

**Department 801 - Department of Transportation
Senate Bill Nos. 2012 and 2072**

Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2017-19 Executive Budget	1,054.00	\$0	\$1,276,870,224	\$1,276,870,224
2015-17 Adjusted Legislative Appropriations ¹	1,080.50	613,382,959 ²	2,621,156,019	3,234,538,978
Increase (Decrease)	(26.50)	(\$613,382,959)	(\$1,344,285,795)	(\$1,957,668,754)

¹The 2015-17 biennium agency appropriation amounts reflect general fund budget reductions made in August 2016, but do not include \$2,433,072 of allocations from the general fund to the agency from the state agency energy impact funding pool for temporary salary adjustments for agency employees located in areas of the state affected by energy development and \$35,186 for temporary employee health insurance.

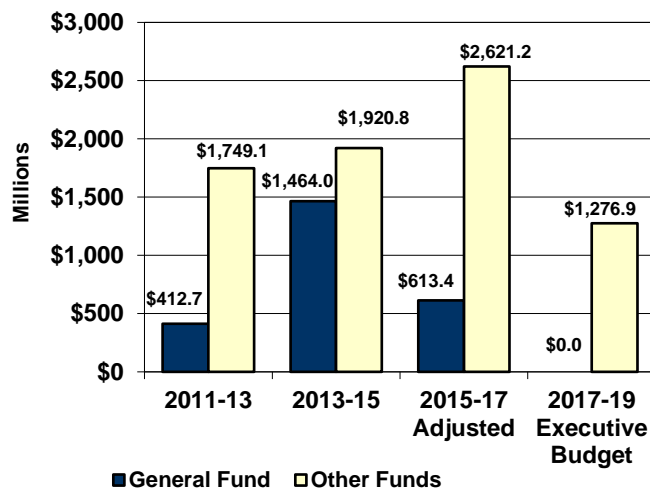
²The 2015-17 adjusted general fund appropriation amount includes the following:

- \$470.2 million transfer to the highway fund
- \$104.7 million for allocations to non-oil-producing counties
- \$18.7 million contingent transfer to the highway fund
- \$16.8 million transfer to the highway fund
- \$1.9 million transfer to the special road fund
- \$934,500 for motor coach reimbursement
- \$186,900 contingent transfer to public transportation
- \$56,070 for a truck size and weight harmonization study

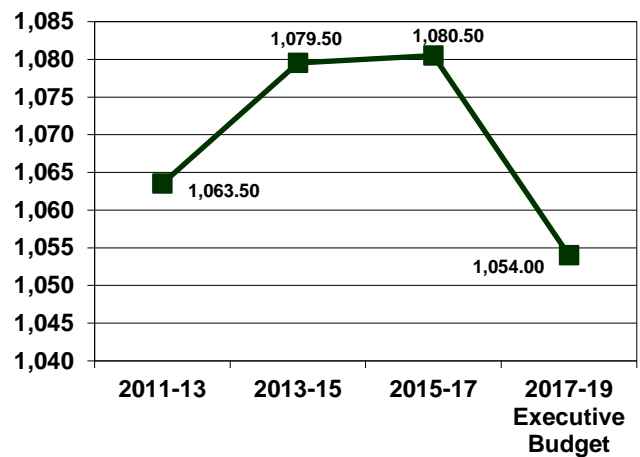
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 Executive Budget	\$0	\$0	\$0
2015-17 Adjusted Legislative Appropriations	0	613,382,959	613,382,959
Increase (Decrease)	\$0	(\$613,382,959)	(\$613,382,959)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2017-19 Executive Budget	\$0	\$1,276,870,224	\$1,276,870,224
2017-19 Base Level	0	1,266,540,461	1,266,540,461
Increase (Decrease)	\$0	\$10,329,763	\$10,329,763

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$807,704 is for salary increases and \$2,913,485 is for health insurance increases	\$0	\$3,721,189	\$3,721,189
2. Removes 21.5 vacant FTE positions	\$0	(\$3,427,063)	(\$3,427,063)
3. Removes 5 FTE positions (\$658,219) and related operating expenses (\$628,400) through consolidation of the maintenance sections	\$0	(\$1,286,619)	(\$1,286,619)
4. Reduces funding for operating expenses	\$0	(\$34,455,416)	(\$34,455,416)
5. Adds funding for capital assets	\$0	\$43,912,796	\$43,912,796
6. Adds funding for grants	\$0	\$4,610,000	\$4,610,000
7. Reduces funding for driver's license field sites	\$0	(\$160,293)	(\$160,293)

Other Bill Sections Recommended to be Added in the Executive Budget (As Detailed in Senate Bill No. 2072)

Line item transfers - Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants budget line items when it is cost-effective for the construction and maintenance of highways. The department must report transfers to the Office of Management and Budget.

Designation of funds for another purpose - Section 4 authorizes the Department of Transportation to use \$12.6 million in funding provided by the Legislative Assembly in 2015 House Bill No. 1012, as matching funds for federal highway funding provided by the Federal Highway Administration during the 2019-21 biennium.

Carryover authority - Enhanced state highway investments - Section 5 provides that unexpended 2015-17 biennium appropriations for enhanced state highway investments may be continued into the 2017-19 biennium.

Exemption - Contingent transfer - General fund to special road fund - Section 6 provides that a \$2 million transfer from the general fund to the special road fund and an appropriation to the Department of Transportation by the 2015 Legislative Assembly is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2017-19 biennium.

Payback and reallocation of federal aid - Section 7 amends Section 24-02-37 relating to the state highway fund to authorize the Department of Transportation to repay the United States Department of Transportation for previous related expenditures from current biennium appropriations.

Continuing Appropriations

Public transportation fund - Section 39-04.2-04 - Consists of a 1.5 percent allocation from the state highway tax distribution fund. The funds received by the public transportation fund are allocated to each county. Each county receives .4 percent base amount plus \$1.50 per capita of population in the county, based upon the latest regular or special official federal census.

Significant Audit Findings

The operational audit for the Department of Transportation conducted by the State Auditor's office during the 2015-16 interim identified a significant audit finding for improper reconciliation of the motor vehicle clearing account.

Major Related Legislation

House Bill No. 1110 - Creates a new section to Chapter 24-02 to authorize the Department of Transportation to contract with private entities for the construction of certain items on the state highway system which will benefit the private entity and the traveling public.

House Bill No. 1111 - Creates a new section to Chapter 24-02 to authorize the Director of the Department of Transportation to enter an agreement with the metro flood diversion authority regarding the portion of the Fargo-Moorhead diversion construction project which will impact the state highway system.

House Bill No. 1128 - Creates new sections to Title 39 related to operator's license and nondriver identification cards and the requirement of documentation and retention of that documentation for substitute operator's licenses.

House Bill No. 1138 - Creates a new subsection to Section 39-04-10.3 regarding personalized license plates. The new subsection authorizes a one-time fee of \$100 for a specialized license plate which is identical to a registrant's previously issued nonspecialized license plate and any plates issued under the section are exempt from the additional fee of \$25 per registration period.

Senate Bill No. 2045 - Amends Section 39-12-14.1 relating to the deposit of voluntary settlement of extraordinary road use fee charges and Section 39-12-20 relating to the deposit of proceeds of sale to allow the fees collected to continue to be retained by the jurisdiction with the road on which the violation occurred rather than be deposited in the state highway fund.

Senate Bill No. 2109 - Amends Section 24-02-02.3 relating to agreements with tribal governments and removes a requirement that the agreements must be limited to those necessary to meet federal highway program spending requirements.

Department of Transportation - Budget No. 801
Senate Bill Nos. 2012 and 2072
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Position	General Fund	Other Funds	Total
2017-19 Biennium Base Level	1,080.50	\$0	\$1,266,540,461	\$1,266,540,461
2017-19 Ongoing Funding Changes				
Base payroll changes			(\$2,584,831)	(\$2,584,831)
Salary increase - Performance			807,704	807,704
Health insurance increase			2,913,485	2,913,485
Removes vacant FTE positions	(21.50)		(3,427,063)	(3,427,063)
Consolidates maintenance sections	(5.00)		(1,286,619)	(1,286,619)
Reduces funding for driver's license field sites			(160,293)	(160,293)
Adjusts funding for expenses, capital assets, and grants			14,067,380	14,067,380
2015-17 biennium line item transfers				0
Total ongoing funding changes	(26.50)	\$0	\$10,329,763	\$10,329,763
One-time funding items				
No one-time funding items				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(26.50)	\$0	\$10,329,763	\$10,329,763
2017-19 Total Funding	1,054.00	\$0	\$1,276,870,224	\$1,276,870,224

Other Sections in Department of Transportation - Budget No. 801

	Executive Budget Recommendation
Line item transfers	Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants line items when it is cost-effective for the construction and maintenance of highways. The department must report transfers to the Office of Management and Budget.
Designation of funds for another purpose	Section 4 authorizes the Department of Transportation to use \$12.6 million in funding provided by the Legislative Assembly in 2015 House Bill No. 1012, as matching funds for federal highway funding provided by the Federal Highway Administration during the 2019-21 biennium.
Carryover authority - Enhanced state highway investments	Section 5 provides that unexpended 2015-17 biennium appropriations for enhanced state highway investments must be continued into the 2017-19 biennium.
Exemption - Contingent transfer - General fund to special road fund	Section 6 provides that a \$2 million transfer from the general fund to the special road fund and an appropriation to the Department of Transportation by the 2015 Legislative Assembly is exempt from Section 54-44.1-11 and is continued into the 2017-19 biennium.
Payback and reallocation of federal aid	Section 7 amends Section 24-02-37 relating to the state highway fund to authorize the Department of Transportation to repay the United States Department of Transportation for previous related expenditures from current biennium appropriations.

Department 801 - Department of Transportation

Appropriations Comparisons to the Original and Adjusted Base Budgets

General Fund Appropriations Adjustments (As a result of the August 2016 General Fund Budget Reductions)

	Ongoing	One-Time	Total
2015-17 original general fund appropriations	\$0	\$656,375,558	\$656,375,558
General fund reductions	0	(42,992,599)	(42,992,599)
Adjusted 2015-17 appropriations	\$0	\$613,382,959	\$613,382,959
Executive Budget changes	0	(613,382,959)	(613,382,959)
2017-19 Executive Budget	\$0	\$0	\$0

Summary of August 2016 General Fund Budget Reductions

	Ongoing	One-Time	Total
Reduced funding for truck size and weight harmonization study (HB 1012)	\$0	(\$3,930)	(\$3,930)
Reduced funding for motor coach reimbursement (HB 1012)	0	(65,500)	(65,500)
Reduced general fund transfer to highway fund for state highway improvements (HB 1012)	0	(32,954,069)	(32,954,069)
Reduced general fund transfer to highway fund for state highway improvements (SB 2015)	0	(1,179,000)	(1,179,000)
Reduced contingent general fund transfer to highway fund for state highway improvements (SB 2015)	0	(1,310,000)	(1,310,000)
Reduced funding for allocations to non-oil-producing counties (HB 1176)	0	(7,336,000)	(7,336,000)
Reduced general fund transfer to special road fund (HB 1012)	0	(131,000)	(131,000)
Reduced contingent general fund transfer to public transportation fund (HB 1012)	0	(13,100)	(13,100)
Total reductions	\$0	(\$42,992,599)	(\$42,992,599)
Percentage reduction to ongoing and one-time general fund appropriations		6.55%	6.55%

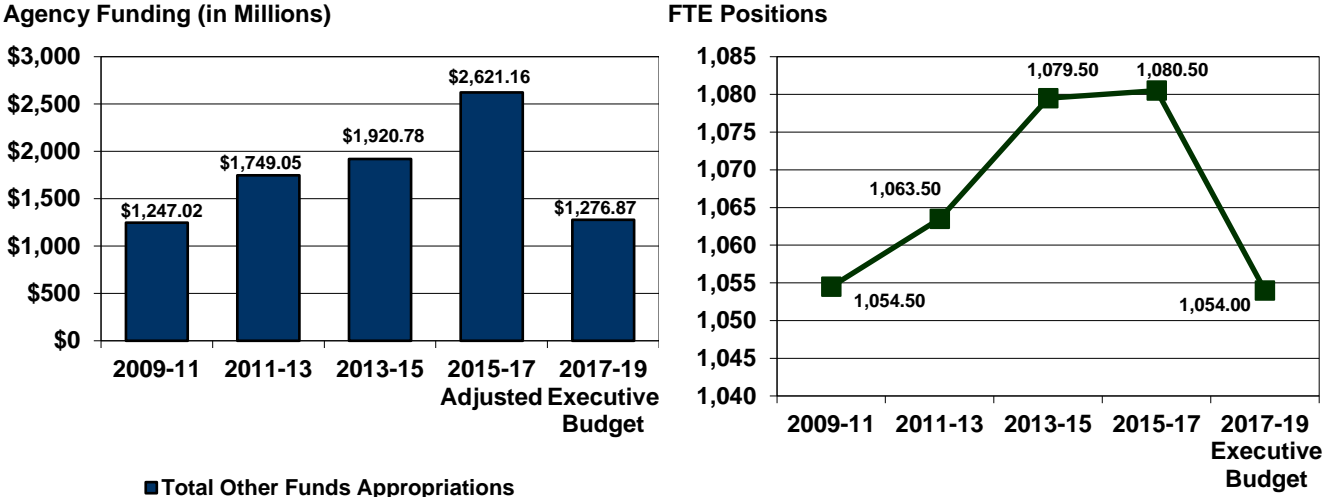
2017-19 Executive Budget Changes to the Original and Adjusted Base Budgets

	Changes to Original Budget	Budget Reduction Adjustments	Changes to Adjusted Budget
The Executive Budget does not recommend any general fund appropriations for road projects during the 2017-19 biennium	\$0	\$0	\$0
Total	\$0	\$0	\$0

Department 801 - Department of Transportation

Historical Appropriations Information

Total Other Funds Appropriations Since 2009-11



Total Other Funds Appropriations					
	2009-11	2011-13	2013-15	2015-17 Adjusted	2017-19 Executive Budget
Total other funds appropriations	\$1,247,015,588	\$1,749,054,459	\$1,920,779,434	\$2,621,156,019	\$1,276,870,224
Increase (decrease) from previous biennium	N/A	\$502,038,871	\$171,724,975	\$700,376,585	(\$1,344,285,795)
Percentage increase (decrease) from previous biennium	N/A	40.3%	9.8%	36.5%	(51.3%)
Cumulative percentage increase (decrease) from 2009-11 biennium	N/A	40.3%	54.0%	110.2%	2.4%

Major Increases (Decreases) in Other Funds Appropriations

2011-13 Biennium - Ongoing

- 1. Added funding for 2 motor vehicle licensing specialist FTE positions \$191,948
- 2. Added funding for 4 driver's license examiner FTE positions \$341,207
- 3. Added funding for 3 heavy equipment operator FTE positions \$586,959
- 4. Added funding for roadway maintenance safety items \$15,605,992

2011-13 Biennium - Special Road Funding

- 1. Added funding from a general fund transfer to the highway fund for extraordinary highway maintenance needs \$228,600,000
- 2. Added funding from a general fund transfer to the highway fund for road construction in oil-producing counties \$142,000,000

2013-15 Biennium - Ongoing

- 1. Added funding for 16 FTE positions \$2,357,876

2013-15 Biennium - Special Road Funding

- 1. Added funding from a general fund transfer to the highway fund for enhanced state highway investments (2013 Senate Bill No. 2012) \$541,600,000
- 2. Added funding from the general fund for enhanced state highway investments (2013 Senate Bill No. 2176) \$620,000,000
- 3. Added funding from the general fund for distributions to oil-producing counties (2013 House Bill No. 1358) \$160,000,000

4. Added funding from the general fund for distributions to non-oil-producing counties (2013 House Bill No. 1358)	\$120,000,000
2015-17 Biennium - Ongoing	
1. Added funding for 1 environmental scientist III FTE position	\$195,143
2. Increased funding for operating expenses	\$8,748,743
2015-17 Biennium - Special Road Funding	
1. Added funding from a general fund transfer to the highway fund for enhanced state highway investments (2015 House Bill No. 1012)	\$503,115,558
2. Added funding from the general fund for distributions to non-oil-producing counties (2015 House Bill No. 1176)	\$112,000,000
3. Added funding from the general fund transfer to the highway fund for enhanced state highway investments (2015 Senate Bill No. 2015)	\$18,000,000
4. Added funding from a contingent general fund transfer to the highway fund for enhanced state highway investments (2015 Senate Bill No. 2015)	\$20,000,000
5. Added funding from a strategic investment and improvements fund transfer to the highway fund for enhanced state highway investments as part of the "surge" bill (2015 Senate Bill No. 2103)	\$450,000,000
6. Added funding from the strategic investment and improvements fund for distributions to non-oil-producing counties as part of the "surge" bill (2015 Senate Bill No. 2103)	\$112,000,000
7. Added funding from the strategic investment and improvements fund for distributions to oil-producing counties as part of the "surge" bill (2015 Senate Bill No. 2103)	\$240,000,000
2017-19 Biennium - Ongoing	
1. Removes 21.50 vacant FTE positions	(\$3,427,063)
2. Removes 5 FTE positions (\$658,219) and related operating expenses (\$628,400) through consolidation of the maintenance sections	(\$1,286,619)
3. Removes funding for driver's license field sites	(\$160,293)
4. Reduces funding for operating expenses	(\$34,455,416)
5. Adds funding for capital assets	\$43,912,796
6. Adds funding for grants	\$4,610,000