

STATUS OF CONTINGENCY APPROPRIATIONS FOR THE 2007-09 BIENNIUM

This memorandum provides a summary of the status of contingency appropriations for the 2007-09 biennium.

Agency	2007-09 Contingency Appropriation Description	2007-09 Legislative Appropriation	2007-09 Expenditures (Through March 31, 2008)	Total Estimated 2007-09 Expenditures	Estimated 2009-11 Budget Request
101 - Governor's office	The Legislative Assembly provided the agency a \$10,000 general fund appropriation for contingencies. (Senate Bill No. 2001)	\$10,000	\$0	\$0	\$10,000
108 - Secretary of State	Section 18 of House Bill No. 1018 authorizes the Secretary of State, subject to Budget Section approval, to borrow up to \$2,920,000 from the Bank of North Dakota for implementing the North Dakota business development engine information technology project. The Secretary of State may request Budget Section approval only if the revenues projected to be generated from provisions of House Bill No. 1340 over the term of the proposed loan based on the trend of actual corporate charters granted are anticipated to exceed the revenues projected to be generated from provisions of this bill of \$720,000 per biennium by an amount sufficient to repay the proposed loan, including interest.	2,920,000	0 ¹	0 ¹	Unknown
110 - Office of Management and Budget	<p>The Legislative Assembly provided the agency a \$700,000 general fund appropriation for state contingencies. (House Bill Nos. 1014 and 1522)</p> <p>Senate Bill No. 2341 includes a contingent appropriation of \$1.5 million from the lands and minerals trust fund to the Office of Management and Budget for the Heritage Center expansion project. The funding is contingent on the State Historical Society certifying to the Office of Management and Budget that \$1.5 million of other funds has been received or pledged for the project.</p> <p>Section 15 of House Bill No. 1018 authorizes the Office of Management and Budget, as directed by the Centers of Excellence Commission and with Emergency Commission and Budget Section approval, to borrow up to \$5 million from the Bank of North Dakota for providing additional funding for centers of excellence, if the \$15 million appropriated from the permanent oil tax trust fund for the 2007-09 biennium is committed.</p>	700,000	336,363 ²	700,000	700,000
190 - Retirement and Investment Office	The Legislative Assembly provided the agency an \$82,000 special funds appropriation for contingencies (Senate Bill No. 2022). The agency has used a portion of the funding to purchase a copier.	82,000	11,441	11,441	82,000
192 - Public Employees Retirement System	The Legislative Assembly provided the agency a \$250,000 special funds appropriation for contingencies. (Senate Bill No. 2022)	250,000	0	0	250,000
201 - Department of Public Instruction	<p>Senate Bill No. 2200 includes a \$5 million general fund appropriation to the Department of Public Instruction for school districts' deferred maintenance and physical plant improvement grants contingent upon the Office of Management and Budget projecting either the June 30, 2008, or the June 30, 2009, ending general fund balance to be \$30 million more during the 2007-09 biennium than projected by the Office of Management and Budget at the end of the 2007 legislative session.</p> <p>Section 55 of Senate Bill No. 2200 provides that if any funds appropriated for state school aid payments for the 2007-09 biennium remain unspent after all statutory obligations are met the Department of Public Instruction is to distribute the remaining funds as follows:</p> <ol style="list-style-type: none"> 1. The first \$1 million for any state obligations in excess of the amount appropriated for special education contract charges. 2. The next \$2 million for providing additional per student payments to school districts participating in regional education associations under North Dakota Century Code (NDCC) Chapter 15.1-09.1. 3. The next \$550,000 for providing additional payments to school districts serving English language learners and new immigrant English language learners in accordance with NDCC Chapter 15.1-38. 	5,000,000	0	5,000,000 ⁴	0
		0	0	700,000 ⁵	N/A

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226 - Land Department	<p>4. The next \$200,000 for providing additional payments to school districts offering an adult education program during the 2007-09 biennium.</p> <p>5. Any remaining amounts as additional per student payments on a prorated basis according to the latest average daily membership of each school district.</p> <p>The Legislative Assembly provided the department a \$50,000 special funds appropriation for contingencies. (House Bill No. 1013)</p>	50,000	0	0	50,000
313 - Veterans Home	Senate Bill No. 2418 provides an \$18,523,504 special funds contingent appropriation, of which \$6,483,226 is from the permanent oil tax trust fund (35 percent state share) and \$12,040,278 is from federal funds (65 percent federal share), to build a new Veterans Home facility and demolish the existing facility. The appropriation from the permanent oil tax trust fund is only available upon the Veterans Home obtaining approval for a federal state home construction grant from the federal Department of Veterans Affairs.	18,523,504	191,000 ⁶	Unknown ⁶	Unknown ⁶
325 - Department of Human Services	Section 5 of Senate Bill No. 2012 provides that if cost and caseload/utilization of developmental disabilities services is more than anticipated by the 2007 Legislative Assembly, the Department of Human Services, subject to Budget Section approval, may borrow up to \$3.5 million from the Bank of North Dakota for providing the state matching share of additional medical assistance grants for developmental disabilities services for the 2007-09 biennium. The department is to request funding from the 2009 Legislative Assembly to repay any loan obtained pursuant to the provisions of this section, including accrued interest.	3,500,000	0	1,400,000	Unknown
	Section 4 of Senate Bill No. 2024 provides that \$5,680,000 of the total amount appropriated for the Medicaid management information system replacement project of \$31,072,641 is for project contingencies. The Department of Human Services is to obtain Budget Section approval prior to obligation or expenditure of funds related to a project change or other occurrence that requires the use of \$500,000 or more of the contingency funds. At the present time, the department does not anticipate using the funding for project contingencies during the 2007-09 biennium.	5,680,000	0	0	Unknown
405 - Industrial Commission	House Bill No. 1463 provides a \$2,341,054 contingent appropriation, of which \$144,067 is from the general fund and \$2,196,987 is from special funds, for implementing expansion of the state children's health insurance program.	2,341,054	0 ⁷	Unknown ⁷	Unknown
406 - Labor Commissioner	Section 28 of House Bill No. 1014 provides that \$285,000 of special funds appropriated in the Oil and Gas Division contingency line item is from the lands and minerals trust fund and the Oil and Gas Division may use the funds to hire up to two full-time equivalent (FTE) positions, upon Emergency Commission approval, if the average drilling rig count exceeds 45 active rigs for each month in any consecutive three-month period.	285,000	0	113,000 ⁸	435,000
413 - Department of Financial Institutions	Section 4 of Senate Bill No. 2007 provides a \$2,920 contingent appropriation to the Labor Commissioner for operating expenses relating to Senate Bill No. 2121. Senate Bill No. 2121 was defeated by the House; therefore, the contingent appropriation is not reflected in the legislative appropriation for the Labor Commissioner for the 2007-09 biennium.	0	0	0	0
471 - Bank of North Dakota	The Legislative Assembly provided the department a \$20,000 special funds appropriation for contingencies (House Bill No. 1008). The department anticipates using the funding for travel expenses.	20,000	0	20,000	20,000
473 - Housing Finance Agency	The Legislative Assembly provided the Bank a \$1.7 million special funds appropriation for contingencies (House Bill No. 1014). The Bank anticipates using \$660,000 for computer software and website upgrades.	1,700,000	0	660,000	1,700,000
475 - Mill and Elevator Association	The Legislative Assembly provided the agency a \$100,000 special funds appropriation for contingencies (House Bill No. 1014). The agency anticipates using \$10,000 of this amount to purchase a copier.	100,000	0	10,000	100,000
475 - Mill and Elevator Association	The Legislative Assembly provided the association a \$300,000 special funds appropriation for contingencies (House Bill No. 1014). The association anticipates using the funding for interest costs related to unanticipated borrowing due to higher grain prices.	300,000	0	300,000	300,000
530 - Department of Corrections and Rehabilitation	The Legislative Assembly provided the department a \$41 million special funds contingent appropriation for addressing correctional facility needs. (House Bill No. 1015)	41,000,000	0	0	41,000,000 ⁹

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720 - Game and Fish Department	The Legislative Assembly provided a \$109,750 special funds contingent appropriation to the department for a grant to the Parks and Recreation Department for boat ramp improvements at Fort Stevenson State Park. The funding may only be spent if the Corps of Engineers does not begin construction of a marina at Fort Stevenson State Park by March 31, 2008. (Senate Bill No. 2017)	109,750	0	0 ¹⁰	0
750 - Parks and Recreation Department	The Legislative Assembly provided the department a \$400,000 contingent appropriation, of which \$200,000 is from the general fund and \$200,000 is from other funds, for the International Music Camp. The International Peace Garden may only spend the general fund appropriation to the extent other funds become available on a dollar-for-dollar matching basis. (Senate Bill No. 2019)	400,000	200,000 ¹¹	200,000 ¹¹	0
770 - State Water Commission	Section 7 of Senate Bill No. 2020 authorizes a Bank of North Dakota line of credit of up to \$25 million to the State Water Commission for the 2007-09 biennium. Section 8 provides a contingent appropriation of \$25 million, or so much of the sum as may be necessary, from the water development trust fund, resources trust fund, bond proceeds, or other sources to the State Water Commission for repaying the line of credit.	25,000,000	0 ¹²	0 ¹²	0
Total - All funds		\$114,471,308	\$738,804	\$15,114,441	\$44,647,000

¹As of May 7, 2008, the Secretary of State has not collected any fees as the result of the new corporate governance structure established by House Bill No. 1340. At this time, the agency does not anticipate requesting approval from the Budget Section to borrow money from the Bank of North Dakota to implement the North Dakota business development engine information technology project during the 2007-09 biennium.

²The following is a summary of the state contingencies requests approved by the Emergency Commission:

Request #1643 - Adjutant General - Costs incurred by the National Guard for providing operational support in Northwood following the August 2007 tornado (October 19, 2007)	\$120,000 ¹
Request #1654 - Attorney General - Reimburse city and county governments for prosecution witness fees and expenses (March 2008)	25,000
Request #1656 - Adjutant General - Costs incurred by the National Guard for assisting residents of Northwood with necessary repairs to damaged homes (\$48,000), providing the Department of Transportation with diesel fuel and supply assistance (\$2,236), and providing operational support in Mandan during a natural gas pipeline break (\$1,851) (March 2008)	52,100
Request #1659 - Veterans Home - Additional matching funds for the new Veterans Home facility (March 2008)	109,000
Request #1661 - Secretary of State - State match requirement for federal funds from the United States Election Assistance Commission (March 2008)	30,263
Total	\$336,363 ²

¹Of this amount, the Adjutant General anticipates Federal Emergency Management Agency reimbursement of \$88,000 which will be returned to the state contingencies fund appropriation.

²The Emergency Commission approved the following two state contingencies fund requests on June 9, 2008, resulting in a total of \$421,063 state contingencies expenditures through June 9, 2008:

- Request #1662 - Attorney General - Reimburse city and county governments for expenses associated with Governor-ordered extraditions of felons located outside the state (\$7,000).
- Request #1663 - Adjutant General - Costs incurred by the National Guard for missions associated with land-based fires in the Minot area (\$77,700).

³The State Historical Society has certified to the Office of Management and Budget that \$1.5 million of other funds has been received or pledged for the project, thus allowing the Office of Management and Budget to receive \$1.5 million from the lands and minerals trust fund for planning and design costs related to the Heritage Center expansion project. At the present time, the Office of Management and Budget anticipates spending approximately \$1 million for planning and design costs during the 2007-09 biennium.

⁴In April 2008, the Office of Management and Budget projected the June 30, 2008, ending balance of the state general fund to be more than \$30 million in excess of the amount predicted at the conclusion of the 2007 legislative session and the deferred maintenance and physical plant improvement grants were made available to eligible school districts. For purposes of the grant, an "eligible school district" is a school district that:

- Has a general fund levy equal to at least 150 mills.
- Is not precluded from receiving state aid by the provisions of Section 26 of Senate Bill No. 2200, which reduces the district's payment in the case of an excess general fund balance.
- Provides an equal monetary match.

The Department of Public Instruction has identified 171 eligible and 19 ineligible school districts. All of the school districts found to be ineligible were unable to meet the minimum general fund levy of 150 mills. Through May 27, 2008, the department has awarded 66 grants totaling approximately \$2.1 million.

⁵As of April 2008, the Department of Public Instruction anticipates approximately \$700,000 of state school aid may be available for distribution as contingent payments. If the current projection is realized, the funding would be used for any state obligations in excess of the amount appropriated for special education contract charges.

⁶The Veterans Home has received federal Department of Veterans Affairs approval for a federal state home construction grant for the new Veterans Home facility. In March 2008 the Veterans Home received Budget Section approval to increase the project authorization for the new Veterans Home facility from \$21.1 million to \$25.6 million. The Veterans Home also received Emergency Commission and Budget Section approval for \$109,000 from the state contingencies appropriation and to increase the capital assets line item by \$2,128,000 to provide a portion of the funds necessary for the 35 percent match required on the increased facility cost and to obtain the capital assets spending authority necessary to proceed with the project. The Veterans Home anticipates requesting additional capital assets funding for the 2009-11 biennium to provide for the increased cost relating to a 150-bed facility not included in the federal Department of Veterans Affairs grant. The Veterans Home anticipates construction on the new facility will begin in June 2008 and be completed in June 2010.

⁷The federal government has not provided additional children's health insurance program funding; therefore, the Department of Human Services has not changed the state's children's health insurance program--Healthy Steps--eligibility from 140 percent to 150 percent of poverty.

⁸The Industrial Commission received Emergency Commission approval in March 2008 to hire two additional FTE positions for the Department of Mineral Resources. The department has submitted position information questionnaires and classification requests to Human Resource Management Services of the Office of Management and Budget for the two new FTE positions. As of April 22, 2008, the active oil rig count is 67.

⁹The Department of Corrections and Rehabilitation will request funding for correctional facility needs in the department's 2009-11 biennium budget request. The department anticipates the funding request will be more than \$41 million.

¹⁰The Game and Fish Department will not provide a grant to the Parks and Recreation Department for boat ramp improvements at Fort Stevenson State Park as the Corps of Engineers has started construction of a new marina.

¹¹Upon verification of the availability of matching funds, the International Peace Garden received the \$200,000 contingent appropriation from the general fund for the International Music Camp. Although the Legislative Assembly appropriated the \$200,000 of required matching funds to the Parks and Recreation Department, the matching funds are not being collected by the department and distributed; therefore, this spending authority will not be used.

¹²The State Water Commission does not anticipate using the Bank of North Dakota line of credit during the 2007-09 biennium.