

**Office of Management and Budget
Budget No. 110
Senate Bills Nos. 2015, 2271; 2275**

	FTE Positions	General Fund	Other Funds	Total
2011-13 executive budget (bills as introduced)	131.50	\$32,050,837	\$10,914,461	\$42,965,298
2011-13 legislative appropriations	131.50	32,892,699	10,514,461	43,407,160
Legislative increase (decrease) to executive budget	0.00	\$841,862	(\$400,000)	\$441,862
Legislative increase (decrease) to 2009-11 appropriations	(1.00)	\$695,503	\$945,013	\$1,640,516

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2009-11 legislative appropriations	\$27,213,055	\$4,984,141	\$32,197,196
2011-13 legislative appropriations	29,238,699	3,654,000	32,892,699
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$2,025,644	(\$1,330,141)	\$695,503
Percentage increase (decrease) to 2009-11 appropriations	7.4%	(26.7%)	2.2%
2011-13 legislative increase (decrease) to executive budget	\$37,862	\$804,000	\$841,862
Percentage increase (decrease) to executive budget	0.1%	28.2%	2.6%

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 (OMB) is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2015.

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding for Prairie Public Broadcasting to provide total funding of \$1 million.		(\$337,138)		(\$337,138)
Removed funding included in the executive recommendation from the Capitol building fund for exterior signage projects on the Capitol grounds.			(\$400,000)	(400,000)
Added funding for parking lot repairs on the Capitol grounds.		800,000		800,000
Added funding for a grant to assist in the establishment of the State Board of Integrative Health (Senate Bill No. 2271).		4,000		4,000

Added funding for community service supervision grants (Senate Bill No. 2275).		375,000		375,000
Total	<u>0.00</u>	<u>\$841,862</u>	<u>(\$400,000)</u>	<u>\$441,862</u>

FTE Changes

The 2011-13 biennium appropriation includes funding for 131.5 FTE positions, 1 FTE position less than the 2009-11 authorized amount of 132.5. The Legislative Assembly did not change the executive recommendation to remove a vacant accounting and budget specialist FTE position that was related to the ConnectND project. Funding related to the position was reallocated for information technology costs.

One-Time Funding

Section 2 of Senate Bill No. 2015 identifies \$3.65 million of one-time funding from the general fund for OMB. Of this amount, \$2.8 million is for exterior repairs to the Capitol, \$800,000 is for Capitol complex parking lot repairs, and \$50,000 is for a temporary position and operating costs to assist in planning for the state's 125th anniversary. Senate Bill No. 2271 also contained one-time funding of \$4,000 from the general fund to OMB for a grant to assist in establishing the State Board of Integrative Health.

State Memberships

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

	General Fund
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$151,000
Council of State Governments	182,000
Government Accounting Standards Board	6,000
Western Governors Association	74,300
National Governors Association	81,500
National Lieutenant Governors Association	1,200
Education Commission of the States	115,000
Total dues and memberships	\$611,000

Capital Improvements

The Legislative Assembly provided \$5.278 million from the general fund and \$2.6 million from the Capitol building fund for the following extraordinary repairs:

	General Fund	Capitol Building Fund	Total
Capitol Café and hallway remodel		\$700,000	\$700,000
Exterior repairs to Capitol	\$2,800,000		2,800,000
Legislative wing brass and wood restoration		1,000,000	1,000,000
Capitol south entrance remodeling		900,000	900,000
Capitol grounds electrical system repairs	200,000		200,000
Capitol elevator panel replacement	38,000		38,000
Improvements to the Liberty Memorial Building	650,000		650,000
Capitol mechanical repairs	390,000		390,000
Capitol grounds parking lot repairs	1,200,000		1,200,000
Total	\$5,278,000	\$2,600,000	\$7,878,000

General Fund Transfers

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

Strategic investment and improvements fund (Section 4 of Senate Bill No. 2015)	\$305,000,000
Property tax relief sustainability fund (Section 14 of House Bill No. 1047)	295,000,000
Total	\$600,000,000

Mill and Elevator Association transfers - The 2009 Legislative Assembly enacted North Dakota Century Code Section 54-18-19 requiring the Industrial Commission to transfer to the state general fund 50 percent of the annual earnings and undivided profits of the Mill and Elevator after any transfers to other state agricultural-related programs. The Mill anticipates transferring \$6.65 million to the general fund during the 2011-13 biennium.

Budget Stabilization Fund

The Legislative Assembly amended Chapter 54-27.2 to provide that any amount in the general fund at the end of the biennium in excess of \$65 million must be transferred to the budget stabilization fund except that the balance in the budget stabilization fund may not exceed 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The June 30, 2011, estimated general fund balance is \$721,646,087 which allows for a transfer of \$61,414,562 to the budget stabilization fund to provide a fund balance of \$386,351,110.

State Employee Compensation Adjustments

Section 8 of Senate Bill No. 2015 provides that 2011-13 biennium compensation adjustments for regular nonclassified state employees are to be based on documented performance and equity and are not to be the same percentage increase for each employee. Section 9 of Senate Bill No. 2015 requires OMB to set an external competitiveness target for the classified state employee compensation system based on funding provided by the Legislative Assembly for 2011-13 biennium classified state employee compensation. The Office of Management and Budget is to develop guidelines for use by state agencies for providing compensation adjustments to classified state employees in accordance with the compensation philosophy statement and compensation system initiative included in House Bill No. 1031 and the external competitiveness target.

Other Sections in Senate Bill No. 2015

Fiscal Management Division unexpended funds - Section 5 provides an exemption to Section 54-44.1-11 for unexpended funds of the Fiscal Management Division for the 2009-11 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 2011-13 biennium.

Information technology project planning - Section 11 requires the Information Technology Department to review proposed state agency information technology projects with an estimated cost of \$100,000 or more.

Draft appropriations acts - Section 12 requires certain draft appropriations acts to be submitted to the 63rd Legislative Assembly in an alternative format. **The Governor vetoed this section.**

Department of Transportation motor vehicle branch office - Section 13 allows the Department of Transportation to design and procure or construct additional office space for use as a motor vehicle branch office. Section 24 amends Section 39-02-03 to allow the department to lease or provide office space or other overhead costs to independent motor vehicle branch managers.

Medicaid management information system (MMIS) project appropriation - Section 14 appropriates \$1,474,362 to the Department of Human Services for completing the MMIS project. The funding was originally appropriated from the permanent oil tax trust fund.

Permanent oil tax trust fund appropriations - Sections 15 through 18 amend House Bill Nos. 1014 and 1020 to change the funding source of certain appropriations from the permanent oil tax trust fund to the general fund. House Bill No. 1451 included provisions repealing the permanent oil tax trust fund at the end of the 2009-11 biennium.

Mill levy reduction grants - Section 19 provides a 2009-11 biennium appropriation of \$211,264 from the general fund to the Superintendent of Public Instruction for mill levy reduction grants for school districts.

State Board of Higher Education educational leadership programs - Section 20 appropriates \$150,000 from the general fund to the State Board of Higher Education for educational leadership programs at the University of North Dakota and North Dakota State University.

Public improvement bids - Section 25 enacts a new section to the North Dakota Century Code relating to public improvement bids received by state agencies that are less than the estimated project amount. **The Governor vetoed this section.**

Legislative housing reimbursement - Section 26 amends Section 54-03-20 relating to lodging reimbursement for members of the Legislative Assembly.

Emergency Commission petitions - Section 28 amends Section 54-16-03.1 relating to petitions to the Emergency Commission.

State agency reports on federal grants - Section 29 enacts a new section to the North Dakota Century Code to implement certain reporting requirements for state agencies submitting applications for federal grants.

Employee Benefits Programs Committee membership - Section 30 amends Section 54-35-02.3 to increase the number of members of the Employee Benefits Programs Committee.

Tourism infrastructure grants approval requirements - Section 31 requires Emergency Commission and Budget Section approval of Department of Commerce tourism infrastructure grants. **The Governor vetoed this section.**

Related Legislation

House Bill No. 1031 - Classified state employee compensation system - Requires OMB to implement various initiatives relating to the classified state employee compensation system.

House Bill No. 1119 - Risk management fund - Vehicle liability coverage - Allows higher education institutions to receive liability coverage through the risk management fund for vehicles operated by students as part of an educational course.

House Bill No. 1426 - State employee meal reimbursement - Increases state employee meal reimbursement rates.