

**Office of Management and Budget
Budget No. 110
House Bill Nos. 1015 and 1041, Senate Bill No. 2021**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	131.50	\$41,174,940	\$9,589,395	\$50,764,335
2013-15 legislative appropriations	130.50	360,646,688	14,230,630	374,877,318
Legislative increase (decrease) to executive budget	(1.00)	\$319,471,748	\$4,641,235	\$324,112,983
Legislative increase (decrease) to 2011-13 appropriations	(1.00)	\$327,753,989	\$3,716,169	\$331,470,158

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$29,238,699	\$3,654,000	\$32,892,699
2013-15 legislative appropriations	31,746,688	328,900,000	360,646,688
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$2,507,989	\$325,246,000	\$327,753,989
Percentage increase (decrease) to 2011-13 appropriations	8.6%	8,901.1%	996.4%
2013-15 legislative increase (decrease) to executive budget	\$161,748	\$319,310,000	\$319,471,748
Percentage increase (decrease) to executive budget	0.5%	3,329.6%	775.9%

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Office of Management and Budget (OMB) is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$478,233) and from other funds (\$92,179) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$216,852)	(\$43,765)	(\$260,617)
Removed a vacant FTE position in Facilities Management and related funding.	(1.00)	(150,000)		(150,000)

Added special funds authority for the operations of the Central Services Division.		185,000		185,000
Reduced the amount of funding to contract with external auditors for certain audits from \$600,000 to \$300,000.	(300,000)			(300,000)
Reduced one-time funding for Prairie Public Broadcasting from \$700,000 to \$600,000.	(100,000)			(100,000)
Added one-time funding for a state agency energy impact pool to address state employee housing and compensation issues in areas affected by energy development.	4,000,000	4,500,000		8,500,000
Adjusted the transfer from the general fund to property tax relief fund from \$744,800,000 to \$315,210,000 and provided for the transfer to be made during the 2013-15 biennium rather than the 2011-13 biennium.	315,210,000			315,210,000
Added funding for grants to counties for public or private guardianship services (House Bill No. 1041).	828,600			828,600
Added one-time funding to contract with an external entity to conduct an information technology relocation and consolidation study (Senate Bill No. 2021).	200,000			200,000
Total	<u>(1.00)</u>	<u>\$319,471,748</u>	<u>\$4,641,235</u>	<u>\$324,112,983</u>

FTE Changes

The 2013-15 biennium appropriation includes funding for 130.5 FTE positions, 1 FTE position less than the 2011-13 authorized level and the 2013-15 executive recommendation of 131.5 FTE positions. The Legislative Assembly removed 1 FTE Facilities Management position that was vacant.

One-Time Funding

The following is a summary of one-time general fund appropriations for the 2013-15 biennium for OMB:

	General Fund	Other Funds	Total
Capitol south entrance remodel	\$1,000,000		\$1,000,000
Exterior restoration of judicial and legislative wings	1,500,000		1,500,000
Health insurance pool for temporary employees	1,000,000	\$1,000,000	2,000,000
North Dakota 125 th anniversary coordinator	190,000		190,000
Parking lot remodel and loading dock expansion	4,000,000		4,000,000
Prairie Public Broadcasting equipment upgrades	600,000		600,000
Repair and cleaning of floors in Capitol building	1,200,000		1,200,000
Transfer to property tax relief fund	315,210,000		315,210,000
State agency energy impact pool	4,000,000	4,500,000	8,500,000
Study of information technology relocation and consolidation	200,000		200,000
Total	\$328,900,000	\$5,500,000	\$334,400,000

State Memberships

The Legislative Assembly provided \$611,000 from the general fund for state dues and memberships as follows:

	General Fund
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$145,000
Council of State Governments	188,000
Government Accounting Standards Board	6,000
Western Governors Association	74,300
National Governors Association	81,500
National Lieutenant Governors Association	1,200
Education Commission of the States	115,000
Total dues and memberships	\$611,000

Capital Improvements

The Legislative Assembly provided \$8,948,793 from the general fund for the following extraordinary repairs and projects:

	General Fund
Electrical improvements	\$180,000
Electrical shaft door repair	110,000
Exterior restoration of legislative and judicial wings	1,500,000
Life safety improvements	500,000
Mechanical improvements	458,793
Capitol grounds parking lot project and loading dock expansion	4,000,000
Capitol building floor cleaning and repair	1,200,000
Capitol building south entrance remodel project	1,000,000
Total	\$8,948,793

General Fund Transfers

Special funds transfers - The Legislative Assembly provided for the following special funds transfers to the general fund during the 2013-15 biennium:

Strategic investment and improvements fund (Section 4 of House Bill No. 1015)	\$520,000,000
Property tax relief fund (Section 5 of House Bill No. 1013)	341,790,000
Total	\$861,790,000

Mill and Elevator Association transfers - The Legislative Assembly in 2009 enacted North Dakota Century Code Section 54-18-19 requiring the Industrial Commission to transfer to the state general fund 50 percent of the annual earnings and undivided profits of the Mill and Elevator after any transfers to other state agricultural-related programs. Section 32 of Senate Bill No. 2014 provides for the mill to transfer the sum of \$6,817,200, or 50 percent of the annual earnings and undivided profits of the Mill and Elevator, whichever is less, to the general fund.

Budget Stabilization Fund

Chapter 54-27.2 provides any amount in the general fund at the end of the biennium in excess of \$65 million must be transferred to the budget stabilization fund except that the balance in the budget stabilization fund may not exceed 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. Section 5 of House Bill No. 1015 provides general fund appropriations of \$720 million included in Senate Bill No. 2176 may not be used in the calculation to determine the maximum balance of the budget stabilization fund. The June 30, 2013, estimated general fund balance is \$1,653,858,821 which allows for a transfer of \$181,060,585 to the budget stabilization fund to provide a fund balance of \$583,545,799, which is the maximum balance allowed based on 9.5 percent of \$6,142,587,354 (total 2013-15 general fund appropriations of \$6,862,587,354 less \$720,000,000 appropriated in Senate Bill No. 2176).

State Agency Energy Impact Pool

Section 6 of House Bill No. 1015 appropriates \$4 million from the general fund and \$4.5 million from other funds for a state agency energy development impact funding pool. The section allows a state agency to submit an application to OMB to receive a transfer of funds from the pool for employee housing rental assistance and for temporary salary increases for employees affected by energy development. The Section provides guidelines regarding the documentation required to be submitted by an agency as part of its application for a transfer of funds from the pool. The Office of Management and Budget is to review any submitted applications and provide a recommendation to the Emergency Commission for final approval or rejection.

State Employee Compensation Package

Section 13 of House Bill No. 1015 provides 2013-15 biennium performance compensation adjustments for regular classified state employees are to be in a range of 3 to 5 percent for the first year of the biennium and in a range of 2 to 4 percent for the second year of the biennium. The section provides that annual market increases for employees are to be up to 2 percent for employees whose salary is in the first quartile of the employee's assigned salary range and up to 1 percent for employees whose salary is in the second quartile of the employee's salary range.

The section also provides intent that the goal of the classified state employee compensation program be a compensation ratio of 95 percent of the market policy point used by OMB for establishing the grade and salary range structure for fiscal year 2013. The Office of Management and Budget, subject to Budget Section approval, may adjust the market policy point based on an estimated inflationary factor during the 2013-15 biennium. The Office of Management and Budget is to develop guidelines for use by state agencies for providing compensation adjustments for regular classified employees in accordance with provisions of this section and Section 54-44.3-01.2. **The Governor vetoed a portion of the section to remove the authority of the Budget Section to approve a change in market policy point.**

Salary increases for non-classified employees are to be based on performance and market and are to be from 3 to 5 percent effective July 1, 2013, and from 2 to 4 percent effective July 1, 2014.

Section 12 of House Bill No. 1015 authorizes agencies to transfer appropriation authority between line items as it relates to compensation increases provided by the Legislative Assembly.

Accrued Leave Payments

Section 14 of House Bill No. 1015 provides guidelines for agency use of funding included in the accrued leave payments line item. The funding is to be used for paying accrued annual leave and sick leave for eligible employees resigning, retiring, or otherwise discontinuing employment with the agency. An agency may seek Emergency Commission approval to transfer funds from an agency's accrued leave payments line item to another line item that includes salaries and wages funding. **The Governor vetoed the provisions of the section regarding the use of funding from the accrued leave payments line item and the authority for the Emergency Commission to transfer funds from an agency's accrued leave payments line item to another line item.**

Other Sections in House Bill No. 1015

Community service supervision grants - Section 7 provides guidelines for the distribution of community service supervision grants. The section also provides appropriation authority for OMB to distribute additional grants from any funds deposited in the community service supervision fund.

Temporary employee health insurance pool - Section 8 authorizes OMB to transfer funds from the temporary employee health insurance pool to other state agencies.

Unexpended appropriation continuation - Section 9 provides amounts appropriated to the Fiscal Management Division in 2009 House Bill No. 1015 are not subject to the provisions of Section 54-44.1-11 which require unexpended appropriations to be canceled at the end of the biennium.

State internship program - Section 11 authorizes the Human Resource Management Services division to transfer funds appropriated for the state student internship program to other agencies.

Racing Commission funds transfer - Section 15 authorizes the Racing Commission to transfer funds from the breeders' fund to the racing promotion fund and the purse fund for additional horse races. Any funds transferred are to be repaid from future deposits designated for the racing promotion fund and purse fund. **The Governor vetoed this section.**

Capitol Grounds Planning Commission continuing appropriation - Section 24 increases the amount available to the Capitol Grounds Planning Commission from the Capitol building fund from \$100,000 to \$175,000 per biennium.

State agency budget submission deadlines - Section 25 provides a state agency submitting a budget request to OMB may receive an extension of up to 60 days to submit the request. **The Governor vetoed this section.**

Submission of political subdivision budget information - Section 26 allows political subdivisions to submit budget information to be included on the OMB website.

Legislative intent - Capitol grounds parking lot project - Section 36 provides legislative intent that the size or number of parking spaces in the parking lot west of the Capitol building may not be reduced as part of the Capitol grounds parking lot project authorized for the 2013-15 biennium.

Study of state agency facility needs - Section 37 provides for a Legislative Management study of the facility needs of state agencies located in the Bismarck area.

Study of state employee salaries and wages appropriations - Section 38 provides for a Legislative Management study of the process of appropriating funds for classified state employee salaries and wages.

Study of state employee health insurance premiums - Section 39 provides for a Legislative Management study of state contributions for state employee health insurance premiums.

Study of foundation aid stabilization fund - Section 40 provides for a Legislative Management study of the foundation aid stabilization fund.

Related Legislation

Part-time and temporary FTE position approval - House Bill No. 1099 requires agencies to provide documentation justifying the need for new FTE positions and to receive specific legislative approval for both permanent full-time and permanent part-time employee positions.

State agency reporting requirements - House Bill No. 1309 adjusts the reporting requirements of state agencies related to employee service awards, employer-paid tuition, and employer-paid dues and memberships.

State employee travel expenses - House Bill No. 1368 amends Section 44-08-04 to adjust state employee meal reimbursement amounts.

State employee suggestion incentive program - Senate Bill No. 2188 increases the maximum award level that may be provided under the state employee suggestion incentive program.