

BUDGET SECTION

The Legislative Management's Budget Section is referred to in various sections of the North Dakota Century Code and the Session Laws of North Dakota. Although there are statutory references to the Budget Section, it is not created by statute. The Budget Section is an interim committee appointed by the Legislative Management. By tradition, the membership of the Budget Section consists of the members of the Senate and House Appropriations Committees, the Majority and Minority Leaders and their assistants, and the Speaker of the House.

Budget Section members were Representatives Chet Pollert (Chairman), Larry Bellew, Tracy Boe, Michael D. Brandenburg, Al Carlson, Jeff Delzer, Bill Devlin, Mark A. Dosch, Eliot Glassheim, Bette Grande, Ron Guggisberg, Kathy Hawken, Rick Holman, Keith Kempenich, Gary Kreidt, Bob Martinson, Corey Mock, David Monson, Jon Nelson, Kenton Onstad, Mark Sanford, Robert J. Skarphol, Roscoe Streyle, Blair Thoreson, Don Vigesaa, Alon Wieland, and Clark Williams and Senators Bill Bowman, Ron Carlisle, Robert Erbele, Tony Grindberg, Joan Heckaman, Ray Holmberg, Ralph L. Kilzer, Jerry Klein, Karen K. Krebsbach, Gary A. Lee, Tim Mathern, David O'Connell, Larry J. Robinson, Mac Schneider, Terry M. Wanzek, Rich Wardner, and John M. Warner.

The following duties assigned to the Budget Section by law or by Legislative Management directive were acted on during the 2013-14 interim:

1. **Status of the State Board of Agricultural Research and Education (Section 4-05.1-19(10))** - This section requires, within the duties of the State Board of Agricultural Research and Education, a status report to be presented to the Budget Section.
2. **Higher education campus improvements and building construction (Section 15-10-12.1)** - This section requires the approval of the Budget Section or the Legislative Assembly for the construction of any building financed by donations, gifts, grants, and bequests on land under the control of the State Board of Higher Education. Campus improvements and building maintenance of more than \$385,000 also require the approval of the Budget Section or Legislative Assembly. Budget Section approval can only be provided when the Legislative Assembly is not in session, excluding the six months prior to a regular legislative session and the three months following the close of a regular session. The Budget Section approval regarding the construction of buildings and campus improvements must include a specific dollar limit for each building, campus improvement, or maintenance project. If a request is to be considered by the Budget Section, the Legislative Council must notify each member of the Legislative Assembly and allow any member to present testimony to the Budget Section regarding the request. Campus improvements and building maintenance of \$385,000 or less and the sale of real property received by gift or bequest may be authorized by the board.
3. **Sources of funds received for construction projects of entities under the State Board of Higher Education (Section 15-10-12.3)** - This section requires each institution under the State Board of Higher Education undertaking a capital construction project that was approved by the Legislative Assembly and for which local funds are to be used to present a biennial report to the Budget Section detailing the source of all funds used in the project.
4. **Annual audits from center of excellence awarded funds under Chapter 15-69 (Section 15-69-05, effective through July 31, 2023)** - This section requires a center of excellence that is awarded funds under Chapter 15-69 to provide an annual audit report to the Budget Section on the funds distributed to the center until the completion of the Centers of Excellence Commission's postaward monitoring of the center.
5. **Game and Fish Department land acquisitions (Section 20.1-02-05.1)** - This section provides Budget Section approval is required for Game and Fish Department land acquisitions of more than 10 acres or \$10,000.
6. **Annual audits of renaissance fund organizations (Section 40-63-07(9))** - This section requires the Department of Commerce Division of Community Services to provide annual reports to the Budget Section on the results of audits of renaissance fund organizations.
7. **Report identifying every state agency that has not submitted a claim for property belonging to that agency (Section 47-30.1-24.1)** - This section requires the Commissioner of University and School Lands to present a report to the Budget Section identifying every state agency that has not submitted a claim for unclaimed property belonging to that agency within one year of receipt of the certified mail notification.
8. **Relinquishment of agency rights to recover property (Section 47-30.1-24.1)** - This section provides each state agency that does not submit a claim for unclaimed property belonging to that agency within one year of receipt of the certified mail notification relinquishes its right to recover the property upon approval of the Budget Section.

9. **Change or expansion of state building construction projects (Section 48-01.2-25)** - This section provides a state agency or institution may not significantly change or expand a building construction project approved by the Legislative Assembly unless the change, expansion, or additional expenditure is approved by the Legislative Assembly or the Budget Section if the Legislative Assembly is not in session, excluding the six months prior to a regular legislative session and the three months following the close of a regular session.
10. **Job insurance trust fund (Section 52-02-17)** - This section requires Job Service North Dakota report to the Legislative Council before March 1 of each year the actual job insurance trust fund balance and the targeted modified average high cost multiplier, as of December 31 of the previous year, and a projected trust fund balance for the next three years. The Legislative Management has assigned this responsibility to the Budget Section.
11. **Report on the number of employees receiving bonuses above the 25 percent limitation (Section 54-06-30)** - This section authorizes agencies to pay bonuses to not more than 25 percent of the employees employed by the agency on July 1 of each state fiscal year. Human Resource Management Services (HRMS) may approve the payment of bonuses above the 25 percent limitation but is required to report any exceptions granted under this subsection to the Budget Section.
12. **Irregularities in the fiscal practices of the state (Section 54-14-03.1)** - This section requires the Office of the Budget to submit a written report to the Budget Section documenting:
 - a. Any irregularities in the fiscal practices of the state.
 - b. Areas where more uniform and improved fiscal procedures are desirable.
 - c. Any expenditures or governmental activities contrary to law or legislative intent.
 - d. The use of state funds to provide bonuses, cash incentive awards, or temporary salary adjustments for state employees.
13. **Acceptance and expenditure of federal funds of more than \$50,000 which were not appropriated (Section 54-16-04.1).**
 - a. Acceptance of federal funds - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to accept more than \$50,000 of federal funds which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money. Budget Section approval is not required if the acceptance is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state.
 - b. Expenditure of federal funds - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to spend more than \$50,000 of federal funds which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money.
14. **Acceptance and expenditure of other funds of more than \$50,000 which were not appropriated (Section 54-16-04.2).**
 - a. Acceptance of other funds - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to accept more than \$50,000 from gifts, grants, donations, or other sources which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money or programs. Budget Section approval is not required if the acceptance is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state.
 - b. Expenditure of other funds - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to spend more than \$50,000 from gifts, grants, donations, or other sources which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money or programs.
15. **Consider authorization of additional full-time equivalent (FTE) positions (Section 54-16-04.3)** - This section provides on the advice of the Office of Management and Budget (OMB) and the recommendation of the Emergency Commission the Budget Section may approve the employment by a state officer of FTE positions in addition to those authorized by the Legislative Assembly.
16. **Transfers of spending authority from the state contingencies appropriation exceeding \$50,000 (Section 54-16-09)** - This section provides, subject to Budget Section approval, the Emergency Commission may authorize a transfer of more than \$50,000 from the state contingencies line item to the appropriate line item in the appropriation of the state officer who requested the transfer. Budget Section approval is not required if the transfer is necessary to avoid an imminent threat to the safety of people or property due to a

natural disaster or war crisis or to avoid an imminent financial loss to the state. A total of \$700,000 was provided for the 2013-15 biennium.

17. **Capital improvements preliminary planning revolving fund (Section 54-27-22)** - This section provides before any funds can be distributed from the preliminary planning revolving fund to a state agency, institution, or department, the Budget Section must approve the request (approximately \$190,000 is available for the 2013-15 biennium).
18. **Tobacco settlement funds (Section 54-44-04(23))** - This section requires the Director of OMB to report to the Budget Section on the status of tobacco settlement funds and related information.
19. **Form of budget data (Section 54-44.1-07)** - This section requires the Director of the Budget to prepare budget data in the form prescribed by the Legislative Council and to present it to the Legislative Assembly at a time and place set by the Legislative Council. Drafts of proposed general and special appropriations Acts embodying the budget data and recommendations of the Governor for appropriations for the next biennium and drafts of such revenues and other Acts recommended by the Governor for putting into effect the proposed financial plan must be submitted to the Legislative Council within seven days after the day of adjournment of the organizational session. The Budget Section was assigned this responsibility.
20. **Report from the Information Technology Department (Section 54-59-19)** - This section requires the Information Technology Department (ITD) to prepare and present an annual report to the Information Technology Committee and to present a summary of the report to the Budget Section.
21. **Report regarding any transfers between line items and between subdivisions in excess of \$50,000 (Section 3 of 2013 House Bill No. 1012)** - This section requires the Department of Human Services (DHS) to report to the Budget Section after June 30, 2014, on any transfers in excess of \$50,000 made during the 2013-15 biennium between line items within each subdivision and between subdivisions (effective July 1, 2013).
22. **Transfers exceeding \$50,000 (Section 54-16-04(2))** - This section provides, subject to Budget Section approval, the Emergency Commission may authorize a transfer of more than \$50,000 from one fund or line item to another. Budget Section approval is not required if the transfer is necessary to comply with a court order, to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis, or to avoid an imminent financial loss to the state.
23. **Acceptance of federal funds for a specific purpose or program which were not appropriated (Section 54-16-04.1(4))** - This section provides, upon approval by the Emergency Commission and Budget Section, the state may accept any federal funds made available to the state which are not for a specific purpose or program and which are not required to be spent prior to the next regular legislative session for deposit into a special fund until the Legislative Assembly appropriates the funds.
24. **State Board of Higher Education's semiannual project variance reports (Section 15-10-47)** - This section requires OMB to provide to the Budget Section upon request information relating to the State Board of Higher Education's semiannual project variance reports regarding construction projects valued at more than \$250,000.
25. **Legacy and Budget Stabilization Fund Advisory Board semiannual reports (Section 21-10-11)** - This section requires the Legacy and Budget Stabilization Fund Advisory Board to provide at least semiannual reports to the Budget Section regarding asset allocation and investment policies developed for the legacy and budget stabilization funds as well as recommendations presented to the state investment board regarding investment of funds in the legacy and budget stabilization funds.
26. **Warrants and checks outstanding for more than 90 days and less than three years (Section 54-11-01)** - This section requires the State Treasurer to report to the Budget Section, within 90 days of the beginning of each fiscal year, all warrants and checks outstanding for more than 90 days and less than three years.
27. **Reports from state agencies that applied for federal grants estimated to be \$25,000 or more (Section 54-27-27)** - This section requires OMB to present at each meeting of the Budget Section reports received from state agencies other than entities under the control of the State Board of Higher Education that have applied for federal grants estimated to be \$25,000 or more.
28. **Annual audits from a center of research excellence (Section 54-65-03)** - This section requires a center of research excellence receiving funds under Chapter 54-65 to provide its annual audit on funds distributed to the center.
29. **Secretary of State semiannual report on credit card usage rates and credit card fees paid (2013 House Bill No. 1002, Section 7)** - This bill requires the Secretary of State to report semiannually to the Budget Section during the 2013-14 interim on credit card usage rates and credit card fees paid by the Secretary of State.

30. **Federal funds report** - Receive a report from the Legislative Council staff in the fall of 2014 on the status of the state's federal funds receipts for the current biennium and estimated federal funds receipts for the subsequent biennium.
31. **Housing Finance Agency report on flood-impacted housing assistance grants (House Bill No. 1016, Section 4)** - This bill provides Budget Section receive a report from the Housing Finance Agency during the 2013-14 interim on the use of funds for grants for flood-impacted housing assistance.
32. **State Historical Society report on project pool line item funding (2013 House Bill No. 1018, Section 6)** - This bill provides Budget Section receive a report from the State Historical Society by July 1, 2014, on the use of funds in the project pool line item.
33. **State Water Commission semiannual report on changes made to the commission's priority projects list (2013 House Bill No. 1020, Section 14)** - This bill provides Budget Section receive a report from the State Water Commission every six months during the 2013-14 interim on any changes made to the State Water Commission priority projects list presented to the 63rd Legislative Assembly.
34. **Department of Transportation airplane replacement (2013 House Bill No. 1033, Section 5)** - This bill requires Budget Section approval for the Department of Transportation (DOT) expenditure of more than \$4 million to purchase replacement airplanes for the department's fleet.
35. **Department of Commerce annual report on the use of one-time funding for the grant program for nursing homes, basic care facilities, and providers that serve individuals with developmental disabilities located in oil-producing counties (2013 House Bill No. 1358, Section 8)** - This bill provides Budget Section receive a report from the Department of Commerce annually on the use of one-time funding during the 2013-15 biennium for the grant program for nursing homes, basic care facilities, and providers that serve individuals with developmental disabilities located in oil-producing counties.
36. **Department of Human Services annual report on the use of one-time funding for the grant program for critical access hospitals in oil-producing counties (2013 House Bill No. 1358, Section 10)** - This bill provides Budget Section receive a report from DHS annually on the use of one-time funding during the 2013-15 biennium for the grant program for critical access hospitals in oil-producing counties.
37. **Attorney General annual report on the use of one-time funding for grants to law enforcement agencies in oil-impacted counties (2013 House Bill No. 1358, Section 11)** - The bill provides Budget Section receive a report from the Attorney General annually during the 2013-15 biennium on the use of one-time funding for grants to law enforcement agencies in oil-impacted counties where crime activities have increased or in other counties experiencing crime-related activities originating in oil-impacted counties, for crime related needs of the Attorney General's office, and for the development of a uniform law enforcement and custody manual.
38. **Hub city annual report on use of funding received from allocations from the oil and gas gross production tax (2013 House Bill No. 1358, Section 12)** - This bill provides Budget Section receive a report from a representative of a hub city annually on the use of funding received from allocations from the oil and gas gross production tax under Section 57-51-15.
39. **Department of Veterans' Affairs report on Agent Orange (2013 House Bill No. 1405, Section 2)** - This bill provides Budget Section receive a report from the Department of Veterans' Affairs during the 2013-14 interim on any funds received to provide services to veterans exposed to Agent Orange, the grants provided, and the outcomes of the services provided.
40. **State Board of Higher Education annual report on the status of the consolidation of North Dakota University System information technology services (2013 Senate Bill No. 2003, Section 22)** - This bill provides Budget Section receive a report from the State Board of Higher Education annually during the 2013-15 biennium on the status of the consolidation of North Dakota University System information technology services, including the location of staff members providing those services.
41. **State Board of Higher Education funds distributed from the capital projects contingency pool (2013 Senate Bill No. 2003, Section 24)** - This bill provides Budget Section receive a report from the State Board of Higher Education during the 2013-14 interim regarding funds distributed from the capital projects contingency pool.
42. **North Dakota State University report on the status of the Minard Hall project (2013 Senate Bill No. 2003, Section 31)** - This bill provides Budget Section receive a report from North Dakota State University (NDSU) regarding the status of the Minard Hall project.
43. **Department of Transportation new license plate design (2013 Senate Bill No. 2012, Section 8)** - This bill requires DOT to obtain Budget Section approval of its recommendation for a new license plate design.

44. **Office of Management and Budget report on possible relocation of the Missouri River Correctional Center to a site adjacent to the Youth Correctional Center (2013 Senate Bill No. 2015, Section 4)** - This bill provides Budget Section receive a report from OMB during the 2013-14 interim regarding options for the possible relocation of the Missouri River Correctional Center to a site adjacent to the Youth Correctional Center.
45. **Department of Corrections and Rehabilitation annual report on the department's prison population management plan (2013 Senate Bill No. 2015, Section 6)** - This bill provides Budget Section receive a report from the Department of Corrections and Rehabilitation annually on the department's prison population management plan and inmate admissions and the number of inmates the department has not admitted after sentencing.
46. **Department of Commerce report on the Experimental Program to Stimulate Competitive Research and Research North Dakota (2013 Senate Bill No. 2018, Section 37)** - This bill provides Budget Section receive a report from the Department of Commerce before June 1, 2014, on the Experimental Program to Stimulate Competitive Research and Research North Dakota, including the Research North Dakota venture investment program.
47. **Department of Career and Technical Education report on performance measures of the science, technology, engineering, and mathematics program (2013 Senate Bill No. 2019, Section 3)** - This bill provides Budget Section receive a report from the Department of Career and Technical Education during the 2013-14 interim regarding performance measures of the STEM program.
48. **The Office of Management and Budget report on its information technology relocation and consolidation study (2013 Senate Bill No. 2021, Section 8)** - This bill provides Budget Section receive findings and recommendations from OMB by March 31, 2014, regarding its information technology relocation and consolidation study of information technology equipment operated by the Attorney General and other agencies.
49. **Information Technology Department and the Office of Management report on information technology desktop support services (2013 Senate Bill No. 2021, Section 9)** - This bill provides Budget Section receive findings and recommendations from ITD and OMB before January 1, 2014, regarding its study of all state agencies' information technology desktop support to determine the feasibility and desirability of centralization of desktop support services.
50. **Abandoned oil and gas well plugging and site reclamation fund (Section 38-08-04.5)** - This section requires the Industrial Commission to report to the Budget Section on the status of the abandoned oil and gas well plugging and site reclamation fund and related information.
51. **Housing units owned or master leased by cities, counties, school districts, or other employers of essential service workers (Section 54-17-40)** - This section requires the Housing Finance Agency to report quarterly to the Budget Section on the progress being made to reduce the overall number of units owned, master leased, or subsidized by these entities.
52. **North Dakota Outdoor Heritage Advisory Board (Section 54-17.8-07)** - This section provides Budget Section receive a report from the North Dakota Outdoor Heritage Advisory Board on a biennial basis regarding the activities of the board.
53. **Three Affiliated Tribes investment of oil and gas tax receipts (Section 57-51.2-02)** - This section provides Budget Section receive a report from the Three Affiliated Tribes annually regarding investment of oil and gas tax receipts in essential infrastructure and fees, expenses, and charges the tribe imposes on the oil industry.
54. **State Fire Marshal report on fire departments funding (Section 18-04-02)** - This section provides Budget Section receive a biennial report from the State Fire Marshal summarizing the expenditures by certified city fire departments, certified rural fire departments, and certified fire protection districts of funds received under section 18-04-05 and the information on committed and uncommitted reserve fund balances of these entities.

The following duties assigned to the Budget Section by law or by Legislative Management directive are scheduled to be addressed by the Budget Section at its December 2014 meeting:

1. **Report on specified commodities and services exempted from the procurement requirements of Section 54-44.4-02.2** - This section requires the Director of OMB to report to the Budget Section in December of even-numbered years on specified commodities and services exempted by written directive of the Director from the procurement requirements of Chapter 54-44.4.
2. **Review and report on budget data (Legislative Management directive)** - Pursuant to Legislative Management directive, the Budget Section is to review and report on the budget data prepared by the Director of the Budget and presented to the Legislative Assembly during the organizational session.

3. **Department of Human Services transitional living facility report (House Bill No. 1012, Section 17)** - This bill requires DHS to report at the December 2014 Budget Section meeting on the status of the eight-unit transitional living facility in the Southeast Human Service Center region.

The following duties assigned to the Budget Section by law or by Legislative Management directive did not require action by the Budget Section during the 2013-14 interim:

1. **Approve expenditures from the state disaster relief fund (Section 37-17.1-27)** - This section requires Emergency Commission and Budget Section approval of expenditures from the state disaster relief fund to provide the required state share of funding for expenses associated with presidential-declared disasters in the state.
2. **Investment in real property by the Board of University and School Lands (Section 15-03-04)** - This section provides Budget Section approval is required prior to the Board of University and School Lands purchasing, as sole owner, commercial or residential real property in North Dakota.
3. **Reduction of the game and fish fund balance below \$15 million (Section 20.1-02-16.1)** - This section provides the Game and Fish Department can spend money in the game and fish fund within the limits of legislative appropriations; only to the extent the balance of the fund is not reduced below \$15 million, unless otherwise authorized by the Budget Section.
4. **Provision of contract services by the Life Skills and Transition Center (Section 25-04-02.2)** - This section provides, subject to Budget Section approval, the Life Skills and Transition Center may provide services under contract with a governmental or nongovernmental person.
5. **Waiver of exemption of special assessments levied for flood control purposes on state property (Section 40-23-22.1)** - This section provides state property in a city is exempt from special assessments levied for flood control purposes unless the governing body of the city requests waiver of the exemption and the exemption is completely or partially waived by the Budget Section. The exemption does not apply to any privately owned structure, fixture, or improvement located on state-owned land if the structure, fixture, or improvement is used for commercial purposes unless the structure, fixture, or improvement is primarily used for athletic or educational purposes at a state institution of higher education.
6. **Termination of food stamp program (Section 50-06-05.1(17))** - This section provides, subject to Budget Section approval, DHS may terminate the food stamp program if the rate of federal financial participation in administrative costs is decreased or if the state or counties become financially responsible for the coupon bonus payments.
7. **Termination of energy assistance program (Section 50-06-05.1(19))** - This section provides, subject to Budget Section approval, DHS may terminate the energy assistance program if the rate of federal financial participation in administrative costs is decreased or if the state or counties become financially responsible for the energy assistance program payments.
8. **Transfers resulting in program elimination (Section 54-16-04(1))** - This section provides, subject to Budget Section approval, the Emergency Commission may authorize a transfer which would eliminate or make impossible the accomplishment of a program or objective for which funding was provided by the Legislative Assembly.
9. **New correctional programs which exceed \$100,000 of cost during a biennium (Section 54-23.3-09)** - This section requires the Director of the Department of Corrections and Rehabilitation to report to the Legislative Assembly or, if the Legislative Assembly is not in session, the Budget Section prior to the implementation of any new program that serves adult or juvenile offenders, including alternatives to conventional incarceration and programs operated on a contract basis, if the program is anticipated to cost in excess of \$100,000 during the biennium.
10. **Cashflow financing (Section 54-27-23)** - This section provides that in order to meet the cashflow needs of the state, OMB may borrow, subject to Emergency Commission approval, from special funds on deposit in the state treasury. However, the proceeds of any such indebtedness cannot be used to offset projected deficits in state finances unless first approved by the Budget Section. Additional cashflow financing, subject to certain limitations, must be approved by the Budget Section.
11. **Budget stabilization fund (Section 54-27.2-03)** - This section provides any transfers from the budget stabilization fund must be reported to the Budget Section.
12. **Purchases of "put" options (Section 54-44-16)** - This section requires OMB to report any purchases of "put" options to the Budget Section.

13. **Objection to budget allotments or expenditures (Section 54-44.1-12.1)** - This section allows the Budget Section to object to a budget allotment, an expenditure, or the failure to make an allotment or expenditure if such action is contrary to legislative intent.
14. **Budget reduction due to initiative or referendum action (Section 54-44.1-13.1)** - This section provides, subject to Budget Section approval, the Director of the Budget may reduce state agency budgets by a percentage sufficient to cover estimated revenue reductions caused by initiative or referendum action.
15. **Children's Services Coordinating Committee grants (Section 54-56-03)** - This section provides Budget Section approval is required prior to the distribution by the Children's Services Coordinating Committee of any grants not specifically authorized by the Legislative Assembly.
16. **Requests by the Information Technology Department to finance the purchase of software, equipment, or implementation of services (Section 54-59-05(4))** - This section requires ITD to receive Budget Section or Legislative Assembly approval before executing any proposed agreement to finance the purchase of software, equipment, or implementation of services in excess of \$1 million. The department may finance the purchase of software, equipment, or implementation of services only to the extent the purchase amount does not exceed 7.5 percent of the amount appropriated to the department during that biennium.
17. **Report on reductions made in homestead property income tax credit (Section 57-38-01.29)** - This section requires the Tax Commissioner to report to the Budget Section, for review, any adjustments in the homestead property income tax credit which was available in taxable years 2007 and 2008.
18. **Consider request to reduce the commercial property income tax credit (Section 57-38-01.30)** - This section provides Budget Section approval is required for any adjustments made by the Tax Commissioner to the commercial property income tax credit which was available in taxable years 2007 and 2008.
19. **Extraterritorial workers' compensation insurance (Section 65-08.1-02)** - This section authorizes Workforce Safety and Insurance to establish, subject to Budget Section approval, a casualty insurance organization to provide extraterritorial workers' compensation insurance.
20. **Federal block grant hearings (2013 Senate Concurrent Resolution No. 4001)** - This resolution authorizes the Budget Section, through September 30, 2015, to hold any required legislative hearings for federal block grants.
21. **Purchase or lease of aircraft by a state agency or entity of state government (House Bill No. 1033, Section 1)** - This bill requires Budget Section approval for state agency or other entity of state government purchase or lease of an aircraft without specific authorization from the Legislative Assembly. This bill does not apply to aircraft purchased or leased by the Adjutant General's office or the University of North Dakota School of Aviation.
22. **State Board of Higher Education report on purchase of Research Enterprise and Commercialization building (2013 Senate Bill No. 2003, Section 23)** - This bill provides Budget Section receive a report from the State Board of Higher Education if the Research Enterprise and Commercialization building is purchased before July 1, 2015.
23. **Approval of North Central Research Extension Center and Williston Research Extension Center property (2013 Senate Bill No. 2352, Section 1)** - This bill requires Budget Section approval conveyance of the North Central Research Extension Center and Williston Research Extension Center property.
24. **Approval of State Board of Higher Education imposing an assessment or requiring individual institutions of higher education to pay for goods or services provided by or through the North Dakota University System office (Section 15-10-54)** - This section requires Budget Section approval before the State Board of Higher Education may impose an assessment on or otherwise require that individual institutions of higher education pay for any goods or services provided by or through the University System office.
25. **State Water Commission expenditure of additional amounts that become available in the resources trust fund and the water development trust fund in excess of the 2013-15 biennium appropriation (House Bill No. 1020, Section 4)** - This bill requires Budget Section approval for State Water Commission expenditure of funds that become available in the resources trust fund and the water development trust fund in excess of 2013-15 biennium appropriations.
26. **North Dakota State University report on increased spending authority for the Minard Hall project (2013 Senate Bill No. 2003, Section 31)** - This bill requires Budget Section approval for NDSU to increase spending authorization for the Minard Hall project.

OFFICE OF MANAGEMENT AND BUDGET
2011-13 Biennium General Fund Revenues and Expenditures

The Budget Section received a report from OMB on the final status of the general fund for the 2011-13 biennium.

Unobligated general fund balance - July 1, 2011		\$996,832,711
Balance obligated for authorized carryover from the 2009-11 biennium		106,955,389
Total beginning general fund balance - July 1, 2011		\$1,103,788,100
Add total general fund revenue for the 2011-13 biennium		5,155,854,560
Total available		\$6,259,642,660
Less expenditures		
Original appropriations	(\$4,066,853,792)	
Legislative appropriations - Special session	(96,832,668)	
Contingent legislative appropriations - Special session	(73,000,000)	
Authorized carryover from the 2009-11 biennium	(106,955,389)	
Emergency appropriations available to spend in the 2011-13 biennium	(329,686,240)	
Supplemental appropriations - 2009-11 biennium	(60,314,701) ¹	
2011-13 emergency appropriations utilized in the 2009-11 biennium	519,254	
Total expenditures		(4,733,123,536)
Unspent authority returned to the general fund		50,106,455
Ending balance before transfers		\$1,576,625,579
Transfer to budget stabilization fund	(\$181,060,585) ²	
Net effect of other transfers, adjustments, and cash certifications	494,192	
Total transfers and adjustments		(180,566,393)
Unobligated general fund balance - June 30, 2013		\$1,396,059,186
¹ Supplemental (deficiency) appropriations include:		
Department of Human Services	\$20,900,000	
Department of Transportation	36,138,893	
State Department of Health	426,000	
Department of Public Instruction - Professional development grant program	45,000	
Job Service North Dakota	5,847	
Highway Patrol	300,000	
Tax Commissioner	981,855	
Attorney General	70,000	
Minot State University	52,745	
State Fair Association	674,361	
State Treasurer	720,000	
Total supplemental appropriations	\$60,314,701	
² Transfer based on 2013-15 biennium general fund appropriations and the statutory cap of 9.5 percent of appropriations, pursuant to Section 54-27.2-01.		

2011-13 Biennium General Fund Emergency and Supplemental Appropriations and General Fund Turnback

The Budget Section received a report from OMB on the 2011-13 biennium agency emergency and supplemental appropriations amounts. Emergency and supplemental appropriations totaled \$60.3 million. The Budget Section received a report from OMB on the 2011-13 biennium agency unspent general fund appropriation amounts (turnback). Unspent (turnback) 2011-13 biennium general fund appropriation authority totaled approximately \$50.1 million. The Department of Public Instruction had turnback of \$11.9 million, of which \$10 million related to mill levy reduction grants. The Department of Human Services had turnback of \$14 million related primarily to long-term care program savings.

2013-15 Status of the General Fund

At each Budget Section meeting, a representative of OMB reviewed the status of the state general fund and revenue collections for the 2013-15 biennium. The following is a summary of the status of the state general fund, based on actual revenue collections through August 2014, and reflecting the August 2014 revised revenue forecast for the remainder of the 2013-15 biennium:

Unobligated general fund balance - July 1, 2013		\$1,396,059,186
Balance obligated for unspent emergency appropriation authority		165,874,199
Balance obligated for authorized carryover from the 2011-13 biennium		89,503,462
Total beginning general fund balance - July 1, 2013		\$1,651,436,847
Add		
General fund collections through August 2014	\$3,280,745,030	
Forecasted general fund revenue for the remainder of the 2013-15 biennium	2,450,691,417	
Total revenues		5,731,436,447
Total available		\$7,382,873,294
Less		
Legislative appropriations - One time	(\$2,433,567,701)	
Legislative appropriations - Ongoing	(4,429,019,653)	
Contingent appropriation - Dickinson State University	(6,000,000)	
Contingent appropriation - Department of Public Instruction	(5,000,000)	
Authorized carryover from the 2011-13 biennium	(89,503,462)	
2013-15 emergency appropriations utilized in the 2011-13 biennium	163,812,041	
Total appropriations		(6,799,278,775)
Estimated ending general fund balance - June 30, 2015		\$583,594,519 ¹

¹Pursuant to Section 54-27.2-02, any end-of-biennium balance in excess of \$65 million must be transferred to the budget stabilization fund, up to a maximum of 9.5 percent of general fund appropriations.

August 2014 Revenue Forecast

The Budget Section received the OMB August 2014 revenue forecast. The revised revenue forecast for the 2013-15 biennium anticipates general fund revenue will total \$4.9 billion, \$285 million more than the 2013 legislative forecast. The preliminary 2015-17 biennium revenue forecast anticipates total general fund revenue of \$5.2 billion for the 2015-17 biennium, \$293 million more than the 2013-15 biennium revised forecast.

Employee Bonuses

The Office of Management and Budget reported to the Budget Section in September 2013 and September 2014 regarding the number of agencies when the number of employees receiving bonuses exceeded the 25 percent limitation pursuant to Section 54-06-30. The Budget Section learned agencies may not give bonuses to more than 25 percent of their employees except in special circumstances approved by HRMS. The Budget Section learned HRMS is required to report exceptions to the Budget Section. In September 2013, OMB reported the Department of Veterans' Affairs provided five employee bonuses, four more than the 25 percent limitation. The Office of Management and Budget provided 32 employee performance bonuses, one more than the 25 percent limitation. In September 2014, OMB reported no agencies made requests or exceeded the 25 percent limitation as of July 1, 2014.

Fiscal Irregularities

Pursuant to Section 54-14-03.1, the Budget Section received reports from OMB on irregularities in the fiscal practices of the state. Fiscal irregularities include the use of state funds to provide bonuses, cash incentive awards, and temporary salary adjustments for state employees. The Office of Management and Budget identified the following fiscal irregularities:

Agency	Amount	Reason
Aeronautics Commission	\$2,500	Additional pay to fill in for open FTE position
Agriculture Commissioner	\$3,192	Payment for assuming Deputy Agriculture Commissioner duties due to a vacancy
Department of Commerce	\$1,531	Settlement agreement
Game and Fish Department	\$1,000	Payment for a temporary workload adjustment due to a vacancy
Governor's office	\$1,000	Payment for assuming duties due to a vacancy
State Department of Health	\$1,203	Additional pay to fill in for open FTE position
Industrial Commission	\$4,700	Recruitment bonus paid to an employee working in another state agency
School for the Blind	\$5,804	Payment for summer contracts outside of four teachers' nine-month contracts
State Library	\$502	Payment for assuming information technology duties due to a vacancy
Tax Commissioner's office	\$6,000	Retroactive pay
Tax Commissioner's office	\$1,000	Temporary workload adjustment
Tax Commissioner's office	\$500	Temporary workload adjustment
Department of Transportation	\$705	Pay adjustment

Capital Improvements Preliminary Planning Revolving Fund

The Office of Management and Budget requested authority to use funds from the capital improvements preliminary planning revolving fund for prepayment of consulting and planning fees for proposed capital improvements projects pursuant to Section 54-27-22. The funds are available for studies, planning, architectural programming, schematic

designs, and cost estimates relating to proposed new capital improvements and major remodeling of existing facilities. The Office of Management and Budget reported agencies, institutions, and departments interested in obtaining planning funds must submit a written request to OMB. The Office of Management and Budget evaluates the request and forwards it to the Budget Section with a recommendation. The funds will be repaid to the capital improvements preliminary planning revolving fund when the project is approved and funds are appropriated for the project. Funds are not repaid for projects that are considered but not approved.

The Office of Management and Budget requested \$190,000 from the capital improvements preliminary planning revolving fund for projects pursuant to Section 54-27-22. The Budget Section approved the OMB request to use \$190,000 from the capital improvements preliminary planning revolving fund for prepayment of consulting and planning fees for the proposed capital improvements projects as follows:

Agency	Project	Estimated Cost of the Project	Preliminary Planning Request	Office of Management and Budget Approval Recommendation	Office of Management and Budget Recommended Funding Level
Facility Management for Capitol Grounds Planning Commission	Two-tier parking deck	\$9,000,000	\$24,900	Yes	\$22,000
Williston State College	Storm water master plan	Not provided	\$90,000	Yes	45,000
Dickinson State University	Student academic center		\$100,000	No	
Valley City State University	Fine arts building	\$19,800,000		Yes	79,000
School for the Deaf Resource Center for Deaf and Hard of Hearing	Smith building (Administration)	\$1,669,800	\$25,000	Yes	20,000
School for the Deaf Resource Center for Deaf and Hard of Hearing	Accessible link between spears building and trades building	\$2,300,000	\$25,875	No	
School for the Deaf Resource Center for Deaf and Hard of Hearing	Boiler replacement	\$734,800	\$12,000	No	
State Historical Society of North Dakota	Stabilization of Double Ditch State Historic Site	\$1,150,000	N/A	Yes	15,000
Parks and Recreation Department	Accessible comfort stations	\$757,000	N/A	Yes	9,000
Total funding					\$190,000

Tobacco Settlement Proceeds

Pursuant to Section 54-44-04, the Budget Section received reports on tobacco settlement proceeds received by the state. The Office of Management and Budget reported for the 2013-15 biennium to date through September 2014, approximately \$65.5 million had been received by the state, and total payments received to date were \$433.3 million. As directed in the initiated measure adopted by voters in November 2008, funds received in 2013 and 2014 were deposited into the tobacco settlement trust fund and the tobacco prevention and control trust fund as follows:

Period	Tobacco Settlement Trust Fund (Amounts Shown in Millions)	Tobacco Prevention and Control Trust Fund (Amounts Shown in Millions)	Total (Amounts Shown in Millions)
April 2013	\$20.1	\$11.4	\$31.5
April 2014	22.8	11.2	34.0
Total	\$42.9	\$22.6	\$65.5

The proceeds deposited in the tobacco prevention and control trust fund are administered by the Tobacco Prevention and Control Executive Committee, and the proceeds deposited in the tobacco settlement trust fund have been allocated among the community health trust fund, common schools trust fund, and water development trust fund as follows pursuant to Section 54-27-25:

Tobacco settlement trust fund	
Community health trust fund (10 percent)	\$4,286,928
Common schools trust fund (45 percent)	19,291,175
Water development trust fund (45 percent)	19,291,175
Total transfers from the tobacco settlement trust fund	\$42,869,278
Tobacco prevention and control trust fund	22,608,485
Total tobacco settlement proceeds received during the 2013-14 interim	\$65,477,763

2013-15 Biennium Budget Form Changes

Pursuant to Section 54-44.1-07, OMB did not propose any changes to the 2015-17 biennium budget data.

Federal Grant Applications

The Office of Management and Budget reported quarterly to the Budget Section regarding state agencies applying for federal grants estimated to be \$25,000 or more pursuant to Section 54-27-27. Section 54-27-27 requires OMB to present at each meeting of the Budget Section reports received from state agencies, other than entities under the control of the State Board of Higher Education, that have applied for federal grants estimated to be \$25,000 or more. The Office of Management and Budget reported the following agencies applied for federal grants estimated to be \$25,000 or more:

Agency	Time Period of Grant	Amount
June 2013		
Information Technology Department	2013 through 2017	\$1,196,000
Attorney General, Bureau of Criminal Investigation	October 2013 through September 2016	\$314,195
September 2013		
Department of Veterans' Affairs	October 2013 through September 2014	\$50,000
December 2013		
Department of Veterans' Affairs	2014 through 2015	\$1,900,000
June 2014		
Department of Public Instruction	5 years	\$1,900,000/year
Department of Public Instruction	5 years	\$750,000/year
Department of Public Instruction	October 2014 through March 2016	\$250,000
September 2014		
Department of Public Instruction	July 2015 through June 2017	\$400,000

Information Technology Study

Pursuant to Section 8 of 2013 Senate Bill 2021, the Budget Section received a report from OMB regarding findings and recommendations regarding its information technology relocation and consolidation study of information technology equipment operated by the Attorney General and other agencies. The Budget Section learned OMB contracted with UmmelGroup International, Inc., to conduct the study. The UmmelGroup International, Inc., reported the study resulted in a recommendation to consolidate the information technology equipment of the Public Service Commission, the Department of Mineral Resources Oil and Gas Division, and the State Water Commission with ITD, but not to consolidate the equipment of the Attorney General's office.

Missouri River Correctional Center Land Use Study

Pursuant to Section 4 of 2013 Senate Bill 2015, the Budget Section received a report from OMB regarding the results of the Missouri River Correctional Center (MRCC) land use study. The Budget Section learned OMB contracted with BWBR Architects, Inc., to conduct the study. BWBR Architects reported the objective of the study was to develop options for the feasibility and desirability of relocating the MRCC to a site adjacent to the Youth Correctional Center (YCC) in Mandan and to determine whether consolidation of the MRCC and YCC facilities would result in operational efficiencies for the Department of Corrections and Rehabilitation. BWBR Architects reported the land use study was to review options to develop all or a portion of the current MRCC site into a public park, and in addition, the study was to identify if the MRCC should be moved due to recent flooding issues and if its current site would be better-suited as a public day park.

BWBR Architects reported the results of the study concluded it may be physically feasible to relocate the MRCC to a site adjacent to YCC and maintain adequate sight and sound separation between the MRCC and YCC facilities, but relocating the MRCC facility to a site adjacent to YCC would not be desirable because of the risk associated with maintaining strict physical separation of two distinct populations located in close proximity to each other. BWBR Architects reported the study also concluded there are few opportunities to share services that would result in operational efficiencies or operational cost-savings that might offset the risk. The study found the existing MRCC land is well-suited for a public day park. Opportunities for a park could utilize either the full site or just a portion which would allow the MRCC facility to continue to occupy a portion of the site. BWBR Architects reviewed the MRCC land use options, including:

Missouri River Correctional Center Land Alternatives	Total Projected Cost for the Park Proposal During the 2015-17 Biennium
Relocate MRCC to existing YCC site near Mandan. Of the 900 available acres, 300 acres of existing cropland would continue to be rented, and 600 acres would be converted to a large, regional day use park.	\$11,030,000
Relocate MRCC to existing YCC site near Mandan. Of the 900 available acres, 300 acres of existing cropland would continue to be rented, 520 acres would be converted to a large, regional day use park, and 80 acres adjacent to the existing MRCC site would remain undeveloped.	\$11,897,000
Retain MRCC on the existing site. Of the 900 available acres, 300 acres of existing cropland would continue to be rented (and would act as a physical buffer between MRCC and the day use park), 200 acres would be converted to a day use park, and the rest of the site would remain undeveloped.	\$7,110,000

State Board of Higher Education Project Variance Reports

The Office of Management and Budget reported to the Budget Section regarding semiannual capital project variance reports from the State Board of Higher Education pursuant to Section 15-10-47. Section 15-10-47 requires whenever any new construction, renovation, or repair, valued at more than \$250,000, is underway on the campus of an institution of higher education under the control of the State Board of Higher Education, the State Board of Higher Education must provide OMB with semiannual project variance reports. The reports must include:

- Name or description of the project.
- Expenditures authorized by the Legislative Assembly.
- Amount of the original contract.
- Amount of any change orders and description.
- Amount of any potential or anticipated change orders.
- Sum of the original contract, change orders, and potential or anticipated change orders and the amount by which that sum varies from the expenditures authorized by the Legislative Assembly.
- Total expenditures to date.
- Scheduled date of completion as noted in the original contract and the latest available scheduled date of completion.
- List of each public and nonpublic entity that has a contractually reflected financial obligation with respect to the project.

In June 2014, OMB reported project variance reports for University System projects through December 31, 2013, as follows:

	Number of Projects	Adjusted Authorization	Current Contract Amounts	Contract (Over)/Under Authorization
Projects Specifically Authorized by the Legislative Assembly				
Bismarck State College	5	\$34,135,000	\$12,672,213	\$21,462,787
Lake Region State College	1	\$5,901,617	\$5,901,617	
Williston State College	5	\$34,181,172	\$15,780,565	\$18,400,607
University of North Dakota	15	\$244,171,592	\$37,566,103	\$206,605,489
North Dakota State University	15	\$139,776,050	\$48,455,166	\$91,320,884
North Dakota State University Extension Services	6	\$17,894,581	\$11,679,328	\$6,215,253
Northern Crops Institute	1	\$926,971	\$926,971	
North Dakota Forest Service	1	\$785,000		\$785,000
North Dakota State College of Science	5	28,935,879	19,791,461	\$9,144,418
Mayville State University	5	\$9,908,328	\$8,744,788	\$1,163,540
Minot State University	11	\$44,013,460	\$22,860,591	\$21,152,869
Valley City State University	6	\$19,241,990	\$18,989,968	\$252,022
Dakota College at Bottineau	8	\$10,146,109		\$10,146,109
Projects Approved by the State Board of Higher Education				
Williston State College	1	\$525,000	\$360,802	\$164,198
University of North Dakota	5	\$4,774,610	\$2,368,344	\$2,406,266
Minot State University	3	\$6,000,000	\$974,602	\$5,025,398

REPORTING OF LEGISLATIVE BUDGET CHANGES - 2015 SESSION

The Budget Section considered and approved an alternative method of reporting legislative changes relating to the development of the state budget during legislative sessions.

The alternative method will affect the way legislative budget changes are reflected on the "official" weekly budget status report and in statements of purpose of amendments to appropriation bills by comparing legislative budget changes in detail to the base level (the previous biennium legislatively approved funding levels excluding "one-time" funding items) rather than to the executive budget recommendation. This alternative reporting format will not affect any processes used by the Governor or OMB. Base level revenue amounts will be adopted by the Budget Section at its December meeting, prior to the legislative session, based on the executive budget revenue forecast. The Budget Section approved the alternative method directing the Legislative Council staff to use, for budget status and statement of purpose of amendment reporting and comparison purposes, base level amounts rather than executive budget recommended amounts. The new reporting format will be implemented for the 2015 legislative session.

NORTH DAKOTA UNIVERSITY SYSTEM

Capital Projects

During the 2013-14 interim, the University System requested Budget Section approval relating to capital construction projects. The Budget Section acted on the following University System capital project requests:

Dakota College at Bottineau

- **Campus generator** - Pursuant to Section 15-10-12.1 and 48-01.2-25, the Budget Section **approved** an increase in spending authority by \$74,380, from \$375,820 to \$450,200. The additional funding is as follows: \$16,675 from the capital projects contingency pool and \$57,705 from operating funds (March 2014).

North Dakota State College of Science

- **Football complex renovation** - Pursuant to Section 48-01.2-25, the Budget Section **approved** an increase in spending authority by \$150,000, from \$1,350,000 to \$1,500,000. The additional funding will be raised by the college (June 2014).

North Dakota State University

- **Sanford Health Athletic Complex** - Pursuant to Section 15-10-12.1, the Budget Section **approved** an increase in spending authority by \$5,595,644, from \$35,404,356 to \$41,000,000. The additional funding is from private donations (December 2013).
- **Center for Computationally Assisted Science and Technology** - Pursuant to Section 15-10-12.1, the Budget Section **approved** an increase in spending authority by \$3,610,000, from \$660,000 to \$4,270,000, and pursuant to Section 48-01.2-25 to increase the scope of the Center for Computationally Assisted Science and Technology project. The additional funding is from federal funds (December 2013).
- **Northern Crops Institute feed mill** - Pursuant to Section 15-10-12.1, the Budget Section **approved** an increase in spending authority by \$826,971, from \$100,000 to \$926,971, and pursuant to Section 48-01.2-25 to increase the scope of the Northern Crops Institute feed mill project. The additional funding is from private donations (\$597,730) and special funds (\$229,241) (December 2013).
- **Extension Service 4-H camp** - Pursuant to Section 15-10-12.1 and 48-01.2-25, the Budget Section **approved** a change in scope and to increase spending authority by \$700,000, from \$1,900,000 to \$2,600,000. The additional funding is from fundraising activities (March 2014).

University of North Dakota (UND)

- **Aerospace building** - Pursuant to Section 15-10-12.1, the Budget Section **approved** spending authorization of \$24,950,000 for an aerospace building project. The funding is from private donations or grants (December 2013).
- **Collaborative energy center** - Pursuant to Section 15-10-12.1, the Budget Section **approved** spending authorization of \$15.5 million for a collaborative energy center project. The funding is from private donations or grants (December 2013).
- **Law School renovation and addition** - Pursuant to Section 48-01.2-25, the Budget Section **approved** to increase spending authority by \$3,013,276, from \$11,400,000 to \$14,413,276. The additional funding is as follows: \$2,507,448 from private funds and \$505,828 from available contingency funds (June 2014).
- **UND School of Medicine and Health Sciences renovation** - Pursuant to Section 15-10-12.1, the Budget Section **approved** to increase spending authority by \$600,000. The additional funding is as follows: \$300,000 from tuition income and \$300,000 from grant income (June 2014).

Valley City State University

- **President's house accessibility** - Pursuant to Section 48-01.2-25, the Budget Section **approved** to increase spending authority by \$200,000 of private funds related to the historic president's house accessibility project (September 2013).

Williston State College

- **Stevens Hall renovation** - Pursuant to Section 48-01.2-25, the Budget Section **approved** a reduction in scope and an increase in spending authorization by \$517,551, from \$11,630,354 to \$12,147,905. The additional funding is from the capital contingency pool (September 2013).
- **Workforce training project** - Pursuant to Section 15-10-12.1 and Section 48-01.2-25, the Budget Section **approved** an increase in scope and budget of the workforce training project by \$1,500,000, from \$6,738,267 to \$8,238,267. The additional funding is from private funding sources (donations), a reduction in funds from revenue, and increased borrowing authority from the Bank of North Dakota (March 2014).

Local Funds Report

Pursuant to Section 15-10-12.3, the Budget Section received a report on sources of funds received for construction projects of entities under the State Board of Higher Education. The University System presented a report detailing sources of funds received for construction projects of entities under the State Board of Higher Education.

Capital Projects Contingency Pool

Pursuant to Section 24 of 2013 Senate Bill No. 2003, the Budget Section received a report on funds distributed from the capital projects contingency pool. The University System reported in December 2013 that the 2013 Legislative Assembly provided \$5,483,413 for the capital projects contingency pool. The University System allocated \$858,984 for the following: a campus drive project at Williston State College (\$90,000), a Stevens Hall renovation project at Williston State College (\$517,551), and an Erlandson remodel and expansion project at Lake Region State College (\$251,433). Since the December 2013 report, the University System has allocated an additional \$4,114,453 for the following: a communications and creative arts center at Bismarck State College (\$560,626), the School of Medicine and Health Sciences renovation and addition and law school renovation and space utilization study for UND (\$1,813,785), new construction of the STEM classroom and laboratory building at NDSU (\$1,247,709), the renovation of Old Main at North Dakota State College of Science (\$358,778), campus-wide drainage improvements at Minot State University (\$95,559), the hillside slope failure at Valley City State University (\$21,321), and the campus backup generator at Dakota College at Bottineau (\$16,675). Contingency pool funding of \$509,976 remains unallocated as of October 29, 2014.

Master Plan

The Budget Section received a report from the University System regarding the system's master plan. The University System reported the system has retained a consultant to conduct an analysis of all 11 institutions to evaluate data on enrollment, classroom utilization, facility utilization, and demographic analysis for degree production and gaps between degree production and employment opportunities.

Information Technology Data Breach

The University System presented information to the Budget Section regarding an information technology data breach. A data breach is an unauthorized dissemination of information. The University System reported that viruses were used to access usernames and passwords to gain unauthorized access to a University System server. A forensic analysis concluded with 99 percent assurance none of the data accessed was used. The University System reported credit counseling was provided to users affected by the data breach, and changes had been made to prevent another data breach, which include: equipment upgrades, reengineering desktop support, mandatory security screening for all employees, and workplace review to identify potential changes to prevent a data breach.

Phishing Email Attack

The University System presented information to the Budget Section regarding an NDSU phishing email attack and subsequent unauthorized access to personal information at NDSU. The Budget Section learned NDSU employees received approximately 140 fraudulent emails asking employees to click a link to confirm their salary revision documents. The University System reported eight individuals clicked on the link allowing the unauthorized users to access the employees' personal payroll data information, and as a result, seven of the eight employees' payroll checks were stolen. The University System reported the total amount of lost wages was over \$28,600 and NDSU reimbursed the employees for the lost wages. The Budget Section learned Core Technology Services was alerted of the compromised accounts, and the ConnectND employee direct deposit self-service system was disabled. The University System reported no other campus received the emails and the University System is in the process of installing detection and threat prevention devices on each campus, and the new device would not have prevented the emails from being received, but would have likely blocked the personal information from being provided to the unauthorized

users. The University System reported this was a targeted phishing attack, and most email systems are designed to detect and block mass phishing attempts, not targeted attacks.

Consolidation of North Dakota University System Information Technology Services

Pursuant to Section 22 of 2013 Senate Bill No. 2003, the Budget Section received a report on the status of the consolidation of University System information technology services and the location of staff members providing those services. The University System reported that the new University System information technology building was dedicated in November 2013, 101 information technology staff had moved into the office building, and 30 staff members are located in Fargo. The Budget Section also learned the University System has retained a consultant to conduct an analysis of all 11 institutions to evaluate data on enrollment, classroom utilization, facility utilization, and demographic analysis for degree production and gaps between degree production and employment opportunities.

NORTH DAKOTA STATE UNIVERSITY Minard Hall Project

North Dakota State University provided a report to the Budget Section regarding the status of the Minard Hall project pursuant to Section 31 of 2013 Senate Bill No. 2003. North Dakota State University reported in December 2013, the Minard Hall project was substantially complete, and the building was fully occupied for the fall 2013 semester.

North Dakota State University informed the Budget Section that the law firm Anderson, Bottrell, Sanden, and Thompson is representing NDSU in two separate litigation proceedings. North Dakota State University brought suit against the state fire and tornado fund, which provides property insurance for NDSU. North Dakota State University has also brought suit against selected project contractors. The Budget Section learned written discovery and depositions are ongoing for both lawsuits, and a trial date has not yet been set for the lawsuit against the state fire and tornado fund. The Budget Section learned a trial date for the lawsuit against the project contractors will be in March 2015.

The Budget Section learned approximately \$4.8 million of the \$22.9 million total project cost is associated with the collapse of Minard Hall.

DICKINSON STATE UNIVERSITY Theodore Roosevelt Presidential Library

The Budget Section learned the City of Dickinson has committed \$3 million of nonstate funds for the required matching to access the state funding of up to \$6 million from the general fund for the Theodore Roosevelt Presidential Library pursuant to 2013 Senate Bill No. 2018. The City of Dickinson may commit an additional \$5 million for the project. The Budget Section learned that Dickinson State University has created an entity for the project named the Theodore Roosevelt Library Foundation, and the foundation anticipates receiving approval for nonprofit status from the Internal Revenue Service. The Budget Section learned that current projections from the foundation anticipate the new center will have 125,000 to 150,000 visitors each year. The foundation anticipates creating a website enabling the general public to access the works of Theodore Roosevelt.

MINOT STATE UNIVERSITY Campus Security

The Budget Section learned Minot State University requested a \$1,485,000 grant from the oil and gas impact grant fund and was awarded \$1,018,000 to make additional safety and security improvements, including enhancing emergency response, enhancing video surveillance, and improving lighting on campus.

UNIVERSITY OF NORTH DAKOTA School of Medicine and Health Sciences Walkway

The Budget Section learned the walkway project at the family practice center in Bismarck will be managed by Sanford Health, and the School of Medicine will be providing funds for its share of the cost of the project to Sanford Health. The Budget Section also learned the project is on schedule, and an ownership agreement between the School of Medicine and Sanford Health will be prepared to establish ownership, responsibilities of operation and maintenance, and the method for transferring funds.

School of Medicine and Health Sciences Naming Opportunities

The 2013 Legislative Assembly authorized construction of a new School of Medicine and Health Sciences building project of up to \$122,450,000. The Budget Section learned the UND Foundation is allowing individuals and organizations to name the building or rooms in the building depending on the level of funds donated to the foundation. The Budget Section learned the UND Foundation, by using the naming opportunities, is leveraging the investment made by the Legislative Assembly to generate additional funding, primarily for student scholarships.

STATE BOARD OF AGRICULTURAL RESEARCH AND EDUCATION

Status Report

The State Board of Agricultural Research and Education provided information to the Budget Section regarding the status of board activities pursuant to Section 4-05.1-19(10). The board reported information regarding the North Dakota Agricultural Experiment Station and the NDSU Extension Service budget along with activities of the board, its initiatives and projects, including enhancing crop development and protection efforts and enhancing the research capacity at the research extension centers.

DEPARTMENT OF COMMERCE

Centers of Excellence and Centers of Research Excellence Audit and Monitoring Reports

The Budget Section received monitoring and annual audit reports of centers of excellence and centers of research excellence pursuant to Sections 15-69-05 and 54-65-03. The Department of Commerce reported \$53.4 million of state centers of excellence funds and \$204 million in nonstate funds have generated a total economic impact of an estimated \$691 million. The Department of Commerce also reported each centers of excellence award is monitored for a period of 6 to 10 years, and centers are reviewed after a period of at least 3 full fiscal years. The review includes determining whether the centers are having the desired economic benefits. The Department of Commerce reported that centers of excellence and centers of research excellence participants and the Centers of Excellence Commission assessment include:

Center of Excellence and Center of Research Excellence	Commission's Assessment
Lake Region State College - Dakota Precision Ag Center	Meets expectations
NDSU - Center for Advanced Electronics Design and Manufacturing	Meets expectations
NDSU - Center for Agbiotechnology: Oilseed Development	Meets expectations
NDSU - Center for Surface Protection	Meets expectations
UND - Petroleum Research, Education, and Entrepreneurship Center Meets	Meets expectations
UND - Unmanned Aircraft Systems (UAS) Research, Education, and Training Enhancement Grant: Predator Mission Aircrew Training System (PMATS)	Meets expectations
UND - UAS Center of Excellence	Meets expectations
Dickinson State University Strom Center for Entrepreneurship and Rural Revitalization - Institute for Technology and Business	Needs improvement
NDSU - Center for Biopharmaceutical Research and Production	Needs improvement
NDSU - Center for Integrated Electronic Systems	Needs improvement
UND - Center of Excellence in Space Technology and Operations	Needs improvement
UND - SUNRISE BioProducts Center of Excellence for Chemicals, Polymers, and Composites	Needs improvement
UND Research Foundation - Center for Passive Therapeutics	Needs improvement
UND Research Foundation - Center of Excellence in Life Sciences and Advanced Technology	Needs improvement
Bismarck State College - National Energy Center of Excellence	Released from postaward monitoring
UND Energy and Environmental Research Center (EERC) - National Center for Hydrogen Technology	Released from postaward monitoring
Williston State College - Petroleum Safety and Technology Center	Released from postaward monitoring
Valley City State University	Closed - Unspent funds returned
NDSU - Center for Sensors, Communication, and Control	No assessment until June 2014
Dakota College at Bottineau - Entrepreneurial Center for Horticulture	No assessment until June 2014
UND - UAS Software Curriculum and Development	No assessment until June 2014
UND - Grand Forks Air Force Base Realignment Business Transition Program	No assessment until June 2014
NDSU - Research 1 Expansion	No assessment until June 2014
UND Center for Innovation - Certificate Programs for Motion Video and Activity-Based Intelligence Analysis	No assessment until June 2014
UND CFI - V2 Aerospace, Inc., Technical Assistance Request	No assessment until June 2015
NDSU - Material and Nanotechnology Center	No assessment until June 2015
UND - Limited Deployment Cooperative Airspace Project	No assessment until June 2015
NDSU - ADS-B Miniaturization Program (LD-CAP)	No assessment until June 2015
UND - Global Hawk Sensor Operator Part Task Trainer	No assessment until June 2015
UND Center for Innovation - Joint Distributed Common Ground System	No assessment until June 2015
UND - Airspace Integration Team - UAS National Test Site (Phase I, II, III)	No assessment until June 2015
UND CFI - Enhanced Use Lease (EUL) for Grand Forks Air Base III	No assessment until June 2015
NDSU - Center for Advanced Technology Development and Commercialization	No assessment until June 2016
UND - Law Enforcement and Public Safety Agency Small UAS Course	No assessment until June 2016

Center of Excellence and Center of Research Excellence	Commission's Assessment
NDSU - Center for Life Sciences Research and Applications	No assessment until June 2016
NDSU - Center for Technologically Innovative Process and Products	No assessment until June 2016
UND - Center for Avian Therapeutics for Infectious Diseases	No assessment until June 2016

Renaissance Fund Organizations Annual Audits

The Department of Commerce reported on the annual audits of renaissance fund organizations pursuant to Section 40-63-07(9). The department reported 55 cities have a renaissance zone, eight of which have established renaissance fund organizations. The Budget Section learned three of the eight renaissance fund organizations have submitted independent auditor's reports to the department with no findings, and the remaining five renaissance fund organizations are in the process of submitting reports. The Budget Section learned four renaissance fund organizations, including Casselton, Jamestown, West Fargo, and Fargo, have closed and do not require an audit.

The department reported the following tax credit summary to the Budget Section in September 2014:

Renaissance Tax Credits	Total Credits Authorized	Total Credits Claimed	Total Credits Available ¹	
			Committed	Uncommitted
Category 1 - (0 to 5,000 population)	\$985,866	\$520,866 ²	\$465,000	
Category 2 - (5,001 to 30,000 population)	250,000	250,000 ³		
Category 3 - (Over 30,000 population)	7,264,134	4,835,000 ⁴	1,763,750	\$665,384
Total	\$8,500,000	\$5,605,866	\$2,228,750	\$665,384

¹Of the \$2,894,134 credits available, \$563,750 reserved for Fargo, \$465,000 reserved for Hope, and \$1.2 million for Grand Forks. If not claimed in a timely manner, the reserved credits can be used by other renaissance fund organization cities.

²Category 1 cities - Casselton (\$37,500), Hazen (\$15,500), Mayville (\$145,150), and Hope (\$322,716).

³Category 2 cities - Jamestown (\$150,000) and West Fargo (\$100,000).

⁴Category 3 cities - Fargo (\$4,835,000).

Long-Term Care Grants

Pursuant to Section 8 of 2013 House Bill No. 1358, the Budget Section received a report regarding the status of grants awarded to nursing homes, basic care facilities, and providers of services to individuals with developmental disabilities located in oil-producing counties. The Department of Commerce reported the department is planning two grant rounds with \$1 million to be awarded in both January 2014 and January 2015. The department reported January 2014 grant applicants were received from 36 organizations with approximately 2,572 FTE employees and will be awarded approximately \$389 per FTE position.

Experimental Program to Stimulate Competitive Research and Research North Dakota

Pursuant to Section 37 of 2013 Senate Bill No. 2018, the Budget Section received a report regarding the Experimental Program to Stimulate Competitive Research and Research North Dakota, including the Research North Dakota venture investment program. The Department of Commerce reported the number of applications and approved awards as follows:

Program	Applications Received	Applications Approved	Awards Approved
Research North Dakota	4	2	\$78,401
Research North Dakota BIO	1	1	\$1,000,000
Venture grant	7	6	\$599,222

GAME AND FISH DEPARTMENT

Land Acquisition Requests

Pursuant to Section 20.1-02-05.1, the Budget Section received requests from the Game and Fish Department for the approval of the following land acquisitions:

Cavalier County

The Budget Section received and approved a request from the Game and Fish Department to purchase 160 acres adjacent to existing wildlife management areas in Cavalier County. The purchase price of the land was \$105,000 for 80 acres (\$1,312.50 per acre) and \$110,000 for 80 acres (\$1,375 per acre).

The Budget Section received and approved a request from the Game and Fish Department to purchase 160 acres adjacent to existing wildlife management areas in Cavalier County. The purchase price of the land was \$220,000 (\$1,375 per acre).

Sargent County

The Budget Section received and approved a request from the Game and Fish Department to purchase 47 acres adjacent to existing wildlife management areas in Sargent County. The purchase price of the land was \$187,000 (\$3,978.23 per acre).

DEPARTMENT OF TRUST LANDS State Agency Unclaimed Property

The Budget Section received reports from the Department of Trust Lands regarding state agencies that have not submitted a claim for unclaimed property belonging to that agency pursuant to Section 47-30.1-24.1. The Budget Section learned the North Dakota Uniform Unclaimed Property Act has been in effect since 1975, and since that time, North Dakota state agencies have been reported as being owners of unclaimed property. The 2003 Legislative Assembly enacted Section 47-30.1-24.1 in an effort to resolve the issue of state agency unclaimed property. Section 47-30.1-24.1 provides within one year of receipt of state agency property, the administrator of unclaimed property shall notify the agency by certified mail. The Commissioner of the University and School Lands is to present a report to the Budget Section identifying every state agency that has not submitted a claim for property belonging to that agency within one year of the receipt of the date of the certified mail receipt, and upon approval of the Budget Section, the agency relinquishes its right to recover its property.

The Department of Trust Lands reported during the 2013-14 interim, its Unclaimed Property Division identified 6 state agencies with 16 unclaimed properties as of September 2013 and 11 state agencies with 15 unclaimed properties as of June 2014. Certified letters were mailed to those agencies. All identified state agencies confirmed receipt of the certified mailing but did not submit a claim for the property listed.

The Budget Section pursuant to Section 47-30.1-24.1 approved the lists of state agencies relinquishing their rights to recover unclaimed property in September 2013 and in June 2014.

PARKS AND RECREATION DEPARTMENT Expansion of Public Improvements

Pursuant to Section 48-01.2-25, the Budget Section received a request from the Parks and Recreation Department for the approval of an expansion of capital improvement projects and to increase special funds spending authority pursuant to Chapter 54-16. The Budget Section **approved** an expansion of the following capital projects: Lewis and Clark State Park, campsite expansion \$149,000; Fort Stevenson State Park, administrative office \$95,000; and Lake Sakakawea State Park, campground \$54,000. The Budget Section **approved** under Chapter 54-16 to increase special funds spending authority for these projects by \$298,000, from \$1,770,000 to \$2,068,000.

JOB SERVICE NORTH DAKOTA Status of the Job Insurance Trust Fund

Pursuant to Section 52-02-17, the Budget Section received a report on the status of the job insurance trust fund. As of December 31, 2013, Job Service North Dakota reported the trust fund balance was \$153.7 million. Job Service North Dakota reported the fund is 16 percent over the target and the difference between the target and the actual balance will be reduced in future years with the rate setting process.

INFORMATION TECHNOLOGY DEPARTMENT Annual Reports

Pursuant to Section 54-59-19, the Budget Section received the ITD 2012-13 and 2013-14 annual reports. The Information Technology Department reported revenue for fiscal year 2014 totaled \$61.9 million, and the majority of ITD revenue is generated from computer hosting (34 percent), software development (32 percent), and direct billing service fees (20 percent). The Information Technology Department reported the rates charged for fees and services by ITD compare favorably to those charged by surrounding states, and through the annual customer survey, customers of ITD report the following:

- 89.7 percent agree that ITD services met their business needs.
- 97.5 percent viewed ITD as a trusted business partner.
- 88.5 percent agree ITD provides technology direction.
- 88.5 percent agree ITD is aligned with their mission.

The Information Technology Department reported within the next 5 to 10 years, it is anticipated that many of the applications currently hosted within ITD will be hosted with "cloud" storage. The Budget Section learned ITD received three bids in response to a request for proposal (RFP) to enhance the state network and provide additional bandwidth. The Information Technology Department reported it awarded the contract to Dakota Carrier Network.

Information Technology Desktop Support Study Results

Pursuant to Section 9 of 2013 Senate Bill No. 2021, the Budget Section received a report from ITD regarding findings and recommendations and legislation required to implement recommendations of the ITD desktop support study. The Budget Section learned that the results of the study include the recommendation for a hybrid model, in which 32 smaller agencies would receive desktop support from ITD and 16 larger agencies would provide their own desktop support.

DEPARTMENT OF HUMAN SERVICES Transfers in Excess of \$50,000

The Budget Section received a report from DHS regarding transfers in excess of \$50,000 pursuant to Section 3 of 2013 House Bill No. 1012. The Budget Section learned through September 2014, the department had the following transfers between line items and between subdivisions of House Bill No. 1012 in excess of \$50,000:

Transfers	General Fund	Total Funds	Explanation
Medicaid Management Information System (MMIS) project		\$774,611	Funds were transferred for the MMIS project from the grants line item in program and policy to the operating expense line item in administration and support to provide the required state matching funds.

Status of Medicaid Management Information System

The Budget Section received reports from DHS on the status of the MMIS computer project. The department reported expenditures through July 2014 totaled \$59.1 million. Operational readiness testing has been complete, and parallel testing with the legacy system claim payments, user acceptance, data conversion and electronic data exchange, and complete system testing are close to completion. Affordable Care Act (ACA) requirements are being finalized into the new system. The department reported expenditures as of July 2014 for the MMIS computer project as follows:

Description	Budget	Expenditures Through July 2014	Remaining
General fund	\$7,533,297	\$5,024,951	\$2,508,346
Federal funds	78,043,573	51,847,955	26,195,618
Other funds	2,968,137	2,193,526	774,611
Total	\$88,545,007	\$59,066,432	\$29,478,575

As of September 2014, the department did not have an estimate of when the new system will be operational.

Critical Access Hospital Grants

Pursuant to Section 10 of House Bill No. 1358, \$9.6 million was appropriated from the strategic investment and improvements fund to DHS for one-time grants to critical access hospitals. The department developed policies and procedures for the disbursement of the grant funding. The department awarded \$700,000 to the North Dakota Hospital Association to develop a system to assist hospitals with verifying patient personal and health insurance information. The Budget Section learned the association used a portion of the funds to purchase a software program from Emdeon Business Services, LLC, to provide hospitals with a source to verify personal data and health insurance data. The following critical access hospitals were awarded \$4,450,000 for the first year of the biennium:

Critical Access Hospital	Location	Grant Payment as of January 2014
Southwest Healthcare Services	Bowman	\$100,349
St. Luke's Hospital	Crosby	138,650
Jacobson Memorial Hospital	Elgin	95,342
McKenzie County Medical Center	Watford City	458,663
Mountrail County Medical Center	Stanley	343,103
Heart of America Medical Center	Rugby	365,005
St. Joseph's Hospital and Health Center	Dickinson	1,791,591
Tioga Medical Center	Tioga	359,515
Mercy Medical Center	Williston	797,782
Subtotal - Critical access hospital payments		\$4,450,000
North Dakota Hospital Association - Patient personal and health insurance information		700,000
Grant payment as of January 2014		\$5,150,000

LEGACY AND BUDGET STABILIZATION FUNDS

Advisory Board Report

The Budget Section received reports from the Legacy and Budget Stabilization Fund Advisory Board regarding the development of investment policies for the legacy fund and budget stabilization fund pursuant to Section 21-10-11. Section 21-10-11 requires the advisory board to provide at least semiannual reports to the Budget Section regarding asset allocation and investment policies developed for the legacy fund and budget stabilization fund as well as recommendations presented to the State Investment Board regarding investment of funds in the legacy fund and budget stabilization fund. The market value of the legacy fund was \$2,455 million as of August 31, 2014. The market value of the budget stabilization fund as of August 31, 2014, was \$587.7 million. The advisory board reported assets had been held in 100 percent fixed income-type investments, and the advisory board revised the investment policy and recommended the following asset allocation mix for the legacy fund--30 percent broad US equity securities, 20 percent broad international equity securities, 35 percent fixed income assets, 5 percent core real estate, and 10 percent diversified real assets. The Budget Section learned the transition is to be completed in January 2015. The advisory board has not made any changes to the budget stabilization fund investment policy.

STATE TREASURER

Outstanding Warrants and Checks

The Budget Section received a report from the State Treasurer regarding warrants and checks outstanding for more than 90 days and less than three years pursuant to Section 54-11-01. Section 54-11-01 provides the State Treasurer report to the Budget Section, within 90 days of the beginning of each fiscal year, all warrants and checks outstanding for more than 90 days and less than three years. The State Treasurer provided reports to the Budget Section in September 2013 and September 2014. The Budget Section learned items reported may be the result of money which has not been received by the proper recipient or checks that have not been cashed. Annually, checks more than three years old are transferred to the Department of Trust Lands as unclaimed property.

The State Treasurer reported in September 2013 the number of checks outstanding increased by 13 percent from state fiscal year 2012 and a total of \$5.2 million in outstanding checks existed for fiscal years 2011, 2012, and 2013. The State Treasurer provided a listing of 2,440 outstanding checks which were sent to the Unclaimed Property Division of the Department of Trust Lands in October 2013 totaling \$386,297.

The State Treasurer reported as of September 2014, 14,237 checks totaling \$3.9 million were outstanding for fiscal years 2012, 2013, and 2014. The State Treasurer provided a listing of 2,344 outstanding checks to be sent to the Unclaimed Property Division of the Department of Trust Lands in October 2014, which total \$376,689.

SECRETARY OF STATE

Credit Card Usage and Fees

Pursuant to Section 7 of 2013 House Bill No. 1002, the Budget Section received semiannual reports on credit card usage rates and credit card fees paid by the Secretary of State. The Secretary of State reported in September 2013 that contractor licensing has increased by 97 percent in the past four years and collectability of fees has increased significantly since the office began accepting credit cards. The Secretary of State reported in September 2014 that while fees expended to date for the 2013-15 biennium are less than budgeted, the usage of credit cards is anticipated to increase significantly when the agency's new software system is deployed.

HOUSING FINANCE AGENCY

Flood-Impacted Housing Assistance

The 2013 Legislative Assembly appropriated, out of the state disaster relief fund, the sum of \$1.5 million to the Housing Finance Agency for the purpose of providing grants for flood-impacted housing assistance. Pursuant to Section 4 of 2013 House Bill No. 1016, the Budget Section received a report regarding the status of grants awarded for flood-impacted housing assistance. The Housing Finance Agency reported that initially \$1.5 million was awarded to the Minot Housing Authority. However, residents were relocated more rapidly than anticipated; therefore, the Minot Housing Authority reduced its request to \$20,000.

Housing Units Owned or Master Leased for Essential Service Workers

The 2013 Legislative Assembly appropriated \$15.4 million from the general fund to the housing incentive fund and provided an aggregate tax credit of \$20 million for the purpose of assisting developing communities to address an unmet housing need or alleviate a housing shortage. Pursuant to Section 54-17-40, the Budget Section received a report regarding an update on progress being made to reduce the overall number of housing units owned, master leased, or subsidized by cities, school districts, or other employers of essential service workers. In September 2013, the Housing Finance Agency reported 18 projects have been awarded approximately \$20.4 million from the housing incentive fund, and none of the projects reduce the number of existing housing units owned by political subdivisions, but the projects will help prevent the need for political subdivisions to create additional housing units. In December

2013, the Budget Section learned \$16.5 million has been committed to 16 projects that would create 934 housing units, of which 220 units are for essential service workers.

**STATE HISTORICAL SOCIETY
Project Pool Report**

Pursuant to Section 4 of 2013 Senate Bill No. 2015, the Budget Section received a report regarding the use of funds in the State Historical Society's project pool line item. The State Historical Society presented the following schedule as of May 31, 2014, of expenditures from the pool:

Description	Project Pool	Expended as of May 31, 2014	Balance
Technology coordinator	\$135,000	\$37,371	\$97,629
Temporary salaries	240,000	12,567	227,433
Governor's gallery	125,000	63,200	61,800
Historic site repairs	250,000	14,714	235,286
Promotion and marketing	30,000	10,476	19,524
Information technology	70,000	34,614	35,386
Lawrence Welk homestead	100,000	0	100,000
Total	\$950,000	\$172,942	\$777,058

**STATE WATER COMMISSION
Project Priorities**

Pursuant to Section 14 of 2013 House Bill No. 1020, the Budget Section received semiannual reports on changes to the State Water Commission project priorities list presented to the 63rd Legislative Assembly. The State Water Commission reported in March 2014 that it approved three new projects relating to water systems in Dickinson, Watford City, and Williston totaling \$32 million. The commission reported in September 2014 that the commission reallocated \$3,053,000 to the water supply category and \$15,500,000 to the Southwest Pipeline Project for increases in project costs, and the funds were provided from the general water management category.

Cost-Share Policy Changes

The Budget Section learned the State Water Commission has proposed changes to the commission's cost-share policy, which include providing local government cost-share grants of up to 60 percent of the water supply project construction costs or grants and loan funding of up to 80 percent of the water supply project construction costs for projects addressing a lack of water supply for domestic use or upgrading a water supply to primary Safe Drinking Water Act standards. In addition, the commission proposed changes including special consideration for improvements in service areas where the anticipated cost per user each year divided by the average annual median income per user is in the top quartile of its peer group water systems as determined by the Chief Engineer. The State Water Commission reported the top 25 percent could qualify for up to 80 percent for water supply project construction loans.

**FARGO FLOOD CONTROL
Funding and Expenditures**

The State Water Commission presented information to the Budget Section on Fargo flood control funding and expenditures to date. The Budget Section learned the commission provided reimbursements of \$48,342,234 since 2009 for Fargo flood control funding and expenditures as follows:

Biennium	Authorization	Expenditure
2009-11	\$45,000,000	\$8,526,912
2011-13	30,000,000	\$29,732,748
2013-15 (amount to date)	100,000,000	\$10,082,574
Total	\$175,000,000	\$48,342,234

F-M Area Flood Diversion Board of Authority

The F-M Area Flood Diversion Board of Authority presented information to the Budget Section regarding an update on congressional authorization of the diversion project and on the status of the self-insured crop insurance pool; mitigation efforts, alternatives, and costs; easements; and the project budget pursuant to Section 15 of 2013 House Bill No. 1020. The board reported the F-M Area Diversion Project was one of 26 water projects specifically named in the federal Water Resources Reform and Development Act signed into law by the President in June 2013. The board has contracted with NDSU to develop a formal policy on crop insurance. The board reported the impact to land in Richland County in North Dakota and Wilkin County in Minnesota has been reduced by project changes including a one-mile alignment move to the north, increasing the natural flow of the river through town, and adding adjustable weir gates to reduce staging water levels during a possible summertime flood. The board reported the priorities for the 2015-17 biennium include in-town levees; ring levees in Oxbow, Bakke, and Hickson; and diversion preconstruction

engineering, land acquisition, and construction. The board anticipates a budget of \$314.1 million for fiscal year 2016, which includes \$100 million for land acquisitions, \$189.6 million for construction, \$10.5 million for design and permitting, \$9 million for technical oversight and project management, and \$5 million for other obligations. The board reported a technical study and developmental process developed by the board included a temporary water retention feature that will hold water for a week-and-a-half during large flood events, and the new staging area will only operate in events larger than a 35-foot flood.

MNDAK Upstream Coalition

The MNDAK Upstream Coalition presented information to the Budget Section on the impacts of the Fargo flood control project and mitigation efforts, alternatives, and costs pursuant to Section 15 of House Bill No. 1020. The coalition reported the potential upstream impacts include farmland flooding, damage to roads and infrastructure, flooding of cemeteries, and relocation of residents and farmsteads.

- **Farmland flooding** - The coalition reported residents of Hickson and Bakke have expressed concern with the ring dike being constructed around the two communities, and residents are concerned the ring dike will reduce the value of homes and increase the risk of a catastrophic failure if the cities are surrounded by water from the proposed diversion project. The coalition reported the F-M Area Diversion Authority has been exploring a supplemental insurance plan to compensate farmers for losses as a result of the project and are not covered by traditional crop insurance. The coalition reported the insurance would provide 65 percent coverage, and the farmer could incur a loss up to 35 percent. The coalition reported the Army Corps of Engineers has outlined easements as mitigation for impacts, and flowage easements would be a one-time payment for 25 percent of the appraised value of the land. The coalition reported the corps maps indicate the staging area will include 50,000 acres, and the corps anticipates 32,000 acres will be mitigated. The coalition reported 18,000 acres are anticipated to flood with less than one foot of water.
- **Damage to roads and infrastructure** - The coalition reported residents, schools, emergency personnel, and townships have expressed concern about damage to infrastructure. The cemetery authority has expressed concerns regarding over 3,000 graves located in the staging area. The coalition reported many cemeteries cannot be ring diked because of the depth of the water or proximity to land features, and burials would be restricted during certain times of the year because of hydraulic pressure on recent interments.
- **Alternatives** - The coalition reported the Red River Basin Commission completed a study on long-term flood solutions which provides a solution that would distribute water storage in streams and tributaries which could reduce the flow of the Red River at Fargo by 20 percent. The city of Fargo is constructing dikes and levees to a level of 43 feet and the city of Moorhead is protected to 44 feet. The coalition reported the Red River Basin study indicated that the Red River would not exceed 40 feet if distributed storage is developed on a valleywide basis.

DEPARTMENT OF TRANSPORTATION Replacement Airplanes

Pursuant to Section 5 of 2013 House Bill No. 1033, the Budget Section approved the DOT request to spend in excess of \$4 million for replacement airplanes. The Budget Section learned DOT purchased a 1998 KingAir for \$2,737,000 as a replacement for a 1997 Piper Cheyenne aircraft. The Department of Transportation reported the cost of purchasing the second replacement aircraft, a 2010 Cessna Caravan, was \$1,725,000 after trading in a 1975 Cessna Skymaster, and the total cost for both planes was \$4,462,000.

New License Plate Design

Pursuant to Section 8 of 2013 Senate Bill No. 2012, the Budget Section approved the Department of Transportation's new license plate design shown below. The Department of Transportation reported the new plate design features include flat plate technology, the slogan "Legendary" which is used by the Division of Tourism, pictures of a buffalo and the North Dakota landscape, and the words "Peace Garden State" as required by Section 39-04-12.



COUNTY AND TOWNSHIP ROADS AND BRIDGES INFRASTRUCTURE REPORT

In June 2014, the Budget Section received a report from the Upper Great Plains Transportation Institute regarding county, township, and tribal roads and bridges infrastructure needs. The Upper Great Plains Transportation Institute reported over the next 20 years, \$5,398.4 million is projected to be needed for unpaved road improvements, \$2,685 million for paved road improvements, and \$327 million for bridge improvements. The Upper Great Plains Transportation Institute also reported the projected funding for the paved road investment needs is 17 percent more than the previous projection due primarily to higher construction costs. The Upper Great Plains Transportation Institute also reported for fiscal years 2015 and 2016, \$548 million is projected to be needed for unpaved road improvements and \$377 million for paved road improvements, and the institute estimates \$70 million is needed each biennium for the next five bienniums for bridge improvements.

ATTORNEY GENERAL'S OFFICE

Law Enforcement Grants

Pursuant to Section 11 of 2013 House Bill No. 1358, the Budget Section received an annual report on the use of one-time funding for grants to law enforcement agencies in oil-impacted counties where crime activities have increased or in other counties experiencing crime-related activities originating in oil-impacted counties, for crime-related needs of the Attorney General's office, and for the development of a uniform law enforcement and custody manual. The Attorney General reported of the \$9.6 million available, only \$290,000 has not yet been awarded.

HUB CITY REPORTS

Pursuant to Section 12 of 2013 House Bill No. 1358, the Budget Section received a report from hub cities on the use of funding received from allocations from oil and gas gross production tax under Section 57-51-15. A total allocation of \$375,000 per fiscal year for each full or partial percentage point of its private covered employment engaged in the mining industry, according to data compiled by Job Service North Dakota, is provided to each hub city. The hub cities receiving allocations during the 2013-15 biennium are Minot, Dickinson, and Williston. The City of Minot reported funds have been used to finance infrastructure, including sewer system upgrades and improvements, airport-related projects, and none of the funds were used for flood recovery. The City of Dickinson reported it has received \$8.5 million to date, and the funds have been used for the following projects: public works facility project, reconstruction and realignment of Empire Road, construction of State Avenue North, and construction of 21st Street West. The City of Williston reported funds are being used for infrastructure projects, including road projects, water and sewer projects, and airport projects.

DEPARTMENT OF VETERANS' AFFAIRS

Veterans Exposed to Agent Orange

Pursuant to Section 2 of 2013 House Bill No. 1405, the Budget Section received a report regarding funds received to provide services to veterans exposed to Agent Orange, the grants provided, and the outcomes of the services provided through May 31, 2014. The Department of Veterans' Affairs reported it has spent \$29,447 of the \$50,000 general fund appropriation for the following items: two billboard signs, Agent Orange literature and information packets, travel expenses for townhall roundtable events, and Agent Orange expert fees. The department also reported it has received approximately 200 calls from Vietnam veterans and their family members in response to placing the billboards, and the department anticipates conducting a townhall roundtable event in each county by May 2015.

DEPARTMENT OF CORRECTIONS AND REHABILITATION

Inmate Report

Pursuant to Section 6 of 2013 Senate Bill No. 2015, the Budget Section received an annual report on the Department of Corrections and Rehabilitation's prison population management plan, inmate admissions, and the number of inmates not admitted after sentencing. The Department of Corrections and Rehabilitation reported in September 2014 that the 2013-15 biennium average male inmate population for all facilities was 1,402, the 2013-15 biennium average female inmate population for all facilities was 171, and the department has not refused to admit any inmates to date.

DEPARTMENT OF CAREER AND TECHNICAL EDUCATION

Performance Measures of the Science, Technology, Engineering, and Mathematics Program

Pursuant to Section 3 of 2013 Senate Bill No. 2019, the Budget Section received a report regarding performance measures of the STEM program. The Department of Career and Technical Education reported it had received funding for the following four initiatives:

STEM Initiative	Funding
Engineering by Design (EbD) or Project Lead the Way (PLTW) curriculum adoption	\$300,000
STEM matching grants	\$150,000
North Dakota STEM Network	\$300,000
STEM Infusion grant	\$200,000

The department reported 28 high schools with over 2,800 students have adopted the STEM-based curriculum, and an additional three high schools will be adopting the curriculum during the next school year. The department reported three school districts have been provided a grant, up to the maximum grant amount of \$15,000, for the STEM matching grant initiative, and four additional school districts are currently in the process of receiving a grant. The department reported the North Dakota STEM Network has been established, and a contract was created with a management company called Praxis Strategy Group to handle the day-to-day business of the STEM Network. The department reported the STEM Infusion program has worked with 23 school districts and 1,650 students on many STEM-related projects with a focus on recruitment and engagement of students into STEM fields.

INDUSTRIAL COMMISSION

Abandoned Oil and Gas Well Plugging and Site Reclamation Fund

Pursuant to Section 38-08-04.5, the Budget Section received a report on the balance of the abandoned oil and gas well plugging and site reclamation fund and expenditures. The Industrial Commission reported as of May 31, 2014, the balance of the abandoned oil and gas well plugging and site reclamation fund was \$7,873,246, and it is anticipated the balance will be \$12,861,310 by the end of the 2013-15 biennium. Revenues and expenditures of the fund are as follows:

Description	Actuals - July 2013 Through May 2014	Estimates - June 2014 Through June 2015
Beginning balance	\$2,307,909	\$7,873,246
Revenue	5,588,649	5,678,451
Expenditures	(23,312)	(690,387)
Ending balance	\$7,873,246	\$12,861,310

NORTH DAKOTA OUTDOOR HERITAGE ADVISORY BOARD

Activities to Date

Pursuant to Section 54-17.8-07, the North Dakota Outdoor Heritage Advisory Board reported to the Budget Section a summary of the board's activities to date. In September 2014, the North Dakota Outdoor Heritage Advisory Board reported the Governor appointed the 12 voting members and 4 nonvoting members of the North Dakota Outdoor Heritage Board, and the board established dates for the five rounds of applications during the 2013-15 biennium which include: December 2, 2013; April 1, 2014; August 1, 2014; November 3, 2014; and April 1, 2015. The board reported the Industrial Commission has awarded funds of \$14.1 million to date, and these funds will be added with other sources of funding to provide projects totaling \$73.3 million. The board reported the timing of the distribution of funds varies for each project, and some projects will receive the funds within the next year and other projects will receive funds over a 10-year period.

THREE AFFILIATED TRIBES

Investment of Oil and Gas Tax Receipts

Pursuant to Section 57-51.2-02, the Three Affiliated Tribes reported to the Budget Section fees, expenses, and charges the tribe imposes on the oil industry and essential infrastructure projects completed by Three Affiliated Tribes using oil and gas tax receipts. The Three Affiliated Tribes reviewed infrastructure projects currently being constructed on the Fort Berthold Indian Reservation including the Elbowoods Health Center streets and housing project, various street and utilities projects, and road and sewer projects.

STATE FIRE MARSHAL

Fire Department Funding Report

Pursuant to Section 18-04-02, the State Fire Marshal reported to the Budget Section expenditures by certified fire departments, district funds received from the insurance tax distribution fund, and reserve fund balances. The State Fire Marshal reported a certification packet was mailed in August 2014 to each fire service within the state, and 90 reports have been received and the State Fire Marshal anticipates receiving the remaining 240 reports by October 2014. The State Fire Marshal reported of the 90 reports that have been received, insurance tax distribution funds of \$3.2 million were received in 2013 and \$2.4 million of the funds have been spent to date.

LEGISLATIVE HEARINGS FOR FEDERAL BLOCK GRANTS

Background

The Legislative Council staff contacted state agencies receiving federal funds to determine which agencies receive block grants that require legislative hearings. The Budget Section learned the results of the survey revealed one block grant--the community services block grant administered by the Department of Commerce Division of Community Services--requires legislative hearings. A summary of the proposed use and distribution plan for the block grant will be provided by the Department of Commerce as part of the agency's appropriations hearing during the 2015 legislative session. The required public hearing will be held as part of the appropriations hearing for the Department of Commerce during the 2015 legislative session.

Recommendation

The Budget Section recommends a concurrent resolution [[15.3022.01000](#)] to authorize the Budget Section to hold public legislative hearings required for the receipt of new federal block grant funds during the period from the recess or adjournment of the 64th Legislative Assembly through September 30, 2017.

FEDERAL FUNDS

The Budget Section reviewed a report from the Legislative Council on federal funds anticipated to be received by state agencies and institutions for the bienniums ending June 30, 2015, and June 30, 2017. The report indicated agencies estimate \$3.4 billion of federal funds will be received during the 2013-15 biennium, \$231.1 million less than appropriated. Agencies estimate \$3.45 billion of federal funds will be received for the 2015-17 biennium, \$316.7 million more than is estimated to be received during the 2013-15 biennium.

The Budget Section reviewed a memorandum on the largest variances by agency for the 2013-15 biennium between federal funds appropriated and federal funds estimated to be received. The memorandum provides information regarding the major variances experienced by agencies during the 2013-15 biennium relating to federal funds appropriated and federal funds estimated to be received and the major variances estimated for the 2015-17 biennium compared to the 2013-15 biennium.

LEGISLATIVE COUNCIL STAFF REPORTS

The Budget Section received the following reports prepared by the Legislative Council staff:

- Budget Section duties and responsibilities for the 2013-15 Biennium. The report provides information detailing the duties and responsibilities of the Budget Section for the 2013-14 interim.
- 63rd Legislative Assembly Legislative Changes to the Governor's Recommended Appropriations for the 2013-15 Biennium. The report provides information on legislative changes to the executive budget and is a compilation of the statements of purpose of amendment for action taken on appropriation bills during the session.
- 63rd Legislative Assembly State Budget Actions for the 2013-15 Biennium. The report provides information on legislative changes to the executive budget, FTE positions, ongoing and one-time general fund appropriations, federal fiscal stimulus funding, one-time funding, major programs, and related legislation for each state agency. The report also includes an analysis of major special funds and statistical information on state appropriations.
- 63rd Legislative Assembly Budget Status Report for the 2013-15 Biennium. The report provides information on the status of the general fund and estimated June 30, 2015, ending balance, legislative changes to general fund revenues, and legislative appropriation changes to the executive recommendation.
- 2013-15 Biennium Report on Compliance With Legislative Intent. The report provides the current status of major budget changes and initiatives approved by the 2013 Legislative Assembly for various agencies. The report contains information regarding the status of major state trust funds.
- Three Affiliated Tribes - Oil and Gas Agreement and Oil Tax Allocations Report. The report explains the changes to the agreement pursuant to 2013 House Bill No. 1198. The report explains the result of the 2013 Legislative Assembly change to increase the allocation of oil and gas gross production tax collections to the Three Affiliated Tribes has increased the revenues for the Three Affiliated Tribes by an estimated \$24.7 million for the first six months of the biennium with a corresponding reduction to the state's share.
- 2013 and 2014 North Dakota Finance Facts. The annual pocket brochure contains information on economic statistics, the state budget, K-12 education, higher education, human services, corrections, economic development, and transportation.

OTHER REPORTS

The Budget Section received other reports, including:

- State Historical Society - Information regarding an update on the status of the Lawrence Welk homestead property (December 2013).
- Department of Commerce - Information regarding an update on grants awarded to child care facilities pursuant to Section 14 of 2013 Senate Bill No. 2014. The Budget Section learned the Department of Commerce committed 100 percent of the \$2.6 million appropriated by the 2013 Legislative Assembly to 22 projects across the state (December 2013).
- Department of Commerce - Information regarding an update on grants awarded to homeless shelters pursuant to Section 13 of 2013 Senate Bill No. 2014 (December 2013).
- Department of Commerce - Information regarding an update on the tribal college grants pursuant to 2013 Senate Bill No. 2218. The department reported the grants are available to the state's five tribal colleges for creation or enhancement of programs and courses of study to prepare students, and the maximum grant amount was \$2 million per institution for the 2013-15 biennium. The department reported the \$5 million appropriated in Senate Bill No. 2218 has been awarded, and through September 2014, \$2.6 million has been disbursed (September 2014).
- Indian Affairs Commission - Update on the tribal college grants pursuant to Senate Bill No. 2218. The commission reported the grant amounts awarded to each of the five tribal colleges include Turtle Mountain Community College - \$1,248,100; Fort Berthold Community College - \$165,000; Cankdeska Cikana Community College - \$1,250,069; Sitting Bull College - \$804,474; and United Tribes Technical College - \$1,532,357. The commission reported accomplishments resulting from the funds provided from the grant program include: allowing colleges to add new associate degrees, certificates, and training programs; adding more workshop and short-term training opportunities for students; purchasing new equipment, including a welding simulator; a semi-truck and trailer, a truck driving simulator, and truck driving simulator expanded training module; and renovating the trade center at Sitting Bull College and the community business development center at Cankdeska Cikana Community College (September 2014).
- Department of Trust Lands - Information regarding an update on grants awarded from the oil and gas impact grant fund to oil-impacted political subdivisions for the 2013-15 biennium to date. The Budget Section learned through November 30, 2013, \$107.9 million has been awarded to political subdivisions for city infrastructure, dust control, sheriff's departments, K-12 education, airports, fire districts, and emergency medical services and \$5 million in grants to law enforcement have been awarded from the strategic investment and improvements fund. The Budget Section learned \$31.8 million has been designated for fiscal year 2015 (December 2013).
- Department of Human Services - Information regarding Medicaid Expansion. The Budget Section learned the federal government is paying 100 percent of Medicaid Expansion-related claims for the first three calendar years of the expansion, the percentage will decrease to 90 percent by 2020, and the Medicaid Expansion-related enrollment was approximately 9,500 individuals (June 2014). The Budget Section learned Medicaid Expansion-related expenditures through July 2014 totaled \$59.1 million (September 2014).
- Department of Human Services - Information regarding the eligibility systems modernization project. The Budget Section learned the project is to replace the current legacy eligibility determination systems with a fully integrated system that includes ACA requirements, and the system replacement includes Medicaid, children's health insurance program (CHIP), temporary assistance for needy families (TANF), supplemental nutrition assistance program (SNAP), child care assistance program, and low-income home energy assistance program. The Department of Human Services reported the Centers for Medicare and Medicaid Services (CMS) provides enhanced federal financial participation of 90 percent for Medicaid requirements of the system replacement, and the enhanced federal financial participation is available through December 31, 2015. The Department of Human Services reported ACA requirements had to be in place by October 1, 2013 and because of the complexity of the ACA requirements and the limited resources, DHS issued an RFP for additional project assistance in order to accelerate the project's schedule and maximize the availability of federal funds for the project (September 2014).
- Department of Human Services - Information on the status of programs of DHS. The Budget Section learned the number of Medicaid eligibles increased from 65,954 in July 2013 to 79,031 in June 2014. Medicaid Expansion enrollment was 10,611 as of June 2014. The Department of Human Services provided information on the number of eligibles as follows (September 2014):

Comparison of Eligibles	Medicaid Eligibles		
	July 2013	June 2014	Variance
Under age 21	36,918	37,769	851
Over age 65 (aged)	7,815	7,828	13
Disabled	10,404	10,340	(64)
Adults	10,817	12,483	1,666
Medicaid Expansion		10,611	10,611
Total	65,954	79,031	13,077

- North Dakota Hospital Association - Information on the effectiveness of the program to assist hospitals verify personal and health insurance information of patients. The Budget Section learned of the \$700,000 grant provided for the program in 2013 House Bill No. 1015, expenditures to date total \$153,570 and the North Dakota Hospital Association entered an agreement with Emdeon Business Services, LLC, for a software program to provide hospitals with a source to verify personal data and health insurance data (September 2014).
- Department of Public Instruction - Information on the purpose and status of federal grant applications. The Department of Public Instruction provided information on three federal grant opportunities which would promote school and student safety and mental health (September 2014).
- Information Technology Department - Information regarding the Secretary of State's data processing system project. They reported that the Secretary of State's appropriation is not sufficient to complete the project and that ITD plans to borrow between \$850,000 and \$950,000 for the project to allow continued project development for the remainder of the 2013-15 biennium.

AGENCY REQUESTS CONSIDERED BY THE BUDGET SECTION

Pursuant to Sections 54-16-04, 54-16-04.1, 54-16-04.2, 54-16-04.3, and 54-16-09, the Budget Section considered 24 agency requests that were authorized by the Emergency Commission. All requests were approved. Approved requests increased spending authority by \$47,326,725, made line item transfers of \$1,050,000, authorized expenditures from the state contingencies appropriation of \$152,500, and added 6.5 FTE positions. The following is a list of agency requests approved from June 18, 2013, through September 24, 2014:

Adjutant General

- June 18, 2013, to authorize the expenditure of \$13,903,595 from the state disaster relief fund for expenses associated with the 2009 flood disaster. To use a portion of the funding for volunteer disaster response coordination (\$400,000) and a disaster coordination contract (\$1,500,000).
- June 18, 2013, to continue the authorization to expend \$6,277,000 from the state disaster relief fund for flood relief, disaster mitigation assistance, and road grade raising grants to political subdivisions and to continue the authorization to expend \$6,238,000 from the state disaster relief fund for flood-impacted housing rehabilitation.
- June 18, 2013, to increase federal funds spending authority by \$4,493,625 from the Federal Emergency Management Agency (FEMA) relating to the 2013 Red River flood preparation activities. To expend \$400,000 during the 2011-13 biennium and to expend \$4,093,625 during the 2013-15 biennium.
- June 18, 2013, to increase federal funds spending authority by \$6,641,250 from FEMA and to accept and expend loan proceeds of \$914,375 from the Bank of North Dakota for disaster expenses related to the state receiving above normal precipitation during spring 2013. To expend \$397,500 of federal funds during the 2011-13 biennium and to expend \$6,243,750 of federal funds during the 2013-15 biennium. To expend \$132,500 of Bank funds during the 2011-13 biennium and to expend \$781,875 of Bank funds during the 2013-15 biennium.

Aeronautics Commission

- June 25, 2014, to transfer \$300,000 from the grants line item to the operating expenses line item to update the commission's economic impact aviation study.

Department of Agriculture

- June 25, 2014, to increase federal funds spending authority by \$400,000 in the grants line item. The funding is for the United States Department of Agriculture specialty crop block grant program, which promotes specialty crops in the state.

Attorney General

- September 25, 2013, to transfer \$200,000 from the operating expenses line item to the salaries and wages line item for temporary salary increases for employees impacted by energy development.

- September 25, 2013, to authorize an additional .5 FTE position for assistance with prosecutions in oil-impacted counties.
- March 12, 2014, to authorize \$68,500 from the state contingencies appropriation for litigation fees relating to legal cases.
- March 12, 2014, to increase federal funds spending authority by \$100,000 for salaries and wages (\$66,000) and operating expenses (\$34,000) and to authorize 1 FTE position relating to a prosecutor.
- June 25, 2014, to increase federal funds spending authority by \$346,364 for operating expenses (\$46,744) and capital assets (\$299,620) related to drug testing equipment.
- June 25, 2014, to authorize \$84,000 from the state contingencies appropriation for the litigation fees line item for expenses associated with legal cases and litigation related to section line litigation (\$35,000) and tobacco policy enforcement litigation (\$49,000).

State Auditor's office

- March 12, 2014, to increase federal funds spending authority by \$102,750 for salaries and wages (\$86,500) and operating expenses (\$16,250) relating to a royalty auditor.

Game and Fish Department

- March 12, 2014, to increase special funds spending authority by \$500,000 in the land habitat and deer depredation line item relating to a grant from the North Dakota outdoor heritage fund.
- March 12, 2014, to increase federal funds spending authority by \$368,250 and to increase special funds spending authority by \$122,750 from the game and fish fund for projects at the Garrison Dam National Fish Hatchery.

Department of Human Services

- December 11, 2013, to increase federal funds spending authority by \$5,851,660 relating to the MMIS computer project.

Office of Management and Budget

- June 18, 2013, to transfer \$400,000 from the salaries and wages line item to the capital assets line item. The transfer is for anticipated costs associated with the Capitol cafeteria remodeling project exceeding original legislative appropriations for the project. The original appropriation for the Capitol cafeteria remodeling project was \$700,000 and the current cost estimate is between \$1 million and \$1.2 million.

Department of Parks and Recreation

- December 11, 2013, to increase special funds spending authority by \$150,000 for trail reconstruction at Little Missouri State Park.
- March 12, 2014, to increase special funds spending authority by \$129,000 in the natural resources line item relating to a grant from the North Dakota outdoor heritage fund for the agency's Natural Resource Stewardship project.
- March 12, 2014, to increase special funds spending authority by \$112,000 relating to a grant from the North Dakota outdoor heritage fund for the agency's trail restoration and improvement project.
- March 12, 2014, to increase special funds spending authority by \$130,000 of parks revenue for expenses relating to the operation of the marina at Lake Sakakawea.
- March 12, 2014, to increase special funds spending authority by \$298,000, from \$1,770,000 to \$2,068,000, for the expansion of the following capital projects: Lewis and Clark State Park, campsite expansion \$149,000; Fort Stevenson State Park, administrative office \$95,000; and Lake Sakakawea State Park, campground \$54,000.

Secretary of State

- September 24, 2014, to transfer \$150,000 from the operating expenses line item to the salaries and wages line item for additional costs relating to overtime and temporary employees.

State Water Commission

- June 25, 2014, to authorize 5 new FTE positions within the Water Appropriations Division of the State Water Commission and to increase special funds spending authority from the resources trust fund by \$546,106 in the water and atmospheric resources line item to meet the demand for water permits and required permit inspections.