

Sixty-sixth  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2015

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the various divisions  
2 under the supervision of the director of the office of management and budget; to create and  
3 enact a new section to chapter ~~54-27~~21-10 of the North Dakota Century Code, relating to a  
4 ~~shared-services fund~~the recognition of legacy fund earnings; to amend and reenact  
5 ~~section~~sections 48-10-02 and 48-10-03, subsection 2 of section 54-06-24, and section 54-06-30  
6 of the North Dakota Century Code, relating to the capitol grounds planning commission  
7 spending limits and authority to accept gifts, the state employee suggestion incentive program,  
8 and state employee performance bonuses; to repeal section 54-06-24 of the North Dakota  
9 Century Code, relating to the state employee suggestion incentive program; to provide  
10 compensation guidelines; to provide for a report to the legislative assembly; to provide a  
11 continuing appropriation; to provide for a transfer; to provide an exemption; and to provide an  
12 effective date.

13 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

14 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
15 as may be necessary, are appropriated out of any moneys in the general fund in the state  
16 treasury, not otherwise appropriated, and from special funds derived from federal funds and  
17 other income, to the office of management and budget, for the biennium beginning July 1, 2019,  
18 and ending June 30, 2021, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
21 <del>Salaries and wages</del>	<del>\$21,596,832</del>	<del>(\$588,055)</del>	<del>\$21,008,777</del>
22 <del>Operating expenses</del>	<del>14,051,438</del>	<del>4,076,010</del>	<del>18,127,448</del>
23 <del>Emergency commission contingency fund</del>	<del>600,000</del>	<del>(100,000)</del>	<del>500,000</del>
24 <del>Capital assets</del>	<del>973,477</del>	<del>1,863,648</del>	<del>2,837,125</del>

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1	Grants	54,000	0	54,000
2	Guardianship grants	1,328,600	1,001,400	2,330,000
3	Prairie public broadcasting	1,200,000	200,000	1,400,000
4	Community service supervision grants	350,000	50,000	400,000
5	Litigation funding pool	0	2,500,000	2,500,000
6	State student internship program	0	250,000	250,000
7	Total all funds	\$40,154,347	\$9,253,003	\$49,407,350
8	Less estimated income	9,434,087	6,188,799	15,622,886
9	Total general fund	\$30,720,260	\$3,064,204	\$33,784,464
10	Full-time equivalent positions	117.00	(9.00)	108.00
11	Salaries and wages	\$21,596,832	\$306,984	\$21,903,816
12	Operating expenses	14,051,438	1,755,988	15,807,426
13	Emergency commission contingency fund	600,000	(100,000)	500,000
14	Capital assets	973,477	3,863,648	4,837,125
15	Grants	54,000	0	54,000
16	Guardianship grants	1,328,600	221,400	1,550,000
17	Prairie public broadcasting	1,200,000	0	1,200,000
18	Community service supervision grants	350,000	0	350,000
19	Litigation funding pool	0	3,500,000	3,500,000
20	State student internship program	0	250,000	250,000
21	Total all funds	\$40,154,347	\$9,798,020	\$49,952,367
22	Less estimated income	9,434,087	7,702,428	17,136,515
23	Total general fund	\$30,720,260	\$2,095,592	\$32,815,852
24	Full-time equivalent positions	117.00	(5.00)	112.00

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**

**SIXTY-SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

	<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
30	Surplus property building	\$800,000	\$0
31	Theodore Roosevelt center grant	500,000	0

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1	Cybersecurity remediation pool	1,000,000	0
2	Extraordinary repairs	0	1,900,000
3	Risk management technology project	0	170,000
4	State student internship program	0	250,000
5	Electronic procurement study	0	50,000
6	Special assessments on capitol grounds	0	320,000
7	Litigation funding pool	0	2,500,000
8	Assessments of state lands and facilities	0	2,000,000
9	Total all funds	\$2,300,000	\$7,190,000
10	Total special funds	1,800,000	6,890,000
11	Total general fund	\$500,000	\$300,000
12	Surplus property building	\$800,000	\$0
13	Theodore Roosevelt center grant	500,000	0
14	Cybersecurity remediation pool	1,000,000	0
15	Extraordinary repairs	0	1,900,000
16	Capitol south entrance project	0	2,000,000
17	Special assessments on capitol grounds	0	320,000
18	Litigation funding pool	0	3,500,000
19	Assessments of state lands and facilities	0	500,000
20	Risk management technology project	0	170,000
21	State student internship program	0	250,000
22	Electronic procurement study	0	50,000
23	Total all funds	\$2,300,000	\$8,690,000
24	Total special funds	1,800,000	8,390,000
25	Total general fund	\$500,000	\$300,000

26 The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget  
 27 for the 2021-23 biennium. The office of management and budget shall report to the  
 28 appropriations committees of the sixty-seventh legislative assembly on the use of this one-time  
 29 funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

30 **SECTION 3. TRANSFER - TAX RELIEF FUND TO HUMAN SERVICE FINANCE FUND.**

31 The office of management and budget shall transfer the sum of ~~\$182,300,000~~ \$173,700,000

1 from the tax relief fund to the human service finance fund during the biennium beginning July 1,  
2 2019, and ending June 30, 2021.

3 **SECTION 4. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO**  
4 **PRELIMINARY PLANNING REVOLVING FUND.** The office of management and budget shall  
5 transfer the sum of ~~\$500,000~~\$100,000 from the strategic investment and improvements fund to  
6 the preliminary planning revolving fund during the biennium beginning July 1, 2019, and ending  
7 June 30, 2021.

8 **SECTION 5. TRANSFER - STATE STUDENT INTERNSHIP PROGRAM TO STATE**  
9 **AGENCIES.** The office of management and budget shall transfer funds from the state student  
10 internship program line item appropriated in section 1 of this Act to eligible state agencies for  
11 student internships during the biennium beginning July 1, 2019, and ending June 30, 2021.

12 **SECTION 6. TRANSFER - LITIGATION POOL TO STATE AGENCIES.** The office of  
13 management and budget shall transfer funds from the litigation funding pool line item  
14 appropriated in section 1 of this Act to eligible state agencies for litigation expenses during the  
15 biennium beginning July 1, 2019, and ending June 30, 2021. The office of management and  
16 budget may not use funding from the litigation pool to pay judgments under section 32-12-04.

17 **SECTION 7. GRANTS AND SPECIAL ITEMS.** Section 1 of this Act includes appropriation  
18 authority which may only be used for the following grants and special items:

19 Boys and girls club work	\$53,000
20 Unemployment insurance	\$2,000,000
21 Capitol grounds planning commission	\$25,000
22 Statewide memberships and related expenses	\$625,064

23 **SECTION 8. ESTIMATED INCOME - ONE-TIME FUNDING - CAPITOL BUILDING FUND.**  
24 The estimated income line item in section 1 of this Act includes ~~\$2,220,000~~\$4,220,000 of  
25 one-time funding from the capitol building fund. Of the ~~\$2,220,000~~\$4,220,000, \$2,000,000 in the  
26 capital assets line item is for a capitol building south entrance project, \$1,900,000 in the capital  
27 assets line item is for extraordinary repairs, and \$320,000 in the operating expenses line item is  
28 for special assessments associated with the capitol grounds. The funding for the capitol building  
29 south entrance project may be used to enclose the existing tunnel for a new public entrance  
30 with integrated security systems, to improve accessibility, and to address related exterior  
31 landscaping and elevation changes.

1       **SECTION 9. ESTIMATED INCOME - ONE-TIME FUNDING - RISK MANAGEMENT FUND.**

2       The capital assets line item and the estimated income line item in section 1 of this Act includes  
3       \$170,000 of one-time funding from the risk management fund for an information technology  
4       project.

5       **SECTION 10. ESTIMATED INCOME - ONE-TIME FUNDING - STRATEGIC INVESTMENT  
6       AND IMPROVEMENTS FUND.** The estimated income line item in section 1 of this Act includes

7       ~~\$4,500,000~~\$4,000,000 of one-time funding from the strategic investment and improvements  
8       fund. Of the ~~\$4,500,000~~\$4,000,000, ~~\$2,000,000~~\$500,000 in the operating expenses line item is  
9       for an assessment of state lands and facilities, and ~~\$2,500,000~~\$3,500,000 in the litigation  
10      funding pool line item is for a litigation funding pool.

11      **SECTION 11. PRAIRIE PUBLIC BROADCASTING GRANT - MATCHING FUNDS.** The  
12      prairie public broadcasting line item and the general fund appropriation in section 1 of this Act  
13      includes \$200,000 for a grant of up to \$200,000 to prairie public broadcasting for essential  
14      equipment needs. The \$200,000 may be awarded only to the extent prairie public broadcasting  
15      provides one dollar of matching funds from nonstate sources for each dollar provided by the  
16      office of management and budget.

17      **SECTION 12. EXEMPTION - FISCAL MANAGEMENT.** The amount appropriated for the  
18      fiscal management division, as contained in section 1 of chapter 14 of the 2017 Session Laws is  
19      not subject to the provisions of section 54-44.1-11. Any unexpended funds from this  
20      appropriation are available for continued development and operating costs of the statewide  
21      systems, including accounting, management, and payroll, during the biennium beginning July 1,  
22      2019, and ending June 30, 2021.

23      **SECTION 13. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.**

24      ~~1. The 2019-21 biennium compensation adjustments for permanent state employees are~~  
25      ~~to average 2 percent with a minimum of \$80 per month per eligible employee for the~~  
26      ~~first year of the biennium and are to average 3 percent for the second year. The~~  
27      ~~increases for the first year of the biennium are to be given beginning with the month of~~  
28      ~~July 2019, to be paid in August 2019, and for the second year of the biennium are to~~  
29      ~~be given beginning with the month of July 2020, to be paid in August 2020. Increases~~  
30      ~~for eligible state employees are to be based on documented performance and are not~~  
31      ~~to be the same percentage increase for each employee.~~

1 ~~2. The office of management and budget shall develop guidelines for use by state~~  
2 ~~agencies for providing compensation adjustments for classified state employees. The~~  
3 ~~guidelines must follow the compensation philosophy statement under section~~  
4 ~~54-44.3-01.2.~~

5 ~~3. Probationary employees are not entitled to the increases. However, at the discretion of~~  
6 ~~the appointing authority, probationary employees may be given all or a portion of the~~  
7 ~~increases effective in July, paid in August, or upon completion of probation. Employees~~  
8 ~~whose overall documented performance level does not meet standards are not eligible~~  
9 ~~for any salary increase.~~

10 1. The 2019-21 biennium compensation adjustments for permanent state employees are  
11 to average 2 percent with a minimum of \$120 per month and a maximum of \$200 per  
12 month per eligible employee for the first year of the biennium and are to average  
13 2.5 percent for the second year. The increases for the first year of the biennium are to  
14 be given beginning with the month of July 2019, to be paid in August 2019, and for the  
15 second year of the biennium are to be given beginning with the month of July 2020, to  
16 be paid in August 2020. Except for minimum and maximum amounts, increases for  
17 eligible state employees are to be based on documented performance and are not to  
18 be the same percentage increase for each employee.

19 2. Agencies may use salaries and wages funding available due to vacant positions and  
20 employee turnover to provide additional salary increases for selected employees to  
21 address salary compression issues or to enhance merit-based increases for  
22 employees essential to the effective operations of the agency. The biennial cost of any  
23 additional salary increases must be within the agency's current salaries and wages  
24 funding level. An agency may not request any additional funding for the 2021-23  
25 biennium to continue the additional salary increases.

26 3. The office of management and budget shall develop guidelines for use by state  
27 agencies for providing compensation adjustments for classified state employees. The  
28 guidelines must follow the compensation philosophy statement under section  
29 54-44.3-01.2.

30 4. Probationary employees are not entitled to the increases. However, at the discretion of  
31 the appointing authority, probationary employees may be given all or a portion of the

1 increases effective in July, paid in August, or upon completion of probation. Employees  
2 whose overall documented performance level does not meet standards are not eligible  
3 for any salary increase.

4 **SECTION 14.** A new section to chapter 21-10 of the North Dakota Century Code is created  
5 and enacted as follows:

6 **Recognition of legacy fund earnings for budget purposes.**

7 For purposes of the development of the state budget, the legislative assembly shall  
8 recognize legacy fund earnings transferred to the general fund at the end of each biennium in  
9 accordance with section 26 of article X of the Constitution of North Dakota as part of the general  
10 fund beginning balance for the subsequent biennium rather than as revenue of the biennium in  
11 which the transfer is made at the end of the biennium.

12 **SECTION 15. AMENDMENT.** Section 48-10-02 of the North Dakota Century Code is  
13 amended and reenacted as follows:

14 **48-10-02. Capitol building fund to be administered by the capitol grounds planning**  
15 **commission - Continuing appropriation - Procedure for expenditure of certain funds.**

16 The capitol grounds planning commission shall have general powers to superintend the  
17 administration of the capitol building fund, its interest and income fund, and its investments and  
18 properties. It may cause any lands now held in such funds to be sold at market value, direct the  
19 conversion of any securities now held by such funds to cash, approve expenditures from such  
20 funds subject to law and legislative appropriations, and to do all other things necessary to carry  
21 out the intent and purposes of this section. The board of university and school lands or its  
22 designee, on the commission's behalf, shall see to the investment and management of the  
23 capitol building fund and its interest and income fund and shall account to the commission  
24 concerning these funds at the commission's request.

25 Provided further, all moneys and other property in the capitol building fund, except as  
26 otherwise appropriated, are hereby dedicated and reserved to the exclusive purpose of the  
27 construction of an addition to the legislative wing of the state capitol building, and the capitol  
28 grounds planning commission shall take necessary steps to accumulate and conserve the  
29 money and property in the capitol building fund for such purpose.

30 The commission may, during any biennium, expend from the interest and income fund of  
31 the capitol building fund a sum not to exceed fifty percent of the unencumbered balance on the

1 first day of any biennium, and such amount is hereby appropriated to the capitol grounds  
2 planning commission. The expenditure may be made, after consideration of the capitol grounds  
3 master plan, for projects or planning but may not exceed ~~one hundred seventy five thousand~~two  
4 hundred fifty thousand dollars per biennium. The expenditure may only be made upon approval  
5 by two-thirds of the total membership of the commission. The expenditure must be made upon a  
6 voucher, or vouchers, prepared by the office of management and budget at the direction of the  
7 commission.

8 **SECTION 16. AMENDMENT.** Section 48-10-03 of the North Dakota Century Code is  
9 amended and reenacted as follows:

10 **48-10-03. Powers and duties of the commission - Authority to accept gifts -**  
11 **Continuing appropriation.**

12 The capitol grounds planning commission shall confer with the state council on the arts with  
13 respect to the artistic value of monuments, memorials, or works of art to be constructed on the  
14 capitol grounds and with qualified consultants retained by it to select sites for buildings,  
15 facilities, monuments, memorials, or works of art to be constructed on the capitol grounds. The  
16 commission shall develop and modify long-term plans for the development of the capitol  
17 grounds. The commission shall approve or disapprove the basic style and exterior construction  
18 of any building, facility, monument, memorial, or work of art constructed on the capitol grounds.  
19 Except as otherwise provided by this section, the commission has exclusive authority to accept  
20 or reject gifts of any type or class of property for exterior placement on the capitol grounds or for  
21 the improvement of the exterior construction of any building or facility on the capitol grounds,  
22 including landscaping and improvements to the capitol grounds. Any gifts of money accepted  
23 pursuant to this section must be deposited in the capitol building fund and are appropriated on a  
24 continuing basis to the commission for purposes consistent with this section. No construction or  
25 placement of an item on the capitol grounds may be undertaken without the approval of the  
26 commission, unless the construction or placement is authorized by the legislative assembly. If  
27 the legislative assembly by law or resolution authorizes the construction or placement of an item  
28 on the capitol grounds, the commission shall approve the site, basic style, and exterior  
29 construction of the item within a reasonable period of time.

30 The commission shall advise the director of the office of management and budget and the  
31 legislative council on matters relating to the physical and aesthetic features of the interior of all



1 buildings on the capitol grounds. The commission must be called in and shall meet whenever  
2 major interior changes, including new construction, remodeling, or renovation of any kind, are  
3 proposed or considered for the buildings or facilities on the capitol grounds. The commission  
4 must be consulted before the purchase or installation of furniture or fixtures in public areas of  
5 the capitol and other buildings on the capitol grounds. The commission shall perform any other  
6 duties as may be prescribed by law.

7 **SECTION 17. AMENDMENT.** Subsection 2 of section 54-06-24 of the North Dakota  
8 Century Code is amended and reenacted as follows:

- 9 2. APrior to July 1, 2019, a state employee may submit a recommendation or proposal to  
10 reduce expenditures within the employee's agency to a suggestion incentive  
11 committee. The suggestion incentive committee shall administer the employee  
12 suggestion incentive program created under this section and review all  
13 recommendations or proposals for reduction of expenditures. The suggestion incentive  
14 committee may consider whether the recommendation or proposal to reduce  
15 expenditures within the employee's agency applies to any other state agency. The  
16 suggestion incentive committee shall notify the office of management and budget of  
17 any recommendation that affects an agency other than the employing agency. The  
18 governor shall appoint five state agency heads to the suggestion incentive committee  
19 for four-year staggered terms to commence on August first in the year of appointment  
20 and to continue until the successors are appointed.

21 **SECTION 18. AMENDMENT.** Section 54-06-30 of the North Dakota Century Code is  
22 amended and reenacted as follows:

23 **54-06-30. State employee performance bonus program - Criteria - Limitations.**

24 State agencies may provide monetary performance bonuses to their employees under this  
25 section.

- 26 1. State agencies may pay bonuses under this section if:
- 27 a. The agency has had a written employee performance evaluation policy in place
  - 28 for more than one year before paying the bonus;
  - 29 b. The written employee performance evaluation policy required in subdivision a
  - 30 must have at least three levels of performance criteria; and

- 1 c. The agency performance bonus program adopted under this section must be a
- 2 written policy and must be communicated to each employee in the agency.
- 3 Development of the written policy must include input from employees.
- 4 2. State employees are eligible to receive a bonus under this section only if:
- 5 a. The employee has held a position in state government for at least one year
- 6 before a bonus is paid;
- 7 b. The employee's overall annual performance evaluation satisfies the agency's
- 8 performance bonus program criteria for receiving a bonus; and
- 9 c. The employee is a full-time or part-time regular nonprobationary employee
- 10 holding a regularly funded nontemporary position.
- 11 3. An employee may not receive more than one performance bonus per fiscal year and
- 12 may not receive more than ~~one thousand~~two thousand five hundred dollars in bonuses
- 13 per fiscal year.
- 14 4. ~~Except as provided in this subsection, agencies may pay bonuses under this section~~
- 15 ~~during a fiscal year to not more than the number of employees equal to twenty-five~~
- 16 ~~percent of the employees employed by the agency on July first at the beginning of~~
- 17 ~~each state fiscal year. Upon a showing of special circumstances, North Dakota human~~
- 18 ~~resource management services may approve pay bonuses above the twenty-five~~
- 19 ~~percent limitation in this subsection. North Dakota human resource management~~
- 20 ~~services shall report any exceptions granted under this subsection to the budget~~
- 21 ~~section of the legislative management. Each agency must fund the performance bonus~~
- 22 ~~program from within its agency budget for salaries and wages.~~
- 23 5. Bonuses paid under this section may not be included in an employee's base salary for
- 24 purposes of calculating any wage or salary increase.
- 25 6. Bonuses paid under this section are not fiscal irregularities under section 54-14-03.1.

26 ~~—SECTION 15. A new section to chapter 54-27 of the North Dakota Century Code is created~~  
27 ~~and enacted as follows:~~

28 ~~—Shared services fund – Continuing appropriation.~~

29 ~~—There is created in the state treasury the shared services fund. The fund consists of all~~  
30 ~~payments made from one state agency or institution to another state agency or institution~~  
31 ~~related to a shared services agreement. State agencies and institutions must deposit any~~

1 ~~payments resulting from the shared services agreement into the fund. All moneys in the fund~~  
2 ~~are appropriated on a continuing basis to the state agencies receiving a payment resulting from~~  
3 ~~the shared services agreement. The state agency receiving the payment shall use the money to~~  
4 ~~defray the costs related to the shared services. Shared services include the equipment costs,~~  
5 ~~operating expenses, and salaries and wages.~~

6 **SECTION 19. REPEAL.** Section 54-06-24 of the North Dakota Century Code is repealed.

7 **SECTION 20. EFFECTIVE DATE.** Section ~~16~~19 of this Act becomes effective July 1, 2021.