and development operating fund to be used for the coordination of employee training and career development data, supplies, equipment, and services and for providing or arranging necessary training and development programs to state departments and agencies. Funds in the state personnel training and development operating fund are appropriated on a continuing basis to the office of management and budget and may be spent for the purposes identified in this subsection. Any surplus in this fund in excess of twenty-five thousand dollars on June thirtieth of each year must be transferred to the state general fund.
4. The office of management and budget shall establish a facility management operating fund to be used for the salary and operations of the division of facility management. Rental fees collected pursuant to section 54-21-19 shall be deposited into the fund. The director of the office of management and budget shall transfer any unobligated balance in the fund to the state general fund at least once each biennium.
45. Each office, agency, or institution provided with printing or personnel training services, unless exempted by law, shall pay to the office of management and budget a proportionate share of the cost of such service as determined by the director of the office of management and budget, based on actual costs and actual usage. The amounts paid to the office of management and budget by the

various offices, agencies, and institutions must be deposited in the appropriate operating fund and must be expended in accordance with legislative appropriations.

SECTION 17. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.5. State share of oil and gas taxes - Deposits. From the revenues designated for deposit in the state general fund under chapters 57-51 and 57-51.1, the state treasurer shall deposit the revenues received each biennium in the following order:

1. The first ~~two~~ ^{three} hundred million dollars into the state general fund;
2. The next two hundred million dollars into the tax relief fund;
3. The next seventy-five million dollars into the budget stabilization fund, but not in an amount that would bring the balance in the fund to more than the limit in section 54-27.2-01;
4. The next ~~two~~ ^{three} hundred million dollars into the state general fund;
5. The next ten million dollars into the lignite research fund;
6. The next fifteen million dollars into the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than fifteen million dollars;
7. The next thirty million three hundred seventy-five thousand dollars, or the amount necessary to provide for the distributions under subsection 2 of section 57-51.1-07.7, into the municipal infrastructure fund;
8. The next four hundred million dollars into the strategic investment and improvements fund;
9. An amount equal to the deposit under subsection 7 into the county and township infrastructure fund;
10. The next one hundred sixty-nine million two hundred fifty thousand dollars or the amount necessary to provide a total of two hundred thirty million dollars into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;
11. The next twenty million dollars into the airport infrastructure fund; and
12. Any additional revenues into the strategic investment and improvements fund.

SECTION 18. A new section to chapter 48-10 of the North Dakota Century Code is created and enacted as follows:

Space utilization studies -- Office space allocation -- Continuing appropriation. The capitol grounds planning commission shall:

1. Conduct a periodic comprehensive space utilization study of all executive, legislative, and judicial branch staff located within the facilities on the capitol grounds.
2. Develop a space allocation and design policy which will consider space equalization and maximize the effective use of public facilities in a cost-effective manner.
3. Allocate and assign office space in consultation with the director of the office of management and budget, based upon space utilization studies and the established policies, guidelines, standards, and procedures, to all executive, legislative, and judicial branch staff housed and working in facilities on the capitol grounds.
4. Include in developing standards and criteria to be used in making space allocations, considerations regarding equipment; work stations; private offices; conference rooms; reception areas; vaults; necessary arrangements of dividers, doors, and walls to increase adequate air circulation; telephones; lighting; and heating in the utilization of available space.
5. Be consulted, along with the office of management and budget, and the commission's approval obtained, before any change is made within any assigned and allocated space, and before any structural alteration is made.
6. Funds from the capitol building fund may be expended pursuant to section 48-10-02 for purposes of major interior changes, including new construction, remodeling, or renovation of any kind that are proposed to the commission and approved pursuant to section 48-10-03.

SECTION 19. EMERGENCY. Section 6 of this Act is declared to be an emergency measure.

SECTION 20. REPEAL. Section 54-21-28 and 54-44.4-02.2 of the North Dakota Century Code are repealed.