

## BUDGET SECTION DUTIES AND RESPONSIBILITIES FOR THE 1999-2001 BIENNIUM

This memorandum lists duties and responsibilities assigned to the Budget Section for the 1999-2001 biennium by the North Dakota Century Code, Session Laws, or Legislative Council directive. The duties are listed in two categories--continuing duties (duties which were also assigned to the Budget Section during the previous biennium) and new duties. Continuing duties are listed in two categories, those that were acted on during the previous biennium and those that were not.

### CONTINUING DUTIES

#### Continuing Duties Acted on During the Previous Biennium

1. **Consider requests for higher education campus improvements and building construction (15-10-12.1)** - This section allows the State Board of Higher Education, with the approval of the Budget Section or the Legislative Assembly, to authorize the construction of buildings and campus improvements financed by donations, gifts, grants, and bequests on land under the control of the board or to sell real property or buildings which an institution of higher education has received by gift or bequest. The Budget Section approval can only be provided when the Legislative Assembly is not in session and when it will not be in regular session for at least six months. The Budget Section approval regarding the construction of buildings and campus improvements must include a specific dollar limit for each building or campus improvement. 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.
2. **Receive report on job insurance trust fund (52-02-17)** - This section requires Job Service North Dakota to report to the Budget Section if the balance of the job insurance trust fund is projected to fall below \$40 million.
3. **Receive report on irregularities in the fiscal practices of the state (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.
4. **Consider requests for transfers exceeding \$50,000 (54-16-04(2))** - This section provides that, 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.
5. **Consider requests to receive and spend more than \$50,000 of federal funds which were not appropriated (54-16-04.1)** - This section provides that Budget Section approval is required for any Emergency Commission action authorizing a state officer to spend more than \$50,000 of federal funds which were not appropriated.
6. **Consider requests to receive and spend more than \$50,000 of other funds which were not appropriated (54-16-04.2)** - This section provides that Budget Section approval is required 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.
7. **Consider requests for the distribution of Children's Services Coordinating Committee grants (54-56-03, Section 2 of 1999 House Bill No. 1014)** - These sections provide that 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.
8. **Receive statement from ethanol plants that received production incentives (1999 Senate Bill No. 1019)** - Section 5 of this bill requires any North Dakota ethanol plant receiving production incentives from the state

to file with the Budget Section a statement indicating whether the plant produced a profit during the preceding fiscal year, after deducting incentive payments received from the state.

9. **Receive report on the hiring of additional full-time equivalent (FTE) positions (1999 Senate Bill No. 2012)** - Section 6 of this bill requires the human service centers, State Hospital, and the Developmental Center to report to the Budget Section on the hiring of any FTE positions in addition to those authorized by the Legislative Assembly for the 1999-2001 biennium.
10. **Review and report on budget data (Legislative Council directive)** - Pursuant to Legislative Council 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.

#### **Continuing Duties Not Acted on During the Previous Biennium**

11. **Consider requests to use moneys in the State Forester reserve account (4-19-01.2)** - This section provides that Budget Section approval is required prior to the State Forester spending moneys in the State Forester reserve account.
12. **Consider requests by the Board of University and School Lands to invest in real property (15-03-04)** - This section provides that 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.
13. **Consider Game and Fish Department land acquisitions (20.1-02-05.1)** - This section provides that Budget Section approval is required for Game and Fish Department land acquisitions of more than 10 acres or \$10,000.
14. **Consider the provision of contract services by the Developmental Center (25-04-02.2)** - This section provides that, subject to Budget Section approval, the Developmental Center at Westwood Park, Grafton, may provide services under contract with a governmental or nongovernmental person.
15. **Consider requests to terminate the food stamp program (50-06-05.1(17))** - This section provides that, subject to Budget Section approval, the Department of Human Services 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.
16. **Consider requests to terminate the energy assistance program (50-06-05.1(19))** - This section provides that, subject to Budget Section approval, the Department of Human Services 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.
17. **Consider requests for transfers which will result in program elimination (54-16-04(1))** - This section provides that, 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 funded by the Legislative Assembly.
18. **Consider requests to use moneys in the capital improvements preliminary planning revolving fund (54-27-22)** - This section provides that 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.
19. **Consider requests to use cash flow financing (54-27-23)** - This section provides that in order to meet the cash flow needs of the state, the Office of Management and Budget 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 cash flow financing, subject to certain limitations, must be approved by the Budget Section.
20. **Receive report on transfers from the budget stabilization fund (54-27.2-03)** - This section provides that any transfers from the budget stabilization fund must be reported to the Budget Section.
21. **Prescribe form of budget data (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. The Legislative Council has assigned this responsibility to the Budget Section.
22. **Consider objecting to budget allotments or expenditures (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.
23. **Consider the reduction of budgets due to initiative or referendum action (54-44.1-13.1)** - This section provides that, 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.
  24. **Consider the provision of extraterritorial workers' compensation insurance (65-08.1-02)** - This section authorizes the Workers Compensation Bureau to establish, subject to Budget Section approval, a casualty insurance organization to provide extraterritorial workers' compensation insurance.
  25. **Receive report on higher education institution expenditures of local funds in excess of the amount appropriated (1999 House Bill No. 1003)** - Section 11 of this bill provides that the State Board of Higher Education must present a report to the Budget Section on the expenditure by higher education institutions of any local funds in excess of the amounts appropriated in Section 1 of the bill.
  26. **Consider requests for line item transfers by agencies that received program-based appropriations** - These sections provide that, with Budget Section approval, the following agencies may transfer more than 10 percent of certain line items:
    - a. Highway Patrol (Section 4 of 1999 House Bill No. 1011).
    - b. Department of Transportation (Section 2 of 1999 House Bill No. 1012).
    - c. Land Department (Section 4 of 1999 House Bill No. 1013).
    - d. Department of Corrections and Rehabilitation - Adult Services Division (Section 3 of 1999 House Bill No. 1016).
    - e. State Auditor (Section 3 of 1999 Senate Bill No. 2004).
    - f. Office of Management and Budget (Section 7 of 1999 Senate Bill No. 2015).
    - g. Parks and Recreation Department (Section 9 of 1999 Senate Bill No. 2021).
  27. **Consider requests to transfer moneys between the divisions of the Department of Corrections and Rehabilitation (1999 House Bill No. 1016)** - Section 2 of this bill authorizes the Department of Corrections and Rehabilitation to transfer, with Budget Section approval, appropriation authority between the divisions of the department.
  28. **Receive report on FTE positions transferred to the Division of Independent Study (1999 Senate Bill No. 2013)** - Section 23 of this bill requires the Department of Public Instruction to report to the Budget Section on any transfers of positions to the Division of Independent Study from the other divisions of the department during the 1999-2001 biennium.
  29. **Consider requests for program terminations, reductions, or changes resulting from federal funding reductions (1999 Senate Bill No. 2015)** - Section 19 of this bill requires state agencies, departments, and institutions to receive Budget Section approval for the following:
    - a. Termination of a program for which federal funding is terminated.
    - b. Prioritization of programs as necessary to make programmatic reductions if federal funding for separate programs is combined in a block grant, resulting in a reduction of federal funds available for those programs.
  30. **Hold legislative hearings for federal block grants (1999 Senate Concurrent Resolution No. 4001)** - This resolution authorizes the Budget Section, through September 30, 2001, to hold any required legislative hearings for federal block grants.

### NEW DUTIES

31. **Study grant preapproval process (1999 Senate Concurrent Resolution No. 4050)** - This resolution provides for a study of the feasibility and desirability of implementing a grant preapproval process for every state agency, except institutions under the control of the State Board of Higher Education.
32. **Consider requests by the Game and Fish Department to reduce the balance of the game and fish fund below \$10 million (20.1-02-16.1)** - This section provides that the Game and Fish Department can spend moneys 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 \$10 million, unless otherwise authorized by the Budget Section. This section is effective July 1, 1999.
33. **Consider requests to change or expand state building construction projects (48-02-20)** - This section provides that 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. This section is effective August 1, 1999.

34. **Receive report on tobacco settlement funds (54-44-04)** - This section provides that the director of the Office of Management and Budget shall report to the Budget Section on the status of tobacco settlement funds and related information. This section is effective August 1, 1999.
35. **Consider requests to spend additional local funds for capital projects (1999 House Bill No. 1003)** - Section 8 of this bill provides that with the approval of the Budget Section, Bismarck State College (BSC) and Lake Region State College (LRSC) may obtain and utilize any available funds in excess of the minimum required local match of \$200,000 for the BSC music addition and \$495,000 for the LRSC auditorium renovation project. This section is effective July 1, 1999.
36. **Consider requests to spend moneys for the service, access, growth, and empowerment (SAGE) project (1999 House Bill No. 1003)** - Section 12 of this bill provides that prior to purchasing goods or contracting for services for the SAGE project, the State Board of Higher Education must receive permission from either the Legislative Assembly or the Budget Section. This section is effective July 1, 1999.
37. **Receive report on home mortgage finance programs available within Indian reservations (1999 House Bill No. 1015)** - Section 14 of this bill provides that the Industrial Commission and the Indian Affairs Commission shall report to the Budget Section at its first meeting of the 1999-2000 interim, and subsequently, as requested by the chairman of the committee, on the status of home mortgage finance programs of the Housing Finance Agency available within Indian reservations in this state. This section was effective April 15, 1999.
38. **Receive report on Job Service North Dakota asbestos abatement project (1999 House Bill No. 1017)** - Section 6 of this bill provides that Job Service North Dakota must report to the Budget Section on the status of its asbestos abatement project. This section is effective July 1, 1999.
39. **Receive periodic reports on bovine tuberculosis disease (1999 Senate Bill No. 2009)** - Section 15 of this bill provides that the Agriculture Commissioner and the State Veterinarian shall report periodically to the Budget Section during the 1999-2000 interim on the status and associated costs of bovine tuberculosis disease in cattle. This section is effective July 1, 1999.
40. **Receive report on proposed general fund reductions to be included in the 2001-03 biennium budget request for the Northeast Human Service Center (1999 Senate Bill No. 2012)** - Section 18 of this bill provides that the Department of Human Services shall report to the Budget Section, prior to the submission of the department's 2001-03 biennium budget request, on \$500,000 of general fund reductions in the proposed budget request for the Northeast Human Service Center for the 2001-03 biennium. This section is effective July 1, 1999.
41. **Consider requests to exceed the amount appropriated for traditional Medicaid grants (1999 Senate Bill No. 2012)** - Section 19 of this bill provides that the Department of Human Services may not exceed the amount appropriated for traditional Medicaid grants for the 1999-2001 biennium without prior Budget Section approval. This section is effective July 1, 1999.
42. **Receive periodic reports on the status of traditional Medicaid grants (1999 Senate Bill No. 2012)** - Section 19 of this bill provides that the Department of Human Services shall report periodically to the Budget Section during the 1999-2001 biennium on the status of funding for traditional Medicaid grants. This section is effective July 1, 1999.
43. **Consider requests to reduce nursing home limitations for cost categories (1999 Senate Bill No. 2012)** - Section 26 of this bill provides legislative intent that the Department of Human Services receive Budget Section approval prior to reducing below the levels included in the 1999-2001 biennium legislative appropriation the nursing home limitations for direct, other direct, and indirect cost categories. This section is effective July 1, 1999.
44. **Consider request to spend a contingent appropriation for the establishment of a traumatic brain-injured facility (1999 Senate Bill No. 2012)** - Section 35 of this bill provides a contingent appropriation of \$200,000 (\$60,000 from the general fund, \$140,000 from federal funds) which may be spent if a facility for the traumatic brain-injured is established in western North Dakota and if the expenditure is approved by the Emergency Commission and the Budget Section. This section is effective July 1, 1999.
45. **Receive report on federal class size reduction initiative grants (1999 Senate Bill No. 2013)** - Section 24 of this bill

- provides that the Department of Public Instruction shall report to the Budget Section during the 1999-2001 biennium on the distribution of federal class size reduction initiative grants. This section is effective July 1, 1999.
46. **Receive report on salary increases provided to state employees for the second year of the biennium (1999 Senate Bill No. 2015)** - Section 11 of this bill provides that the Office of Management and Budget shall **report to the Budget Section at its December 2000 meeting** on the amounts provided by state agencies and institutions for salary increases for the second year of the biennium, line item transfers relating to the increases, the source of funding, and the impact on the provision of services. This section is effective July 1, 1999.
  47. **Consider requests to make transfers from the Bank of North Dakota to offset declines in general fund revenues (1999 Senate Bill No. 2015)** - Section 18 of this bill provides that the Budget Section may approve the transfer of up to \$40 million from the Bank of North Dakota to the state general fund if during the 1999-2001 biennium, the director of the Office of Management and Budget determines that general fund revenues will not meet the legislative forecast. This section is effective July 1, 1999.
  48. **Consider disaster claims relating to spring 1997 flooding in the Red River Valley (1999 Senate Bill No. 2016)** - Section 4 of this bill provides that before the Division of Emergency Management may request loans from the Bank of North Dakota to affected political subdivisions relating to spring 1997 flooding in the Red River Valley, the disaster claims must be approved by the Division of Emergency Management, the Emergency Commission, and the Budget Section. This section is effective July 1, 1999.
  49. **Consider increased payments to governmental nursing facilities (1999 Senate Bill No. 2168)** - Section 4 of this bill appropriates \$12,409,448 (\$3,618,391 from the general fund, \$8,788,057 from other funds) for making payments from the government nursing facility funding pool and for related administrative costs as provided in Senate Bill No. 2168. This section provides that any moneys that become available in excess of the \$12,409,448 are appropriated and may be spent for additional payments to government nursing facilities, subject to Emergency Commission and Budget Section approval. This section was effective April 19, 1999.
  50. **Consider additional allocations from the Department of Human Services health care trust fund (1999 Senate Bill No. 2168)** - Section 5 of this bill appropriates \$8,715,279 from other funds for payments from the health care trust fund, pursuant to Senate Bill No. 2168. This section provides that any moneys that become available, in excess of the \$8,715,279, are appropriated and may be spent by the department subject to Emergency Commission and Budget Section approval. This section was effective April 19, 1999.
  51. **Consider requests for the refinancing or sale of the Corporate Center in Grand Forks (1999 Senate Bill No. 2188)** - Section 5 of this bill provides that Budget Section approval is required prior to the refinancing of debt, the incurring of debt for improvements, or the voluntary sale of the Corporate Center in Grand Forks. This section was effective April 19, 1999.
  52. **Receive periodic reports on the implementation of the state water development program and water management plan and the issuance of bonds for various water projects (1999 Senate Bill No. 2188)** - Section 9 of this bill provides that during the 1999-2001 biennium, the State Engineer shall report periodically to the Budget Section on the implementation of the comprehensive statewide water development program and state water management plan and the issuance of bonds for flood control projects, the Southwest Pipeline Project, a Devils Lake outlet, and a statewide water development program. This section was effective April 19, 1999.