

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

Executive Budget Comparison to Prior Biennium Appropriations

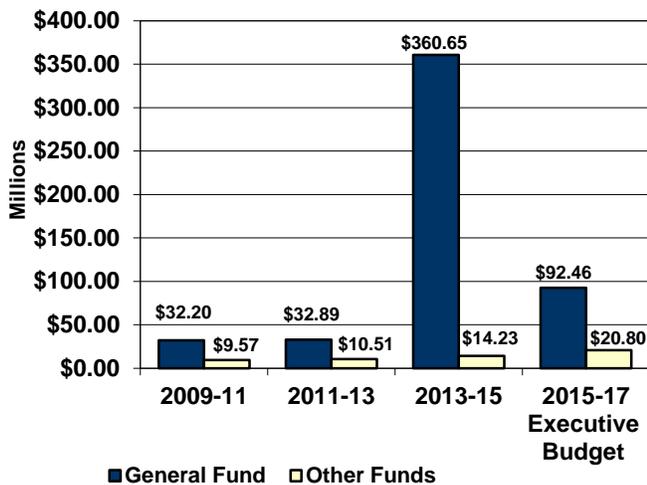
	FTE Positions	General Fund	Other Funds	Total
2015-17 Executive Budget	122.50	\$92,464,958	\$20,802,718	\$113,267,676
2013-15 Legislative Appropriations	130.50	360,646,688	14,230,630	374,877,318
Increase (Decrease)	(8.00)	(\$268,181,730)	\$6,572,088	(\$261,609,642)

NOTE: The amounts shown for the 2015-17 executive budget do not include a transfer of \$904,115,558 from the general fund to the highway fund and a transfer of \$5,000,000 from the general fund to the special roads fund for total transfers of \$909,115,558 from the general fund included in Senate Bill No. 2015.

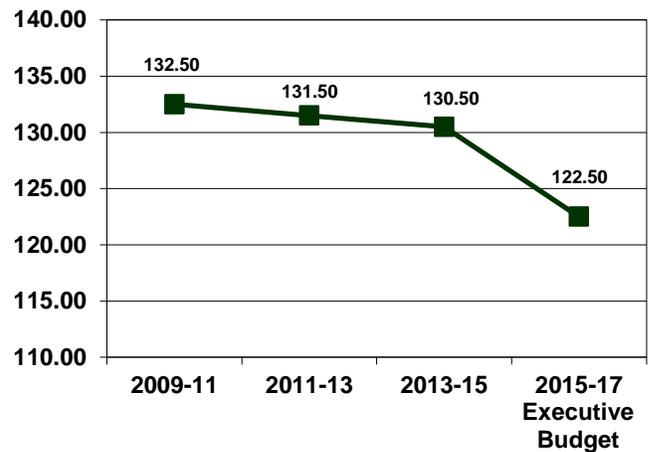
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2015-17 Executive Budget	\$34,809,958	\$57,655,000	\$92,464,958
2013-15 Legislative Appropriations	31,746,688	328,900,000	360,646,688
Increase (Decrease)	\$3,063,270	(\$271,245,000)	(\$268,181,730)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2015-17 Executive Budget	\$92,464,958	\$20,802,718	\$113,267,676
2015-17 Base Level	31,746,688	8,730,630	40,477,318
Increase (Decrease)	\$60,718,270	\$12,072,088	\$72,790,358

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
 (With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$959,935 relates to performance increases, \$136,226 is for market equity adjustments, \$509,504 is for health insurance increases, and \$98,111 is for retirement contribution increases. The Senate provided funding for performance salary increases of 2 to 4 percent per year and funding for health insurance increases, but did not include funding for market equity increases or funding for retirement contribution increases.	\$1,423,498	\$280,278	\$1,703,776

2. Increases funding for facility management relating to heat pump, carpet replacement, and other maintenance projects	\$2,425,009	\$0	\$2,425,009
3. Adds funding for central services equipment	\$0	\$200,000	\$200,000
4. Increases funding for utility rate increases	\$650,000	\$0	\$650,000
5. Increases funding for Prairie Public Broadcasting from \$1,937,138 to \$2,300,000	\$362,862	\$0	\$362,862
6. Increases funding for guardianship grants to counties to provide total grant funding of \$1,657,200. The Senate increased funding by \$1,109,200 to provide total grant funding of \$1,937,800.	\$828,600	\$0	\$828,600
7. Adds one-time funding for mailroom equipment upgrades	\$30,000	\$0	\$30,000
8. Adds one-time funding for Governor's residence security enhancements	\$175,000	\$0	\$175,000
9. Adds one-time funding for the student internship program for a total of \$250,000	\$50,000	\$0	\$50,000
10. Adds one-time funding for mechanical upgrades in the Heritage Center	\$600,000	\$0	\$600,000
11. Adds one-time funding for Prairie Public Broadcasting projects	\$1,500,000	\$0	\$1,500,000
12. Adds one-time funding to upgrade Capitol elevators	\$1,400,000	\$0	\$1,400,000
13. Adds one-time funding for Capitol entrance and building identification signs. The Senate added the funding from the Capitol building fund rather than the general fund.	\$1,400,000	\$0	\$1,400,000
14. Adds one-time funding for repairs to the west parking lot	\$1,300,000	\$0	\$1,300,000
15. Adds one-time funding to renovate and expand the Liberty Memorial Building to house the Supreme Court. The Senate did not include funding to renovate and expand the Liberty Memorial Building.	\$40,000,000	\$0	\$40,000,000
16. Adds one-time funding for a health insurance pool for temporary employees. The Senate provided \$2.5 million from the general fund and \$2.5 million from other funds for total funding of \$5 million for temporary employee health insurance.	\$5,000,000	\$5,000,000	\$10,000,000
17. Adds one-time funding for a state agency energy impact funding pool	\$6,200,000	\$8,500,000	\$14,700,000
18. Provides for a transfer from the general fund to the highway fund for enhanced state highway investments (not reflected in totals on Page 1 of this report). The Senate did not include the transfer from the general fund to the highway fund.	\$904,115,558	\$0	\$904,115,558
19. Provides for a transfer from the general fund to the special road fund (not reflected in totals on Page 1 of this report). The Senate did not include the transfer from the general fund to the special road fund.	\$5,000,000	\$0	\$5,000,000

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

Statewide Dues and Memberships		
	2013-15 Biennium	2015-17 Biennium
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$145,000	\$145,000
Council of State Governments	188,000	188,000
Governmental Accounting Standards Board	6,000	6,000
Western Governors' Association	74,300	74,300
National Governors Association	81,500	81,500
National Lieutenant Governors Association	1,200	1,200
Education Commission of the States	115,000	115,000
Western Interstate Commission for Higher Education		30,000
Total dues and memberships	\$611,000	\$641,000

Other Sections in Bill

Property tax relief sustainability fund transfer to general fund - Section 3 provides for a transfer of \$657 million from the property tax relief sustainability fund to the general fund during the 2015-17 biennium.

Capitol building fund - Section 4 identifies \$1.4 million of the estimated income from the Capitol building fund for Capitol building entrance and signage projects.

Community service supervision grants - Section 5 provides guidelines for the distribution of community service supervision grants. The section also provides appropriation authority for the Office of Management and Budget to distribute additional grants from any funds deposited in the community service supervision fund. **The Senate added \$125,000 to provide a total of \$500,000 from the general fund for community service supervision grants.**

Unexpended appropriation continuation - Section 6 provides that amounts appropriated to the Fiscal Management Division in Section 1 of Chapter 15 of the 2013 Session Laws are not subject to the provisions of North Dakota Century Code Section 54-44.1-11 which require unexpended appropriations to be canceled at the end of the biennium.

State internship program - Section 8 authorizes the Human Resource Management Services Division to transfer funds appropriated for the state student internship program to other agencies.

State agency energy development impact funding pool - Section 9 authorizes the Human Resource Management Services Division to transfer funds appropriated from the energy development impact funding pool line item to other agencies.

Temporary employee health insurance pool - Section 10 authorizes the Office of Management and Budget to transfer funds to eligible agencies from the temporary employee health insurance pool.

State employee compensation transfers - Section 11 authorizes state agencies to transfer funding between line items for 2015-17 biennium compensation increases related to state employee compensation increases.

State employee compensation adjustments - Section 12 provides legislative intent that funding provided for state employee salary increases be used to provide 2 to 4 percent annual performance compensation adjustments to eligible state employees during the 2015-17 biennium. Performance compensation adjustments are to vary based on documented performance and equity and employees whose documented performance does not meet standards are not eligible for compensation adjustments.

Management of school fund - Section 13 repeals Section 54-44-06 relating to the Office of Management and Budget's duty to manage the school fund.

Continuing Appropriations

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

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

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

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

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

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

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

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

Significant Audit Findings

The operational audit of the Office of Management and Budget conducted by the State Auditor's office for the biennium ending June 30, 2013, included a significant audit finding related to a lack of independent reconciliations in the Surplus Property Division.

Major Related Legislation

Senate Bill No. 2190 - Provides for the Office of Management and Budget to transfer funds from the abandoned oil and gas well plugging and site reclamation fund to the environmental quality restoration fund.

House Bill No. 1033 - Requires the Office of Management and Budget to determine the amount equal to 15 percent of the principal balance of the legacy fund in accordance with Article X, Section 26, of the Constitution of North Dakota.

House Bill No. 1034 - Clarifies the use of the foundation aid stabilization fund and budget stabilization fund for state school aid payments in the event of a general fund revenue shortfall.

House Bill No. 1053 - Requires all state agencies to obtain centralized desktop support services from the Information Technology Department, except the legislative and judicial branches and other large state agencies, based on the results of a hardware relocation and consolidation study.

House Bill No. 1085 - Requires the Office of Management and Budget to report to the Budget Section on the amount of federal funds appropriated by the Legislative Assembly and the amount of federal funds received by state agencies.

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

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2015-17 Biennium Base Level	130.50	\$31,746,688	\$8,730,630	\$40,477,318	130.50	\$31,746,688	\$8,730,630	\$40,477,318
2015-17 Ongoing Funding Changes								
Base payroll changes	(8.00)	(\$6,614)	(\$1,477,206)	(\$1,483,820)	(8.00)	(\$6,614)	(\$1,477,206)	(\$1,483,820)
Salary increase - Performance		800,672	159,263	959,935		599,321	118,363	717,684
Salary increase - Market equity		116,021	20,205	136,226				0
Retirement contribution increase		81,833	16,278	98,111				0
Health insurance increase		424,972	84,532	509,504		424,972	84,532	509,504
2013-15 biennium funding adjustments		(2,620,085)	(430,984)	(3,051,069)		(2,620,085)	(430,984)	(3,051,069)
Facility Management projects		2,425,009		2,425,009		2,425,009		2,425,009
Central Services equipment			200,000	200,000			200,000	200,000
Funding for utility increases		650,000		650,000		650,000		650,000
Prairie Public Broadcasting		362,862		362,862		362,862		362,862
Increases funding for guardianship grants		828,600		828,600		1,109,200		1,109,200
Increases funding for community supervision grants				0		125,000		125,000
Total ongoing funding changes	(8.00)	\$3,063,270	(\$1,427,912)	\$1,635,358	(8.00)	\$3,069,665	(\$1,505,295)	\$1,564,370
One-time funding items								
Mailroom equipment upgrades		\$30,000		\$30,000		\$30,000		\$30,000
Governor's residence security enhancements		175,000		175,000		175,000		175,000
Student internship program		50,000		50,000		50,000		50,000
Mechanical upgrades in Heritage Center		600,000		600,000		600,000		600,000
Prairie Public Broadcasting projects		1,500,000		1,500,000		1,500,000		1,500,000
Capitol elevator upgrade		1,400,000		1,400,000		1,400,000		1,400,000
Capitol entrance and building signs		1,400,000		1,400,000			1,400,000	1,400,000
West parking lot repair		1,300,000		1,300,000		1,300,000		1,300,000
Expansion of Liberty Memorial Building		40,000,000		40,000,000				0
Health insurance pool for temporary employees		5,000,000	5,000,000	10,000,000		2,500,000	2,500,000	5,000,000
Energy impact funding pool		6,200,000	8,500,000	14,700,000		6,200,000	8,500,000	14,700,000
Total one-time funding changes	0.00	\$57,655,000	\$13,500,000	\$71,155,000	0.00	\$13,755,000	\$12,400,000	\$26,155,000
Total Changes to Base Level Funding	(8.00)	\$60,718,270	\$12,072,088	\$72,790,358	(8.00)	\$16,824,665	\$10,894,705	\$27,719,370
2015-17 Total Funding	122.50	\$92,464,958	\$20,802,718	\$113,267,676	122.50	\$48,571,353	\$19,625,335	\$68,196,688

Other Sections in Senate Bill No. 2015

	Executive Budget Recommendation	Senate Version
Property tax relief sustainability fund transfer to general fund	Section 3 provides for a transfer of \$657 million from the property tax relief sustainability fund to the general fund during the 2015-17 biennium.	Section 3 provides for a transfer of \$657 million from the property tax relief sustainability fund to the general fund during the 2015-17 biennium.
Strategic investment and improvements fund transfer to general fund	Section 4 provides for a transfer of \$700 million from the strategic investment and improvements fund to the general fund during the 2015-17 biennium.	
General fund transfer to highway fund	Section 5 provides for a transfer of \$904,115,558 from the general fund to the highway fund during the 2015-17 biennium.	

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
General fund transfer to special road fund	Section 6 provides for a transfer of \$5 million from the general fund to the special road fund during the 2015-17 biennium.	
Community service supervision grants	Section 7 provides guidelines for the distribution of community service supervision grants. The section also provides appropriation authority for the Office of Management and Budget to distribute additional grants from any funds deposited in the community service supervision fund.	Section 4 provides guidelines for the distribution of community service supervision grants. The section also provides appropriation authority for the Office of Management and Budget to distribute additional grants from any funds deposited in the community service supervision fund.
Unexpended appropriation continuation	Section 8 provides that amounts appropriated to the Fiscal Management Division in Section 1 of Chapter 15 of the 2013 Session Laws are not subject to the provisions of North Dakota Century Code Section 54-44.1-11 which require unexpended appropriations to be canceled at the end of the biennium.	Section 5 provides that amounts appropriated to the Fiscal Management Division in Section 1 of Chapter 15 of the 2013 Session Laws 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 10 authorizes the Human Resource Management Services Division to transfer funds appropriated for the state student internship program to other agencies.	Section 7 authorizes the Human Resource Management Services Division to transfer funds appropriated for the state student internship program to other agencies.
State agency energy development impact funding pool	Section 11 authorizes the Human Resource Management Services Division to transfer funds appropriated from the energy development impact funding pool line item to other agencies.	Section 8 authorizes the Human Resource Management Services Division to transfer funds appropriated from the energy development impact funding pool line item to other agencies.
Temporary employee health insurance pool	Section 12 authorizes the Office of Management and Budget to transfer funds to eligible agencies from the temporary employee health insurance pool.	Section 9 authorizes the Office of Management and Budget to transfer funds to eligible agencies from the temporary employee health insurance pool.
State employee compensation transfers	Section 13 authorizes state agencies to transfer funding between line items for 2015-17 biennium compensation increases related to the state employee compensation adjustments.	Section 10 authorizes state agencies to transfer funding between line items for 2015-17 biennium compensation increases related to the state employee compensation adjustments.
State employee compensation adjustments	Section 14 provides legislative intent that funding provided for state employee salary increases be used to provide 3 to 5 percent annual performance compensation adjustments and up to 2 percent annual market equity adjustments to eligible state employees during the 2015-17 biennium. Performance compensation adjustments are to vary based on documented performance and equity, and employees whose documented performance does not meet standards are not eligible for compensation adjustments. Market equity adjustments are to be provided to employees below their respective market policy point.	Section 11 provides legislative intent that funding provided for state employee salary increases be used to provide 2 to 4 percent annual performance compensation adjustments to eligible state employees during the 2015-17 biennium. Performance compensation adjustments are to vary based on documented performance and employees whose documented performance does not meet standards are not eligible for compensation adjustments.
Management of school fund	Section 15 repeals Section 54-44-06 relating to the Office of Management and Budget's duty to manage the school fund.	Section 12 repeals Section 54-44-06 relating to the Office of Management and Budget's duty to manage the school fund.