

Department 471 - Bank of North Dakota
House Bill No. 1014

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$0	\$76,237,686	\$76,237,686
2023-25 Base Level	0	68,816,548	68,816,548
Increase (Decrease)	\$0	\$7,421,138	\$7,421,138

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.

Selected Bill Sections Included in the First Chamber Version

Transfer to general fund - Section 10 provides for a transfer of \$70 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2023-25 biennium. Section 23 amends the transfer of Bank of North Dakota profits during the 2021-23 biennium to provide a transfer of \$70 million to the general fund rather than \$140 million, and Section 27 provides an emergency clause related to this change.

Transfer to partnership in assisting community expansion (PACE) fund - Section 11 provides for a transfer of \$39 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2023-25 biennium.

Transfer to Ag PACE fund - Section 11 provides for a transfer of \$5 million from the Bank's current earnings and undivided profits to the Ag PACE fund for the 2023-25 biennium.

Transfer to biofuels PACE fund - Section 11 provides for a transfer of \$1 million from the Bank's current earnings and undivided profits to the biofuels PACE fund for the 2023-25 biennium.

Transfer to beginning farmer revolving loan fund - Section 11 provides for a transfer of \$15 million from the Bank's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2023-25 biennium.

Transfer to the agricultural products utilization fund - Section 11 provides for a transfer of \$3 million from the Bank's current earnings and undivided profits to the agricultural products utilization fund for the 2023-25 biennium.

Recruitment and retention incentive program - Section 17 creates a new section to North Dakota Century Code Chapter 6-09 allowing the Bank to develop a recruitment and retention incentive program.

Continuing Appropriations

Agriculture diversification and development fund - Section 4.1-01.1-07 - Loans and grants to support new or expanding value-added agriculture businesses.

PACE - Section 6-09.14-02 - Buy down interest rates on loans for new or expanding businesses.

Ag PACE - Section 6-09.13-04 - Buy down interest rates on agriculture-related loans.

Beginning farmer revolving loan fund - Section 6-09-15.5 - Direct loans or to buy down interest rates on loans to beginning farmers for the first purchase of farm real estate or chattels.

College SAVE - Section 6-09-38 - Higher education savings plan.

North Dakota achieving a better life experience plan - Section 6-09-38.1 - Savings plans for individuals with disabilities.

Rebuilders permanent loan fund - Section 6-09-46.2 - Loan program for residents affected by extraordinary losses from a presidentially declared disaster or governor-declared disaster or emergency in the state.

Medical facility infrastructure loan fund - Section 6-09-47 - Loans for medical facility construction.

Federal student loan proceeds - Section 6-09-48 - Funds received in relation to federal student loans used to support the functions of the Bank related to higher education programs.

Infrastructure revolving loan fund - Section 6-09-49 - Loans for political subdivision infrastructure projects.

Deficiency Appropriations

House Bill No. 1199 transfers \$20 million from the Bank's profits to the PACE fund for the 2021-23 biennium related to additional interest buydown requests. Funding for the PACE fund for the 2021-23 biennium totals \$46 million, including \$26 million approved during the 2021 regular legislative session and \$20 million in House Bill No. 1199.

Significant Audit Findings

The financial statement audit for the Bank of North Dakota conducted by Eide Bailly LLP, during the 2021-22 interim identified no significant findings.

Major Related Legislation

House Bill No. 1003 - Transfers \$16.5 million from the Bank's profits to the North Dakota University System office for State Board of Higher Education scholarships (\$1.5 million), to the skilled workforce student loan repayment program fund (\$7.5 million), and to the skilled workforce scholarship fund (\$7.5 million).

House Bill No. 1242 - Transfers \$20 million from the Bank's profits to the statewide interoperable radio network fund for the 2023-25 biennium.

House Bill No. 1379 - Appropriates \$10 million to the Bank of North Dakota from the economic diversification research fund for grants to institutions of higher education for economic diversification research.

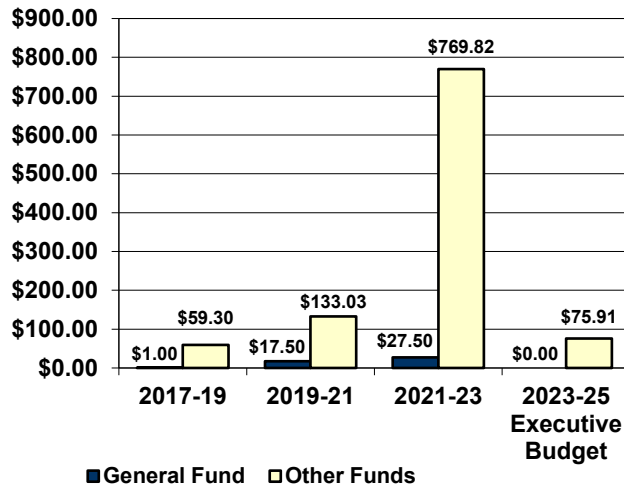
Senate Bill No. 2009 - Transfers \$3 million from the Bank's profits to the agricultural products utilization fund for the 2023-25 biennium.

Senate Bill No. 2233 - Clarifies the provisions for auditing loan programs administered by the Bank of North Dakota.

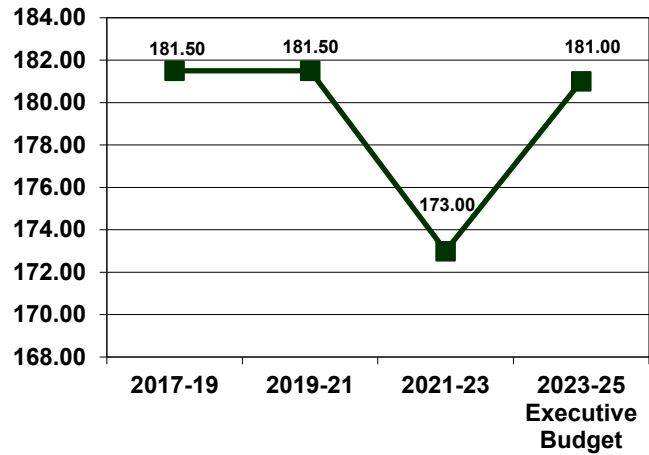
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	\$59,287,301	\$59,299,204	\$64,357,799	\$68,816,548	\$75,101,307
Increase (decrease) from previous biennium	N/A	\$11,903	\$5,058,595	\$4,458,749	\$6,284,759
Percentage increase (decrease) from previous biennium	N/A	0.0%	8.5%	6.9%	9.1%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	0.0%	8.6%	16.1%	26.7%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

1. Provided funding for additional salary increases related to higher starting salaries for new employees and higher than anticipated salary adjustments for market rate adjustments \$1,459,131
2. Reduced funding for operating expenses primarily related to marketing activities that were funded with a federal grant that expired in calendar year 2016 as well as cost-savings from efficiencies (\$2,385,776)
3. Added funding for IT equipment \$65,000

2019-21 Biennium

1. Increased funding for Bank operations related to IT costs (\$876,800); professional development and services (\$139,508); Microsoft Office 365 licensing costs (\$37,352); and utilities, insurance, and other operating expenses (\$250,000) \$1,303,660
2. Decreased funding for Bank operations related to postage and temporary employees (\$75,550)
3. Increased funding for Bank contingencies to provide total contingency funding of \$3.5 million \$1,000,000
4. Added funding for IT equipment and software to provide total funding of \$1.51 million for capital assets \$700,000

2021-23 Biennium

1. Transferred 16 FTE positions to ITD for a unification initiative resulting in a decrease in salaries and wages of \$3,287,172 and an increase in operating expenses of \$3,370,515 \$83,343
2. Added 7.5 new undesignated FTE positions to support future growth in Bank of North Dakota operations \$1,024,128
3. Increased funding for IT expenses (\$1,811,661) and Microsoft Office 365 licensing expenses (\$21,812) \$1,833,473
4. Decreased funding for Bank contingencies to provide total contingency funding of \$3 million (\$500,000)

- 5. Added funding during the November 2021 special legislative session for salaries and wages to provide funding for the 2nd year of the biennium for new FTE positions authorized in the 2021 regular legislative session \$1,025,369

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds funding for 8 FTE positions, including 2 credit underwriter positions, 2 valuation supervisor positions, 2 collateral valuation positions, 1 collateral valuation analyst position, and 1 loan operations supervisor position \$2,005,395
- 2. Increases funding for ITD rate changes \$405,524

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$17,000,000	\$0	\$0	\$701,000,000	\$804,278

Major One-Time Other Funds Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

None \$0

2021-23 Biennium

- 1. Added one-time funding from bond proceeds for allocations to infrastructure projects and programs \$680,000,000
- 2. Added one-time funding from the federal State Fiscal Recovery Fund for a fuel production facility incentive program \$21,000,000

2023-25 Biennium (Executive Budget Recommendation)

Adds one-time funding for IT projects \$804,278

Bank of North Dakota - Budget No. 471
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	173.00	\$0	\$68,816,548	\$68,816,548	173.00	\$0	\$68,816,548	\$68,816,548
2023-25 Ongoing Funding Changes								
Cost to continue salary increase			\$280,646	\$280,646			\$280,646	\$280,646
Salary increase			2,685,488	2,685,488			1,896,264	1,896,264
Health insurance increase			863,226	863,226			883,084	883,084
Adds FTE credit underwriter IV position	1.00		253,976	253,976	1.00		253,976	253,976
Adds FTE agricultural valuation supervisor position	1.00		290,214	290,214	1.00		290,214	290,214
Adds FTE credit underwriter III position	1.00		222,652	222,652	1.00		222,652	222,652
Adds FTE commercial valuation supervisor position	1.00		290,214	290,214	1.00		290,214	290,214
Adds FTE collateral valuation III position	1.00		217,735	217,735	1.00		217,735	217,735
Adds FTE collateral valuation analyst IV position	1.00		253,976	253,976	1.00		253,976	253,976
Adds FTE collateral valuation IV position	1.00		253,976	253,976	1.00		253,976	253,976
Adds FTE loan operations supervisor position	1.00		222,652	222,652	1.00		222,652	222,652
Adds FTE loan servicing supervisor position			0	0	1.00		188,381	188,381
Adds FTE business banking associate I position			0	0	1.00		139,104	139,104
Adds FTE loan servicing associate II position			0	0	1.00		139,104	139,104
Adds FTE loan servicing associate III position			0	0	1.00		159,414	159,414
Adds FTE business banking associate II position			0	0	1.00		257,933	257,933
Adds FTE staff accountant III position			0	0	1.00		217,351	217,351
Increases funding for shared software and service rates			44,660	44,660			44,660	44,660
Increases funding for ITD rate changes			405,524	405,524			405,524	405,524
Total ongoing funding changes	8.00	\$0	\$6,284,939	\$6,284,939	14.00	\$0	\$6,616,860	\$6,616,860
One-Time Funding Items								
Adds one-time funding for IT projects			\$804,278	\$804,278			\$804,278	\$804,278
Total one-time funding changes	0.00	\$0	\$804,278	\$804,278	0.00	\$0	\$804,278	\$804,278
Total Changes to Base Level Funding	8.00	\$0	\$7,089,217	\$7,089,217	14.00	\$0	\$7,421,138	\$7,421,138
2023-25 Total Funding	181.00	\$0	\$75,905,765	\$75,905,765	187.00	\$0	\$76,237,686	\$76,237,686
<i>Federal funds included in other funds</i>			\$0	\$0			\$0	\$0
<i>Total ongoing changes as a percentage of base level</i>	4.6%		9.1%	9.1%	8.1%		9.6%	9.6%
<i>Total changes as a percentage of base level</i>	4.6%		10.3%	10.3%	8.1%		10.8%	10.8%

Other Sections in Bank of North Dakota - Budget No. 471

	Executive Budget Recommendation	House Version
Transfer to general fund	Removes a section to transfer \$140 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2023-25 biennium.	Section 10 provides for a transfer of \$70 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2023-25 biennium. Section 23 amends the transfer of Bank of North Dakota profits during the 2021-23 biennium to provide a transfer of \$70 million to the general fund rather than \$140 million, and Section 27 provides an emergency clause related to this change.

Other Sections in Bank of North Dakota - Budget No. 471

	<u>Executive Budget Recommendation</u>	<u>House Version</u>
Transfer to PACE fund	Section 6 would provide for a transfer of \$39 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2023-25 biennium.	Section 11 provides for a transfer of \$39 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2023-25 biennium.
Transfer to Ag PACE fund	Section 7 would provide for a transfer of \$5 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2023-25 biennium.	Section 11 provides for a transfer of \$5 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2023-25 biennium.
Transfer to biofuels PACE fund	Section 8 would provide for a transfer of \$1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2023-25 biennium.	Section 11 provides for a transfer of \$1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2023-25 biennium.
Transfer to beginning farmer revolving loan fund	Section 9 would provide for a transfer of \$15 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2023-25 biennium.	Section 11 provides for a transfer of \$15 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2023-25 biennium.
Transfer to agricultural products utilization fund	Section 10 would provide for a transfer of \$3 million from the Bank of North Dakota's current earnings and undivided profits to the agricultural products utilization fund for the 2023-25 biennium.	Section 11 provides for a transfer of \$3 million from the Bank of North Dakota's current earnings and undivided profits to the agricultural products utilization fund for the 2023-25 biennium.
Recruitment and retention incentive program		Section 17 creates a new section to Chapter 6-09 allowing the Bank to develop a recruitment and retention incentive program.