

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1013 - Funding Summary

	Base Budget	Final Legislative Action	Comparison to Base Budget
Department of Trust Lands			
Salaries and wages	\$6,005,550	\$5,725,379	(\$280,171)
Operating expenses	1,775,723	2,633,022	857,299
Grants		2,000,000	2,000,000
Contingencies	100,000	100,000	
Total all funds	\$7,881,273	\$10,458,401	\$2,577,128
Less estimated income	7,881,273	10,458,401	2,577,128
General fund	\$0	\$0	\$0
FTE	31.00	28.00	(3.00)
Bill total			
Total all funds	\$7,881,273	\$10,458,401	\$2,577,128
Less estimated income	7,881,273	10,458,401	2,577,128
General fund	\$0	\$0	\$0
FTE	31.00	28.00	(3.00)

House Bill No. 1013 - Department of Trust Lands - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$6,005,550	(\$299,966)	\$5,705,584
Operating expenses	1,775,723	427,957	2,203,680
Grants		4,000,000	4,000,000
Contingencies	100,000		100,000
Total all funds	\$7,881,273	\$4,127,991	\$12,009,264
Less estimated income	7,881,273	4,127,991	12,009,264
General fund	\$0	\$0	\$0
FTE	31.00	(3.00)	28.00

Department 226 - Department of Trust Lands - Detail of House Changes

	Adjusts Funding for Base Payroll Changes¹	Adds Funding for Salary and Benefit Increases²	Removes FTE Positions³	Reduces Funding for Operating Expenses⁴	Adds Funding for Legal and Audit Costs⁵	Adds Funding for Financial Software Contracts⁶
Salaries and wages	(\$293,941)	\$282,838	(\$288,863)			
Operating expenses				(\$504,949)	\$384,564	\$175,000
Grants						
Contingencies						
Total all funds	(\$293,941)	\$282,838	(\$288,863)	(\$504,949)	\$384,564	\$175,000
Less estimated income	(293,941)	282,838	(288,863)	(504,949)	384,564	175,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	(3.00)	0.00	0.00	0.00

	Adds Funding for Microsoft Office 365 Licensing ⁷	Adds One- Time Funding for a Mineral Valuation Study ⁸	Adds One- Time Funding for Oil Impact Grants ⁹	Total House Changes
Salaries and wages				(\$299,966)
Operating expenses	\$23,342	\$350,000		427,957
Grants			\$4,000,000	4,000,000
Contingencies				
Total all funds	\$23,342	\$350,000	\$4,000,000	\$4,127,991
Less estimated income	23,342	350,000	4,000,000	4,127,991
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	(3.00)

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	<u>Other Funds</u>
Salary increase	\$148,976
Health insurance increase	133,862
Total	\$282,838

³ Funding and authorization for 3 FTE positions, including 2 administrative assistants and an audit technician, is removed.

⁴ Funding is reduced for operating expenses, primarily related to travel, equipment, information technology costs, professional development, and other services.

⁵ Funding is added for legal and audit costs related to the implementation of administrative rules, compliance requirements for internal controls and fraud risks, and financial statement audits.

⁶ Funding is added for ongoing costs associated with new financial software, including maintenance agreements and subscription fees.

⁷ Funding is added for Microsoft Office 365 licensing expenses.

⁸ One-time funding is added for a mineral valuation study to hire a consultant to estimate the value of the state's mineral resources.

⁹ Funding is added for grants to political subdivisions from the oil and gas impact grant fund. The estimated funding available for oil and gas impact grant funds for the 2019-21 biennium totals \$5.5 million, including \$4 million from the strategic investment and improvements fund and \$1.5 million of unspent prior biennium appropriations.

This amendment also adds sections to:

- Transfer \$4 million from the strategic investment and improvements fund to the oil and gas impact grant fund.
- Transfer any remaining funds in the energy impact fund to the oil and gas impact grant fund, related to the repeal of the fund.
- Provide the statutory changes necessary to require the Board of University and School Lands to make investments through the State Investment Board.
- Repeal the energy impact fund.
- Identify \$4 million of funding from the oil and gas impact grant fund for grants to political subdivisions.
- Provide an exemption to continue unspent prior biennium appropriations related to undesignated oil and gas impact grants and administrative costs of the oil and gas impact grant fund into the 2019-21 biennium.
- Provide an exemption to continue unspent prior biennium appropriations related to an information technology project into the 2019-21 biennium and require the Commissioner of Board and University School Lands to report to the interim Information Technology Committee.
- Provide effective dates, including a contingent effective date, relating to the statutory changes requiring investment through the State Investment Board and the repeal of the energy impact fund.

House Bill No. 1013 - Department of Trust Lands - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$6,005,550	\$5,705,584	\$19,795	\$5,725,379
Operating expenses	1,775,723	2,203,680	429,342	2,633,022
Grants		4,000,000		4,000,000
Contingencies	100,000	100,000		100,000
Total all funds	\$7,881,273	\$12,009,264	\$449,137	\$12,458,401
Less estimated income	7,881,273	12,009,264	449,137	12,458,401
General fund	\$0	\$0	\$0	\$0
FTE	31.00	28.00	0.00	28.00

Department 226 - Department of Trust Lands - Detail of Senate Changes

	Adjusts Funding for Salary Increases ¹	Adds FTE Positions ²	Adjusts Funding and FTE Positions for IT Unification ³	Total Senate Changes
Salaries and wages	\$13,906	\$371,822	(\$365,933)	\$19,795
Operating expenses		43,670	385,672	429,342
Grants				
Contingencies				
Total all funds	\$13,906	\$415,492	\$19,739	\$449,137
Less estimated income	13,906	415,492	19,739	449,137
General fund	\$0	\$0	\$0	\$0
FTE	0.00	2.00	(2.00)	0.00

¹ Funding is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and a 2.5 percent salary increase on July 1, 2020. The House provided funding for salary increases of 2 percent on July 1, 2019, and 2 percent on July 1, 2020.

² Funding is added for 2 FTE positions, including an administrative assistant (\$123,361) and an attorney (\$248,461), and related operating expenses (\$43,670). Pursuant to the provisions of North Dakota Century Code Section 54-12-09, the attorney position is assigned to the agency under appointment by the Attorney General. The House did not include the FTE positions.

³ Two FTE positions are transferred to the Information Technology Department for the information technology unification project, reducing salaries and wages by \$365,933 and increasing operating expenses by \$385,672. The House did not include the information technology unification project.

This amendment also removes two sections, which were added by the House, to provide the statutory changes necessary to require the Board of University and School Lands to make investments through the State Investment Board. A contingent effective date relating to the statutory changes is also removed.

House Bill No. 1013 - Department of Trust Lands - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$6,005,550	\$5,705,584	\$19,795	\$5,725,379	\$5,725,379	
Operating expenses	1,775,723	2,203,680	429,342	2,633,022	2,633,022	
Grants		4,000,000	(2,000,000)	2,000,000	4,000,000	(\$2,000,000)
Contingencies	100,000	100,000		100,000	100,000	
Total all funds	\$7,881,273	\$12,009,264	(\$1,550,863)	\$10,458,401	\$12,458,401	(\$2,000,000)
Less estimated income	7,881,273	12,009,264	(1,550,863)	10,458,401	12,458,401	(2,000,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	31.00	28.00	0.00	28.00	28.00	0.00

Department 226 - Department of Trust Lands - Detail of Conference Committee Changes

	Adjusts Funding for Salary Increases ¹	Adds FTE Positions ²	Adjusts Funding and FTE Positions for IT Unification ³	Reduces Funding for Grants ⁴	Total Conference Committee Changes
Salaries and wages	\$13,906	\$371,822	(\$365,933)		\$19,795
Operating expenses		43,670	385,672		429,342
Grants				(\$2,000,000)	(2,000,000)
Contingencies					
Total all funds	\$13,906	\$415,492	\$19,739	(\$2,000,000)	(\$1,550,863)
Less estimated income	13,906	415,492	19,739	(2,000,000)	(1,550,863)
General fund	\$0	\$0	\$0	\$0	\$0
FTE	0.00	2.00	(2.00)	0.00	0.00

¹ Funding is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and a 2.5 percent salary increase on July 1, 2020. The House provided funding for salary increases of 2 percent on July 1, 2019, and 2 percent on July 1, 2020.

² Funding is added for 2 FTE positions, including an administrative assistant (\$123,361) and an attorney (\$248,461), and related operating expenses (\$43,670). Pursuant to the provisions of North Dakota Century Code Section 54-12-09, the attorney position is assigned to the agency under appointment by the Attorney General. The Senate included the FTE positions, but the House did not.

³ Two FTE positions are transferred to the Information Technology Department for the information technology unification project, reducing salaries and wages by \$365,933 and increasing operating expenses by \$385,672. The Senate included the information technology unification project, but the House did not.

⁴ One-time funding for grants from the oil and gas impact grant fund is reduced by \$2 million, from \$4 million to \$2 million. This funding is in addition to the estimated \$1 million of funding available from prior bienniums and authorized to continue in the 2019-21 biennium. The related transfer from the strategic investment and improvements fund is also reduced. Both the House and the Senate provided \$4 million for grants.

This amendment:

- Reduces the transfer from the strategic investment and improvements fund to the oil and gas impact grant fund by \$2 million, from \$4 million to \$2 million. The House and the Senate transferred \$4 million.
- Does not include two sections, which were added by the House, to provide the statutory changes necessary to require the Board of University and School Lands to make investments through the State Investment Board. A contingent effective date relating to the statutory changes was also excluded.
- Creates a new section to Chapter 15-02 requiring the Commissioner of University and School Lands to prepare investment reports in a manner similar to the State Investment Board's reports and to report to the Budget Section annually. Neither the House nor the Senate included this reporting provision.