

**Department 801 - Department of Transportation
Senate Bill No. 2012**

Executive Budget Comparison to Prior Biennium Appropriations

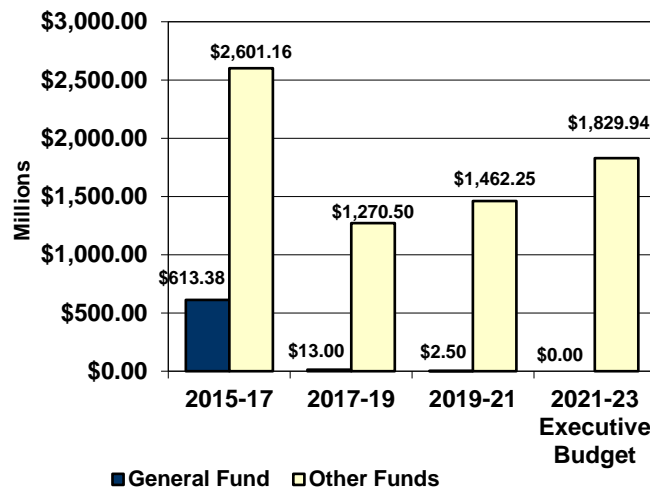
	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	987.00	\$0	\$1,829,935,907	\$1,829,935,907
2019-21 Legislative Appropriations ¹	982.00	2,500,000	1,462,245,404	1,464,745,404
Increase (Decrease)	5.00	(\$2,500,000)	\$367,690,503	\$365,190,503

¹The 2019-21 biennium agency appropriation amounts have not been adjusted for additional federal Coronavirus (COVID-19) funds authority of \$14,670,106 resulting from Emergency Commission action during the 2019-21 biennium.

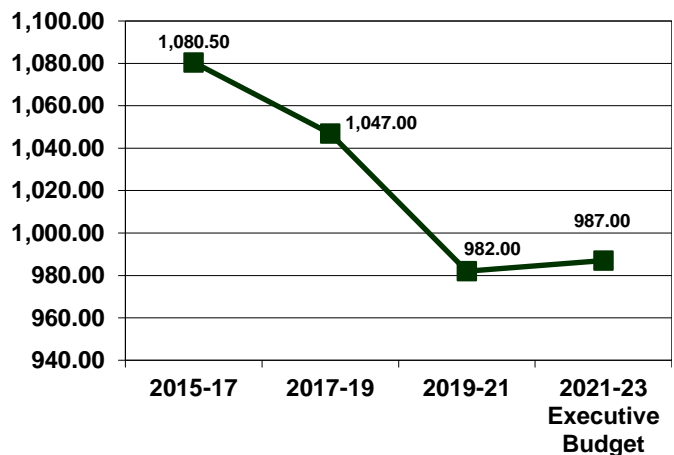
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 Executive Budget	\$0	\$0	\$0
2019-21 Legislative Appropriations	0	2,500,000	2,500,000
Increase (Decrease)	\$0	(\$2,500,000)	(\$2,500,000)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$0	\$1,829,935,907	\$1,829,935,907
2021-23 Base Level	0	1,388,445,404	1,388,445,404
Increase (Decrease)	\$0	\$441,490,503	\$441,490,503

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 \$4,586,189 is for salary increases, \$48,150 is for health insurance increases, and \$944,866 is for retirement contribution increases	\$0	\$5,579,205	\$5,579,205
2. Adds 5 FTE positions (\$1,004,301), related operating expenses (\$2,435,649), funding for a Transportation Management Center (\$6,300,050), and grant funding (\$260,000)	\$0	\$10,000,000	\$10,000,000
3. Increases funding for temporary driver's license staffing	\$0	\$1,737,788	\$1,737,788
4. Increases ongoing funding for other capital payments to provide a total of \$837,191,709	\$0	\$19,416,426	\$19,416,426
5. Increases funding for grants to provide a total of \$113,068,637	\$0	\$16,954,000	\$16,954,000
6. Increases funding for building, grounds, and maintenance to provide a total of \$80,402,361	\$0	\$11,874,907	\$11,874,907

7. Increases funding for professional services to provide a total of \$79,008,372	\$0	\$10,213,695	\$10,213,695
8. Increases funding for data processing to provide a total of \$26,173,352	\$0	\$6,143,124	\$6,143,124
9. Reduces funding for motor vehicles to provide a total of \$36,257,237	\$0	(\$4,000,000)	(\$4,000,000)
10. Increases funding for repairs to provide a total of \$17,066,944	\$0	\$3,765,529	\$3,765,529
11. Increases funding for operating fees and services to provide a total of \$7,840,256	\$0	\$3,365,500	\$3,365,500
12. Reduces funding for travel to provide a total of \$30,768,202	\$0	(\$3,294,567)	(\$3,294,567)
13. Increases funding for rentals/leases of equipment or other items to provide a total of \$2,538,279	\$0	\$1,844,317	\$1,844,317
14. Increases funding for utilities to provide a total of \$6,421,854	\$0	\$1,463,946	\$1,463,946
15. Reduces funding for information technology (IT) contractual services and repairs to provide a total of \$2,444,302	\$0	(\$1,000,000)	(\$1,000,000)
16. Increases funding for IT software to provide a total of \$7,131,635	\$0	\$581,133	\$581,133
17. Increases funding for rentals/leases of buildings or land to provide a total of \$3,685,341	\$0	\$239,100	\$239,100
18. Adds funding for Microsoft Office 365 license expenses	\$0	\$117,100	\$117,100
19. Reduces funding for other operating expenses	\$0	(\$503,331)	(\$503,331)
20. Reduces funding for other capital assets	\$0	(\$70,000)	(\$70,000)
21. Adds one-time funding for a construction and materials management system	\$0	\$9,660,000	\$9,660,000
22. Adds one-time funding from bond proceeds (\$302.4 million) and federal funds (\$45 million) for infrastructure improvements	\$0	\$347,400,000	\$347,400,000

**Other Sections Recommended to be Added in the Executive Budget
(As Detailed in the Attached Appendix)**

Line item transfers - Section 3 would authorize 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.

Exemption - Enhanced state highway investments - Section 4 would provide that \$503,115,558 appropriated in the capital assets line item of House Bill No. 1012 (2015), relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and may be continued into the 2023-25 biennium.

Appropriation - Additional income - Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2021-23 biennium.

Exemption - Driver's licenses system project - Section 6 would provide that \$22.5 million appropriated in the operating expenses line item of House Bill No. 1012 (2019), relating to replacement of the driver's license system is exempt from Section 54-44.1-11.

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.

Deficiency Appropriation

There are no deficiency appropriations for this agency.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1072 - Creates a new section to Chapter 39-06 relating to electronic motor vehicle operator's licenses. This bill requires the Department of Transportation to implement a computerized licensing system that allows a licensed motor vehicle operator to provide electronic proof of valid licensing.

Senate Bill No. 2026 - Amends Section 39-12-23 relating to a Governor's order authorizing excess limits regarding road trains. This bill provides for the Governor to authorize excess limits for the operation of road trains.

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

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	982.00	\$0	\$1,388,445,404	\$1,388,445,404
2021-23 Ongoing Funding Changes				
Base payroll changes		\$0	\$2,631	\$2,631
Salary increase			4,586,189	4,586,189
Health insurance increase			48,150	48,150
Retirement contribution increase			944,866	944,866
Adds 5 FTE and funding for a Transportation Management Center	5.00		10,000,000	10,000,000
Increases funding for temporary driver's license staffing			1,737,788	1,737,788
Increases funding for other capital payments			19,416,426	19,416,426
Increases funding for grants			16,954,000	16,954,000
Increases funding for building, grounds and maintenance			11,874,907	11,874,907
Increases funding for professional services			10,213,695	10,213,695
Increases funding for data processing			6,143,124	6,143,124
Reduces funding for motor vehicles			(4,000,000)	(4,000,000)
Increases funding for repairs			3,765,529	3,765,529
Increases funding for operating fees and services			3,365,500	3,365,500
Reduces funding for travel			(3,294,567)	(3,294,567)
Increases funding for rentals/leases of equipment or other items			1,844,317	1,844,317
Increases funding for utilities			1,463,946	1,463,946
Reduces funding for IT contractual services and repairs			(1,000,000)	(1,000,000)
Increases funding for IT software			581,133	581,133
Increases funding for rentals/leases of buildings or land			239,100	239,100
Adds funding for Microsoft Office 365 license expenses			117,100	117,100
Reduces funding for other operating expenses			(503,331)	(503,331)
Reduces funding for other capital assets			(70,000)	(70,000)
Total ongoing funding changes	5.00	\$0	\$84,430,503	\$84,430,503
One-time funding items				
Adds one-time funding for a construction and materials management system		\$0	\$9,660,000	\$9,660,000
Adds funding for infrastructure improvements			347,400,000	347,400,000
Total one-time funding changes	0.00	\$0	\$357,060,000	\$357,060,000
Total Changes to Base Level Funding	5.00	\$0	\$441,490,503	\$441,490,503
2021-23 Total Funding	987.00	\$0	\$1,829,935,907	\$1,829,935,907
<i>Total ongoing changes as a percentage of base level</i>	0.5%		6.1%	6.1%
<i>Total changes as a percentage of base level</i>	0.5%		31.8%	31.8%

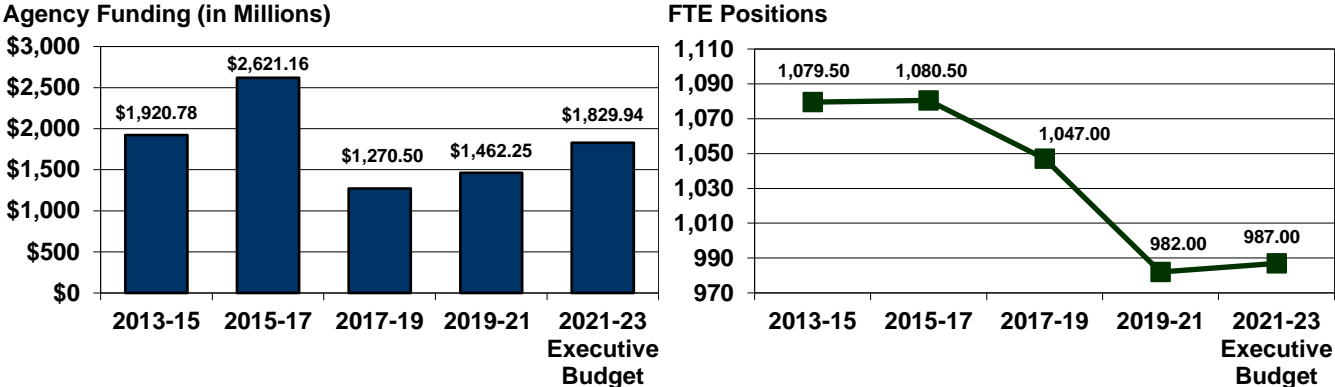
Other Sections in Department of Transportation - Budget No. 801

	Executive Budget Recommendation
Line item transfers	Section 3 would authorize 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.
Exemption - Enhanced state highway investments	Section 4 would provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from Section 54-44.1-11 and is continued into the 2023-25 biennium.
Appropriation - Additional income	Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2021-23 biennium.
Exemption - Driver's licenses system project	Section 6 would provide that \$22.5 million appropriated in the operating expenses line item of House Bill No. 1012 (2019), relating to replacement of the driver's license system is exempt from Section 54-44.1-11.

Department 801- Department of Transportation

Historical Appropriations Information

Total Other Funds Appropriations Since 2013-15



Total Other Funds Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Total other funds appropriations	\$1,920,779,434	\$2,621,156,019	\$1,270,504,868	\$1,462,245,404	\$1,829,935,907
Increase (decrease) from previous biennium	N/A	\$700,376,585	(\$1,350,651,151)	\$191,740,536	\$367,690,503
Percentage increase (decrease) from previous biennium	N/A	36.5%	(51.5%)	15.1%	25.1%
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	36.5%	(33.9%)	(23.9%)	(4.7%)

Major Increases (Decreases) in Other Funds Appropriations

2015-17 Biennium - Ongoing

- 1. Added funding for 1 FTE environmental scientist III 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 (House Bill No. 1012 (2015)) \$503,115,558
- 2. Added funding from the general fund for distributions to non-oil-producing counties (House Bill No. 1176 (2015)) \$112,000,000
- 3. Added funding from the general fund transfer to the highway fund for enhanced state highway investments (Senate Bill No. 2015 (2015)) \$18,000,000
- 4. Added funding from a contingent general fund transfer to the highway fund for enhanced state highway investments (Senate Bill No. 2015 (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 (Senate Bill No. 2103 (2015)) \$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 (Senate Bill No. 2103 (2015)) \$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 (Senate Bill No. 2103 (2015)) \$240,000,000

2017-19 Biennium - Ongoing

- 1. Removed 26.5 vacant FTE positions (\$5,363,021)
- 2. Removed 5 FTE positions (\$658,219) and related operating expenses (\$628,400) through consolidation of 8 highway maintenance sections (\$1,286,619)
- 3. Removed 2 FTE administrator positions and transferred \$396,261 from the salaries and wages line item to the capital assets line item \$0
- 4. Adjusted funding for operating expenses, capital assets, and grants \$14,067,380

5. Added funding for capital assets	\$588,122
6. Reduced funding for operating expenses	(\$5,013,726)
7. Reduced funding for driver's license field sites	(\$160,293)
2019-21 Biennium - Ongoing	
1. Removed 42 unspecified FTE positions and related funding	(\$7,979,595)
2. Restored 16 FTE positions for research and development, enterprise management, and to transform the department's artificial intelligence and design, drones, robotics, smart license plates, and digital driver's licenses (\$3 million), and added 2 FTE positions related to Fargo driver's license operations (\$334,000)	\$3,334,000
3. Transferred 41 FTE IT positions and related funding to the Information Technology Department (\$8,224,012) and adds funding of \$8,284,451 for payments to the Information Technology Department for the IT unification initiative	\$60,439
4. Increased funding for capital assets to provide a total ongoing capital asset funding of \$859,725,944	\$87,874,093
5. Increased funding for grants to provide a total of \$95,854,637	\$17,226,607
2021-23 Biennium - Ongoing - (Executive Budget Recommendation)	
1. Adds 5 FTE positions (\$1,004,301), related operating expenses (\$2,435,649), funding for a Transportation Management Center (\$6,300,050), and grant funding (\$260,000)	\$10,000,000
2. Increases funding for temporary driver's license staffing	\$1,737,788
3. Increases ongoing funding for other capital payments to provide a total of \$837,191,709	\$19,416,426
4. Increases funding for grants to provide a total of \$113,068,637	\$16,954,000
5. Increases funding for building, grounds, and maintenance to provide a total of \$80,402,361	\$11,874,907
6. Increases funding for professional services to provide a total of \$79,008,372	\$10,213,695
7. Increases funding for data processing to provide a total of \$26,173,352	\$6,143,124
8. Reduces funding for motor vehicles to provide a total of \$36,257,237	(\$4,000,000)
9. Increases funding for repairs to provide a total of \$17,066,944	\$3,765,529
10. Increases funding for operating fees and services to provide a total of \$7,840,256	\$3,365,500
11. Reduces funding for travel to provide a total of \$30,768,202	(\$3,294,567)
12. Increases funding for rentals/leases of equipment or other items to provide a total of \$2,538,279	\$1,844,317
13. Increases funding for utilities to provide a total of \$6,421,854	\$1,463,946
14. Reduces funding for IT contractual services and repairs to provide a total of \$2,444,302	(\$1,000,000)
15. Increases funding for IT software to provide a total of \$7,131,635	\$581,133
16. Increases funding for rentals/leases of buildings or land to provide a total of \$3,685,341	\$239,100
17. Adds funding for Microsoft Office 365 license expenses	\$117,100
18. Reduces funding for other operating expenses	(\$503,331)
19. Reduces funding for other capital assets	(\$70,000)

**GOVERNOR'S RECOMMENDATION FOR THE
DEPARTMENT OF TRANSPORTATION AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the department of transportation for the purpose of defraying the expenses of the department of transportation, for the biennium beginning July 1, 2021 and ending June 30, 2023, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$ 197,827,038	\$ 8,323,925	\$ 206,150,963
Operating Expenses	235,037,785	46,906,102	281,943,887
Capital Assets	859,725,944	369,046,476	1,228,772,420
Grants	<u>95,854,637</u>	<u>17,214,000</u>	<u>113,068,637</u>
Total Special Funds	\$1,388,445,404	\$441,490,503	\$1,829,935,907
Full-Time Equivalent Positions	982.00	5.00	987.00

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-sixth legislative assembly for the 2019-21 biennium and the 2021-23 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
Driver's License System Project	\$22,500,000	\$ 0
Minot and Williston Driver's License Facility Maintenance	1,300,000	0
Construction and Materials Management System Project	0	9,660,000
Infrastructure Bonding	<u>0</u>	<u>347,400,000</u>
Total Special Funds	\$23,800,000	\$357,060,000

The 2021-23 one-time funding amounts are not a part of the entity's base budget for the 2023-25 biennium. The department of transportation shall report to the appropriations committees of the sixty-eighth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 3. LINE ITEM TRANSFERS. The director of the department of transportation may transfer between the salaries and wages, operating, capital assets, and grants line items in section 1 of this Act when it is cost-effective for construction and maintenance of highways. The department of transportation shall notify the office of management and budget of any transfers made pursuant to this section.

SECTION 4. EXEMPTION - ENHANCED STATE HIGHWAY INVESTMENTS. Section 54-44.1-11 does not apply to funding of \$503,115,558 in the capital assets line item relating to enhanced state highway investments in section 1 of chapter 12 of the 2015 Session Laws. Any funds continued into the 2021-23 biennium but not spent by June 30, 2023, must be continued into the biennium beginning July 1, 2023, and ending June 30, 2025, and may be expended only for enhanced state highway investments.

SECTION 5. APPROPRIATION – DEPARTMENT OF TRANSPORTATION. In addition to the amounts appropriated to the department of transportation in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 6. EXEMPTION – DRIVERS LICENSE SYSTEM PROJECT. The amount appropriated for the drivers license system project, as contained in section 1 of chapter 12 of the 2019 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for continued drivers license system project costs during the biennium beginning July 1, 2021 and ending June 30, 2023.