

**Office of Management and Budget  
Budget No. 110  
House Bill No. 1015, Senate Bill Nos. 2018, 2178**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2009-11 executive budget (bills as introduced)	133.50	\$46,709,182	\$13,775,833	\$60,485,015
<b>2009-11 legislative appropriations</b>	<b>132.50</b>	<b>41,107,196<sup>1</sup></b>	<b>16,512,414<sup>1</sup></b>	<b>57,619,610</b>
Legislative increase (decrease) to executive budget	(1.00)	(\$5,601,986)	\$2,736,581	(\$2,865,405)
Legislative increase (decrease) to 2007-09 appropriations	0.00	\$15,823,943	(\$20,205,170)	(\$4,381,227)

<sup>1</sup>This amount includes funding of \$15,984,000, of which \$9,000,000 is from the general fund and \$6,984,000 is from other funds, for a statewide salary equity pool for executive branch state employees.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2007-09 legislative appropriations	\$21,595,396	\$3,687,857	\$25,283,253
<b>2009-11 legislative appropriations</b>	<b>36,123,055</b>	<b>4,984,141</b>	<b>41,107,196</b>
2009-11 legislative increase (decrease) to 2007-09 appropriations	\$14,527,659	\$1,296,284	\$15,823,943
Percentage increase (decrease) to 2007-09 appropriations	67.3%	35.2%	62.6%
2009-11 legislative increase (decrease) to executive budget	\$11,256,114	(\$16,858,100)	(\$5,601,986)
Percentage increase (decrease) to executive budget	45.3%	(77.2%)	(12.0%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS**

**Salaries and Wages**

The legislative action affecting the recommended appropriation for the Office of Management and Budget is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding added in the executive budget for state employee salary equity adjustments		(\$168,886)	(\$69,167)	(\$238,053)
Removed a vacant FTE Central Services position	(1.00)		(75,846)	(75,846)
Removed centers of excellence funding for the 2009-11 biennium (centers of excellence funding was appropriated under the Department of Commerce)		(15,000,000)	(5,000,000)	(20,000,000)
Changed a portion of the funding source for Prairie Public Broadcasting digital upgrades from the general fund to the		(1,008,100)	1,008,100	0

permanent oil tax trust fund. A total of \$2,016,200 is provided for these upgrades

Added funding for a salary equity pool for executive branch state employees	9,000,000	6,984,000	15,984,000
Added funding for Capitol grounds building projects	1,200,000	(800,000)	400,000
Added funding in Senate Bill No. 2178 for community service supervision grants	375,000		375,000
Appropriated federal stimulus fiscal stabilization funding, including \$289,494 in House Bill No. 1015 for administrative expenses associated with federal fiscal stimulus funds and \$400,000 in Senate Bill No. 2018 for establishment of a searchable database of state expenditures		689,494	689,494
<b>Total</b>	(1.00)	(\$5,601,986)	\$2,736,581

**FTE Changes**

The 2009-11 biennium appropriation includes funding for 132.5 FTE positions, the same as provided during the 2007-09 biennium. The Legislative Assembly removed a vacant FTE Central Services position and did not change the executive recommendation to add 1 FTE human resources officer position.

**One-Time Funding**

In Section 6 of House Bill No. 1015, the Legislative Assembly identified total one-time funding of \$5,992,241, of which \$4,984,141 is from the general fund and \$1,008,100 is from the permanent oil tax trust fund. Items identified as one-time funding from the general fund include ConnectND projects (\$1,000,000), Prairie Public Broadcasting upgrades (\$1,008,100), Facility Management repairs and equipment (\$2,850,000), and administration projects (\$126,041). Funding of \$1,008,100 from the permanent oil tax trust fund for Prairie Public Broadcasting upgrades was also identified as one-time.

**Federal Fiscal Stimulus Funding**

In Section 2 of House Bill No. 1015 and Section 5 of Senate Bill No. 2018, the Legislative Assembly appropriated \$689,494 of federal fiscal stabilization - other government services funds made available to the Governor under the federal American Recovery and Reinvestment Act of 2009 to the Office of Management and Budget for information technology, accounting, and verification costs (\$289,494) and for establishing a searchable database of state expenditures (\$400,000). The Office of Management and Budget may seek Emergency Commission and Budget Section approval for authority to spend any additional federal funds received under the federal American Recovery and Reinvestment Act of 2009 in excess of the amounts appropriated. This amount is not to be considered part of the agency's base budget for the 2011-13 biennium. Any program expenditures made with these funds will not be replaced with state funds after the federal American Recovery and Reinvestment Act of 2009 funds are no longer available.

**State Memberships**

The Legislative Assembly provided \$611,000 from the general fund for state dues and memberships as follows:

	<b>General Fund</b>
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$146,000
Council of State Governments	168,000
Government Accounting Standards Board	6,000
Western Governors Association	74,300
National Governors Association	81,500
Midwest Governors Association	20,000

National Lieutenant Governors Association	1,200
Education Commission of the States	114,000
<b>Total dues and memberships</b>	<b>\$611,000</b>

### Capital Improvements

The Legislative Assembly provided a total of \$4,487,000 from the general fund for the following extraordinary repairs:

	<b>General Fund</b>
Veterans' memorial repairs	\$187,000
Capitol grounds building repairs	675,000
Capitol grounds parking lot repairs	1,475,000
Capitol restoration	1,200,000
Cooling tower and heat pump replacements	500,000
Exterior Capitol limestone study	150,000
Parking lot repair	300,000
<b>Total</b>	<b>\$4,487,000</b>

### General Fund Transfers

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

Lands and minerals trust fund (Section 5 of Senate Bill No. 2013)	\$35,000,000
Permanent oil tax trust fund (Section 5 of House Bill No. 1015)	140,000,000
Permanent oil tax trust fund (Section 10 of Senate Bill No. 2199)	295,000,000
<b>Total</b>	<b>\$470,000,000</b>

**Bank of North Dakota transfers** - Section 16 of Senate Bill No. 2014 provides for a transfer of up to \$1 million from the current earnings and the accumulated and undivided profits of the Bank of North Dakota to the general fund. The section provides that the transfer may only be made to the extent that funding from the general fund is deposited in the Ag PACE fund and obligated for the disaster program. The executive budget recommendation had provided for a \$60 million transfer from the Bank of North Dakota to the general fund.

**Mill and Elevator Association transfers** - Section 12 of Senate Bill No. 2014 adds a new section to North Dakota Century Code (NDCC) Chapter 54-18 to provide that the Industrial Commission transfer 50 percent of the annual earnings and undivided profits of the Mill and Elevator Association, after any transfer to agriculture-related programs, to the general fund. The 2009-11 biennium transfers are anticipated to be \$4,735,836, \$2,235,836 more than the executive budget recommendation of \$2,500,000.

### Budget Stabilization Fund

Pursuant to NDCC Chapter 54-27.2, the State Treasurer is to transfer any amount exceeding \$65 million at the end of the biennium, up to a maximum of an amount equal to 10 percent of the total biennial general fund budget as approved by the most recently adjourned session of the Legislative Assembly, to the budget stabilization fund. The 2009 Legislative Assembly approved a total 2009-11 general fund budget of \$3,249,365,481. Therefore, the maximum balance in the fund is limited to \$324,936,548 which will allow for a \$124,936,548 transfer from the general fund to the budget stabilization fund at the end of the 2007-09 bennium.

### **Weather-Related Livestock Disaster Assistance**

Section 3 of House Bill No. 1015 provides a deficiency appropriation of \$250,000 from the permanent oil tax trust fund to match federal United States Department of Agriculture funds received to assist ranchers affected by severe winter weather and flooding.

### **State Employee Compensation Adjustments and Salary Equity Pool**

**State employee compensation adjustments** - Section 11 of House Bill No. 1015 provides legislative intent for 2009-11 compensation adjustments for regular state employees. The compensation adjustments are to vary based on documented performance and equity and are not necessarily to be 5 percent annual increases for each employee. Increases are to be given beginning with the months of July 2009 and July 2010. Each employee whose overall documented performance level meets all standards is to receive a minimum annual increase of \$100. An employee whose documented performance does not meet standards is not eligible to receive any salary increase. No salary increase, other than the \$100 minimum increase or other temporary increase, may be given to an employee whose salary exceeds or would exceed the salary range maximum.

**Salary equity pool for executive branch employees** - Section 18 of House Bill No. 1015 provides an appropriation of \$15,984,000, of which \$9,000,000 is from the general fund, to the Office of Management and Budget for an executive branch state employee salary equity pool to provide market equity adjustments. The adjustments are to begin in July 2009 and must be given after any other general compensation adjustments. The market equity adjustments are to be prioritized based on a statewide plan to address market disparities, growth areas, recruitment and retention challenges, and internal and external pay inequities for employees who are critical to the mission of the agency. The plan must give priority to employees who have been employed by the state for the greatest length of time and are furthest below their salary range midpoint. Institutions under the control of the State Board of Higher Education are not eligible to receive funding from the salary equity pool.

### **Other Sections in House Bill No. 1015**

**Transfer to centers of excellence fund** - Section 4 provides that the Office of Management and Budget transfer \$4,450,000 from the general fund to the centers of excellence fund during the 2009-11 biennium. This appropriation is reflected under the Department of Commerce.

**Fiscal Management Division unexpended funds** - Section 8 provides an exemption to NDCC Section 54-44.1-11 for unexpended funds of the Fiscal Management Division for the 2007-09 biennium and provides that any unexpended funds may be used for the development and operating costs of the accounting, management, and payroll systems during the 2009-11 biennium.

**Payments to deceased firefighter's survivor** - Sections 12, 13, and 14 amend NDCC Sections 18-05.1-01, 18-05.1-02, and 18-05.1-03 relating to payments from the firefighters death benefit fund.

**State employee motor vehicle rental liability** - Section 15 amends NDCC Section 32-12.2-02(3)(s) relating to the liability of a state employee while renting a motor vehicle on state business.

**Care facilities personal needs allowance** - Section 16 amends Section 21 of House Bill No. 1012 to provide a personal needs allowance of \$85 for individuals in basic care facilities and ICF/MR facilities.

**Payments received by state agencies** - Section 17 amends NDCC Section 54-06-08.2 to allow state agencies to accept payment by debit cards or electronic funds transfer.

**Lease of additional office space** - Sections 20 and 21 amend NDCC Sections 54-21-24 and 54-21-24.1 relating to the leasing of office space by state agencies, departments, offices, officers, boards, and institutions.

**Legislative Council study - Capitol grounds** - Section 22 provides for a Legislative Council study of the Capitol complex master plan and parking needs on the Capitol grounds.

**Vacant state employee positions** - Section 23 creates a new section to NDCC Chapter 54-27 to provide for reporting requirements for vacant state employee positions and requires certain approval requirements to expend funds resulting from vacant position savings. **The Governor vetoed this section.**

**Coal development fund allocations** - Section 24 amends NDCC Section 57-62-02 relating to the allocation of money from the coal development fund.

**Concealed weapons testing** - Section 25 amends a section of Senate Bill No. 2415 to allow a person conducting a concealed weapons test to assess a charge of up to \$50 for conducting the testing.

**Transportation distributions** - Section 26 amends a section of Senate Bill No. 2012 relating to the distribution of weather-related cost-sharing funds to townships.

**Electronic budget presentation** - Section 27 requires the Office of Management and Budget to select two agencies to present their proposed 2011-13 budget and related information electronically to the Appropriations Committees of the 62<sup>nd</sup> Legislative Assembly.

**Great Plains Applied Energy Research Center** - Sections 28 and 29 amend sections of House Bill No. 1350 regarding the Great Plains Applied Energy Research Center. **The Governor vetoed these sections.**

**Tribal college assistance grants** - Section 30 amends Chapter 160 of the 2007 Session Laws to provide that excess funding for tribal college assistance grants may be distributed to colleges based on a prorated amount per FTE nonbeneficiary student.

**State employee accrued leave payments** - Section 31 required the Office of Management and Budget to report to the Budget Section on alternative methods for budgeting for the compensation of state employee accrued annual leave and sick leave. **The Governor vetoed this section.**

**2011-13 biennium FTE position requests** - Section 32 requires the 2011-13 executive budget recommendation to limit the total number of FTE positions to the same amount as authorized by the Legislative Assembly for the 2009-11 biennium. **The Governor vetoed this section.**

**Personal finance schoolbook** - Section 33 provides a \$25,000 general fund appropriation to the Department of Public Instruction for the development and customization of a North Dakota personal finance schoolbook.

**Disaster matching funds** - Section 34 provides a \$250,000 general fund appropriation to the Department of Emergency Services to provide up to 50 percent of the local match required to receive federal disaster relief funds for damage that occurred due to tornadoes during the summer of 2007.

**Tobacco Control and Prevention Executive Committee** - Sections 35 through 41 provide an appropriation for the Tobacco Control and Prevention Executive Committee and requires certain reports to be submitted to the Budget Section.

#### **Related Legislation**

**House Bill No. 1122** - This bill allows the Office of Management and Budget to include a provision in economic forecasting contracts limiting the state's ability to seek and recover indirect consequential damages.

**House Bill No. 1460** - This bill provides for the development of an alternative use grant program for state institutions.

**Senate Bill No. 2018** - Section 35 of this bill requires the Office of Management and Budget director to develop a searchable database of state expenditures by June 30, 2011.

**Senate Bill No. 2061** - This bill provides for Human Resource Management Services to conduct a study on the retention of state employees and to report its findings to the Legislative Council.

**Senate Bill No. 2064** - This bill provides for the director of the Office of Management and Budget to establish a state employee lodging reimbursement rate equal to 90 percent of the rate established by the United States General Services Administration and requires the director of the Office of Management and Budget to adopt rules establishing mileage reimbursement for state employees based on the federal rate.

**Senate Bill No. 2353** - This bill provides for the director of the Office of Management and Budget to establish a state employee lodging reimbursement rate equal to 90 percent of the rate established by the United States General Services Administration.

**Senate Bill No. 2425** - This bill requires the director of the Office of Management and Budget to develop and present a report to the Legislative Council of all facilities occupied by state agencies and recommendations for increasing efficiency.