

**Department 110 - Office of Management and Budget
Senate Bill No. 2015**

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$91,944,334	\$76,911,173	\$168,855,507
2023-25 Base Level	33,926,399	8,828,309	42,754,708
Increase (Decrease)	\$58,017,935	\$68,082,864	\$126,100,799

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

The following is a comparison of funding from the general fund for statewide dues and memberships:

Statewide Dues and Memberships			
	2021-23 Biennium Legislative Budget	2023-25 Biennium Senate Version	Increase (Decrease)
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues)	\$148,000	\$162,800	\$14,800
Council of State Governments	230,889	240,125	9,236
Western Governors' Association	79,200	83,160	3,960
National Governors Association	75,800	79,590	3,790
National Lieutenant Governors Association	2,000	2,100	100
Education Commission of the States	106,200	117,882	11,682
Western Interstate Commission for Higher Education ¹	0	0	0
Total dues and memberships	\$642,089	\$685,657	\$43,568

¹Funding for the Western Interstate Commission for Higher Education is included in the higher education budget. The House version includes \$330,000 for the 2023-25 biennium compared to \$294,000 in the 2021-23 biennium.

Selected Bill Sections Included in the First Chamber Version

Community service supervision fund - Section 3 appropriates any money in the community service supervision fund for distributions to community corrections association regions.

Tax relief fund to human service finance fund - Section 4 transfers \$200 million from the tax relief fund to the human service finance fund during the 2023-25 biennium.

Strategic investment and improvements fund - Section 6 identifies \$20 million from the strategic investment and improvements fund (SIIF) for a deferred maintenance funding pool, designates \$12 million for a boiler replacement project, and authorizes the Office of Management and Budget (OMB) to transfer the funding to other eligible state agencies.

Capitol building fund - Section 7 identifies \$4.8 million from the Capitol building fund for exterior repairs at the Governor's residence (\$300,000), a remodeling project in the Brynhild Haugland Room in the Capitol (\$500,000), and a Capitol window replacement project (\$4 million).

Salary equity funding pool - Section 9 provides the guidelines for a targeted market equity funding pool and authorizes OMB to transfer salary equity funding to other state agencies. Section 18 provides an emergency clause related to the equity funding.

State employee compensation adjustments - Section 10 provides guidelines for an average salary increase of 4 percent to eligible state employees in the 1st year and an average salary increase of 4 percent in the 2nd year of the 2023-25 biennium. Employees whose documented performance does not meet standards would not be eligible for compensation adjustments.

Capitol building fund continuing appropriation limit - Section 11 amends North Dakota Century Code Section 48-10-02, increasing the amount available from the Capitol building fund as a continuing appropriation to the Capitol Grounds Planning Commission from \$250,000 to \$750,000.

Capitol space rental model - Section 12 amends Section 54-21-19 to authorize agency rental payments for space used on the Capitol grounds by executive branch agencies receiving general fund appropriations. Section 13 creates a new subsection to Section 54-44-11 to authorize OMB to create an operating fund for facility management operations to fund the operations of the Facility Management Division from the proposed Capitol space rental model.

Motor vehicle excise tax allocations - Section 14 amends Section 57-40.3-10 to allocate 50 percent of the motor vehicle excise tax collections to the state highway fund decreasing the amount deposited in the general fund. Section 17 provides an effective date related to the change of allocation for the motor vehicle excise tax collections.

Continuing Appropriations

Risk management fund - Chapter 32-12.2 - Risk fund used to timely settle claims and lawsuits.

Risk management workers' compensation fund - Section 65-04-03.1 - Provides workers' compensation for state employees.

Human Resource Management Services training fund - Section 54-44-11 - State personnel training and development operating fund.

Capitol building fund - Chapter 48-10 - Income and interest of the fund may be used for Capitol grounds projects approved by the Capitol Grounds Planning Commission. The continuing appropriation amount is limited to 50 percent of the unencumbered balance of the fund on the 1st day of the biennium subject to a maximum amount of \$175,000.

Preliminary planning revolving fund - Section 54-27-22 - Preliminary planning revolving fund for state agencies to study and plan for capital projects.

Postage revolving fund - Chapter 48-06 - Used to purchase postage for postage machines in central mailroom.

Indigent civil legal services fund - Section 54-06-20 - Used for distributions to legal services programs that provide civil legal assistance to indigent individuals.

State purchasing operating fund - Section 54-44-11 - Used for the procurement and maintenance of an equipment and supply inventory for state agencies.

Deficiency Appropriations

Senate Bill No. 2025 provides a deficiency appropriation of \$765 from the general fund for costs related to a judgement.

Significant Audit Findings

The operational audit for OMB conducted by the State Auditor's office during the 2021-22 interim identified no significant audit findings.

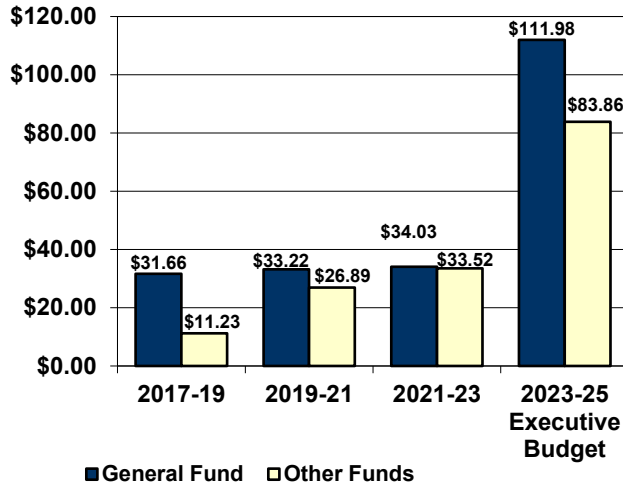
Major Related Legislation

Senate Bill No. 2042 - Clarifies the procurement process and requires bidders to register with the Secretary of State prior to the contract award.

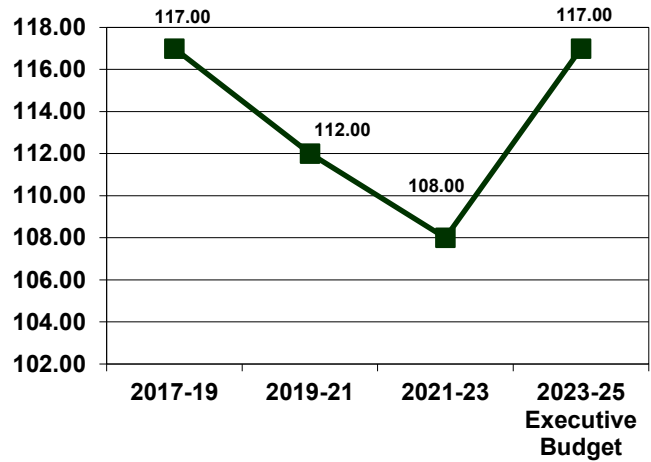
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$30,826,724	\$30,720,260	\$32,915,852	\$33,926,399	\$85,290,281
Increase (decrease) from previous biennium	N/A	(\$106,464)	\$2,195,592	\$1,010,547	\$51,363,882
Percentage increase (decrease) from previous biennium	N/A	(0.3%)	7.1%	3.1%	151.4%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(0.3%)	6.8%	10.1%	176.7%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

- Adjusted funding for FTE positions, including the removal of 1.5 FTE administrative assistant positions, 1 FTE maintenance position, 1 FTE computer and networking specialist position, 1 FTE facility construction engineer, and 1 FTE human resource officer position (\$862,713)
- Adjusted funding for operating expenses \$171,178
- Increased funding for the Emergency Commission contingency fund \$100,000
- Added funding for extraordinary repairs and bond payments \$773,477
- Removed funding for community service supervision grants (\$500,000) and reduces funding for other grants (\$1,000) (\$501,000)
- Reduced funding for Prairie Public Broadcasting from \$1.6 million to \$1.2 million (\$400,000)
- Removed funding for the state student internship program (\$200,000)
- Added funding for community service supervision grants \$350,000

2019-21 Biennium

- Removed 5 FTE positions, including 3 FTE custodian positions and 2 FTE system mechanic positions (\$560,182)
- Underfunded salaries and wages for anticipated savings from vacant positions and employee turnover (\$210,252)
- Added funding to reclassify positions (\$560,678) and for temporary employees (\$56,400) \$617,078
- Reduced funding for information technology (IT) and maintenance costs (\$588,483)

- 5. Added funding for contract custodians (\$640,000), utility costs (\$427,650), state accounting software and an employee onboarding project (\$483,360), Microsoft Office 365 licensing expenses (\$77,308), and statewide memberships and dues (\$93,614) \$1,700,208
- 6. Reduced funding for the Emergency Commission contingency fund to provide total funding of \$500,000 (\$100,000)
- 7. Reduced funding for bond payments to provide total funding of \$567,125 (\$206,352)
- 8. Increased funding for guardianship grants by \$621,400, from \$1,328,600 to \$1,950,000 \$621,400

2021-23 Biennium

- 1. Added funding to reclassify vacant FTE positions into a human resource officer (\$110,869) and procurement officers (\$104,824) \$215,693
- 2. Decreased funding for operating expenses primarily related to IT costs (\$701,000)
- 3. Added funding for a budget software maintenance agreement (\$403,000) and a procurement software maintenance agreement (\$152,000) \$555,000
- 4. Decreased funding for the Emergency Commission contingency fund to provide total funding of \$400,000 (\$100,000)
- 5. Increased funding for guardianship grants by \$500,000, from \$1,950,600 to \$2,450,000 \$500,000

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds 9 FTE positions, including 1 learning development manager, 2 business developers, 1 talent acquisition manager, 1 total rewards specialist, 1 talent acquisition specialist, 2 shared communication service specialists, and 1 change management position \$1,895,224
- 2. Adds funding to reclassify 2 FTE positions for a public improvements manager and a lease administrator \$396,888
- 3. Adds funding for a salary equity funding pool \$49,300,000
- 4. Adds funding for new procurement software licensing fees \$1,000,000
- 5. Adjusts funding for a new Capitol space rent model (\$3,711,638)

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$6,530,303	\$941,100	\$300,000	\$100,000	\$26,691,319

Major One-Time General Fund Appropriations

2017-19 Biennium

- 1. Added one-time funding for a grant to the Theodore Roosevelt Center at Dickinson State University \$500,000
- 2. Provided a deficiency appropriation of \$441,100 for lawsuit expenses \$441,000

2019-21 Biennium

- 1. Added one-time funding for the state student internship program \$250,000
- 2. Added one-time funding for an electronic procurement study \$50,000

2021-23 Biennium

- Added one-time funding for the state student internship program \$100,000

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds one-time funding for new procurement software \$2,500,000
- 2. Adds one-time funding for a steam boiler replacement project \$12,000,000
- 3. Adds one-time funding for Capitol grounds landscaping \$1,800,000
- 4. Adds one-time funding for Capitol space utilization improvements \$5,500,000
- 5. Adds one-time funding for Prairie Public Broadcasting grants to provide total grant funding of \$2,992,450 \$1,792,450

Office of Management and Budget - Budget No. 110
Senate Bill No. 2015
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	108.00	\$33,926,399	\$8,828,309	\$42,754,708	108.00	\$33,926,399	\$8,828,309	\$42,754,708
2023-25 Ongoing Funding Changes								
Cost to continue salaries		\$127,384	\$24,024	\$151,408		\$127,384	\$24,024	\$151,408
Salary increase		1,243,185	213,216	1,456,401		931,273	158,966	1,090,239
Health insurance increase		438,312	78,190	516,502		448,396	79,989	528,385
Adds FTE learning development manager position	1.00	255,452		255,452				0
Adds FTE business development positions	2.00	381,724		381,724	1.00	190,862		190,862
Adds FTE talent acquisition manager position	1.00	255,452		255,452	1.00	255,452		255,452
Adds FTE total rewards specialist position	1.00	218,472		218,472	1.00	218,472		218,472
Adds FTE talent acquisition specialist position	1.00	218,472		218,472				0
Adds FTE shared communications services positions	2.00	350,722		350,722				0
Adds FTE change management position	1.00	214,930		214,930				0
Adds funding to reclassify an FTE public improvements manager position		198,444		198,444		198,444		198,444
Adds funding to reclassify an FTE lease administrator position		198,444		198,444		198,444		198,444
Adds funding for a salary equity pool		49,300,000	40,400,000	89,700,000		41,000,000	34,000,000	75,000,000
Increase in Information Technology Department rates		25,067	824	25,891		25,067	824	25,891
Adds funding for new procurement software		1,000,000		1,000,000		1,000,000		1,000,000
Adds funding for inflationary increases		323,100	508,674	831,774		323,100	508,674	831,774
Adds funding for classification system administration		12,000		12,000		12,000		12,000
Adds funding for LinkedIn recruitment tools		95,000		95,000		95,000		95,000
Adjusts funding for a new Capitol space rent model		(3,711,638)	4,101,552	389,914		(3,711,638)	4,101,552	389,914
Transfers \$200,000 from capital assets to operating expenses				0				0
Adjusts funding for bond payments		(280,640)		(280,640)		(280,640)		(280,640)
Adds funding for electrical and mechanical repairs		500,000		500,000		500,000		500,000
Adds funding for Central Services Division software and equipment			24,480	24,480			24,480	24,480
Adds funding for guardianship grants				0		3,650,000		3,650,000
Removes funding for Prairie Public Broadcasting				0				0
Total ongoing funding changes	9.00	\$51,363,882	\$45,350,960	\$96,714,842	3.00	\$45,181,616	\$38,898,509	\$84,080,125
One-Time Funding Items								
Adds one-time funding for accrued leave retirement payouts		\$74,369	\$26,000	\$100,369		\$74,369	\$26,000	\$100,369
Adds one-time funding for inflationary increases		18,500	340,000	358,500		18,500	340,000	358,500
Adds one-time funding for an accessibility compliance study		100,000		100,000		100,000		100,000
Adds one-time funding for automatic doors in legislative areas				0		150,000		150,000
Adds one-time funding for Capitol tour enhancements		100,000		100,000		100,000		100,000
Adds one-time funding for state employee leave management system		540,000		540,000		335,000		335,000
Adds one-time funding for new procurement software		2,500,000		2,500,000		2,500,000		2,500,000
Adds one-time funding to continue automation upgrades at the Capitol		800,000		800,000		800,000		800,000
Adds one-time funding for electrical and mechanical repairs		100,000		100,000		100,000		100,000
Adds one-time funding for steam boiler replacement		12,000,000		12,000,000				0
Adds one-time funding to demolish the State Office Building		451,000		451,000		451,000		451,000
Adds one-time funding for Capitol grounds landscaping		1,800,000		1,800,000				0
Adds one-time funding for Capitol space utilization improvements		5,500,000		5,500,000		5,500,000		5,500,000
Adds one-time funding for Central Services Division software and equipment		215,000	358,800	573,800		215,000	358,800	573,800
Adds one-time funding for Governor's residence exterior repairs			300,000	300,000			300,000	300,000
Adds one-time funding to remodel the 18th floor of the Capitol			500,000	500,000				0
Adds one-time funding for the Brynhild Haugland Room			500,000	500,000			500,000	500,000
Adds one-time funding for Capitol window replacement			4,000,000	4,000,000			4,000,000	4,000,000

Adds one-time funding for a deferred maintenance pool		20,000,000	20,000,000		20,000,000	20,000,000		
Adds one-time funding for Prairie Public Broadcasting grants	1,792,450		1,792,450	1,792,450		1,792,450		
Adds one-time funding for the state student internship program	700,000		700,000	700,000		700,000		
Adds one-time funding for federal education grants		3,659,555	3,659,555		3,659,555	3,659,555		
Total one-time funding changes	0.00	\$26,691,319	\$29,684,355	\$56,375,674	0.00	\$12,836,319	\$29,184,355	\$42,020,674
Total Changes to Base Level Funding	9.00	\$78,055,201	\$75,035,315	\$153,090,516	3.00	\$58,017,935	\$68,082,864	\$126,100,799
2023-25 Total Funding	117.00	\$111,981,600	\$83,863,624	\$195,845,224	111.00	\$91,944,334	\$76,911,173	\$168,855,507
<i>Federal funds included in other funds</i>			\$9,059,555				\$8,659,555	
<i>Total ongoing changes as a percentage of base level</i>	8.3%	151.4%	513.7%	226.2%	2.8%	133.2%	440.6%	196.7%
<i>Total changes as a percentage of base level</i>	8.3%	230.1%	849.9%	358.1%	2.8%	171.0%	771.2%	294.9%

Other Sections in Office of Management and Budget - Budget No. 110

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Community service supervision fund		Section 3 appropriates funding in the community service supervision fund for distributions to community corrections association regions.
Tax relief fund to human service finance fund	Section 3 would transfer \$200 million from the tax relief fund to the social services finance fund during the 2023-25 biennium.	Section 4 transfers \$200 million from the tax relief fund to the human service finance fund during the 2023-25 biennium.
State student internship program	Section 5 would authorize OMB to transfer student internship funding to other state agencies.	Section 5 authorizes OMB to transfer student internship funding to other state agencies.
Strategic investment and improvements fund	Section 4 would identify \$20 million from SIIF for a deferred maintenance funding pool and would authorize OMB to transfer the funding to other eligible state agencies.	Section 6 identifies \$20 million from SIIF for a deferred maintenance funding pool, designates \$12 million for a boiler replacement project, and authorizes OMB to transfer the funding to other eligible state agencies.
Capitol building fund		Section 7 identifies \$4.8 million from the Capitol building fund for exterior repairs at the Governor's residence (\$300,000), a remodeling project in the Brynhild Haugland Room in the Capitol (\$500,000), and a Capitol window replacement project (\$4 million).
Grant and expense designations	Section 8 would identify the funding designated for statewide memberships and dues, unemployment insurance, and the Capitol Grounds Planning Commission.	Section 8 identifies the funding designated for statewide memberships and dues, unemployment insurance, and the Capitol Grounds Planning Commission.
Salary equity funding pool	Section 6 would authorize OMB to transfer salary equity funding to other state agencies, and Section 19 would provide an emergency clause related to the equity funding.	Section 9 provides the guidelines for a targeted market equity funding pool and authorizes OMB to transfer salary equity funding to other state agencies. Section 18 provides an emergency clause related to the equity funding.
State employee compensation adjustments	Section 9 would provide guidelines for an average salary increase of 6 percent to eligible state employees in the 1st year and an average salary increase of 4 percent in the 2nd year of the 2023-25 biennium. Additional salary increases would be available if state agencies have savings in their current budget. Employees whose documented performance does not meet standards would not be eligible for compensation adjustments.	Section 10 provides guidelines for an average salary increase of 4 percent to eligible state employees in the 1st year and an average salary increase of 4 percent in the 2nd year of the 2023-25 biennium. Employees whose documented performance does not meet standards would not be eligible for compensation adjustments.
Capitol building fund continuing appropriation limit	Section 11 would amend Section 48-10-02, increasing the amount available from the Capitol building fund as a continuing appropriation to the Capitol Grounds Planning Commission from \$250,000 to \$750,000.	Section 11 amends Section 48-10-02, increasing the amount available from the Capitol building fund as a continuing appropriation to the Capitol Grounds Planning Commission from \$250,000 to \$750,000.

Other Sections in Office of Management and Budget - Budget No. 110

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Capitol space rent model	Section 20 would amend Section 54-21-19 to authorize agency rental payments for space used on the Capitol grounds by agencies receiving general fund appropriations. Section 16 would amend Section 54-44-11 to authorize OMB to create an operating fund for facility management operations to fund the operations of the Facility Management Division for a new Capitol space rent model.	Section 12 amends Section 54-21-19 to authorize agency rental payments for space used on the Capitol grounds by executive branch agencies receiving general fund appropriations. Section 13 creates a new subsection to Section 54-44-11 to authorize OMB to create an operating fund for facility management operations to fund the operations of the Facility Management Division for a new Capitol space rent model.
Budget stabilization fund limit	Section 15 would amend Section 54-27.2-01 to decrease the maximum balance of the budget stabilization fund from 15 percent of the most recent general fund budget to 15 percent of the most recent ongoing general fund budget excluding state school aid appropriations.	
Motor vehicle excise tax allocations	Section 13 would amend Section 57-40.3-10 to transfer 25 percent of the motor vehicle excise tax collections to the state highway fund during fiscal year 2024 and to transfer 50 percent of the motor vehicle excise tax collections to the state highway fund after fiscal year 2024 decreasing the amount deposited in the general fund.	Section 14 amends Section 57-40.3-10 to allocate 50 percent of the motor vehicle excise tax collections to the state highway fund decreasing the amount deposited in the general fund. Section 17 provides an effective date related to the change of allocation for the motor vehicle excise tax collections.
Fiscal management exemption	Section 7 would allow 2021-23 biennium appropriation authority for the Fiscal Management Division of OMB to continue to be available in the 2023-25 biennium.	Section 15 allows 2021-23 biennium appropriation authority for the Fiscal Management Division of OMB to continue to be available in the 2023-25 biennium.
Unexpended appropriations		Section 16 allows unexpended appropriations for an assessment of state lands and facilities and a facility consolidation study to continue to be available in the 2023-25 biennium
Legacy earnings fund	Section 10 would amend Section 21-10-13 to provide allocations based on percentages rather than dollar amounts and to return any earnings exceeding the percent of market value calculation to the legacy fund to become part of the principal.	
Capitol Grounds Planning Commission	Section 12 would amend Section 54-21-24.1, Section 18 would create a new section in Chapter 48-10, and Section 20 would repeal Section 54-44.4-02 to provide a continuing appropriation to the Capitol Grounds Planning Commission for space utilization studies and improvements at the Capitol and to authorize the commission to establish policies for space allocations in the Capitol.	
State share of oil and gas tax revenue allocations ("buckets")	Section 17 would increase the allocation of oil and gas tax revenues to the general fund by \$200 million, from \$400 million to \$600 million, per biennium.	