

**Office of Management and Budget
Budget 110
Senate Bill Nos. 2015, 2304**

	FTE Positions	General Fund	Other Funds	Total
2015-17 legislative appropriation (original)	122.50	\$42,488,258 ¹	\$22,725,390	\$65,213,648
2013-15 legislative appropriation	<u>130.50</u>	<u>360,446,688²</u>	<u>14,230,630</u>	<u>374,677,318</u>
2015-17 appropriation increase (decrease) to 2013-15 appropriation	(8.00)	(\$317,958,430)	\$8,494,760	(\$309,463,670)
2015-17 general fund budget allotment (4.05 percent)	<u>0.00</u>	<u>(\$1,781,524)³</u>	<u>\$0</u>	<u>(\$1,781,524)</u>
Adjusted 2015-17 appropriation after budget allotment	122.50	\$40,706,734	\$22,725,390	\$63,432,124

¹The original legislative appropriation amount includes \$7,030,009 of one-time funding from the general fund. Excluding this amount, the agency's original ongoing general fund appropriation is \$35,458,249.

²In Section 3 of 2015 Senate Bill No. 2023, the Legislative Assembly provided for a transfer of spending authority of \$200,000 from the 2013-15 biennium state contingencies appropriation in the Emergency Commission contingency line item to the Commission on Legal Counsel for Indigents. As a result, the Office of Management and Budget's (OMB) 2013-15 biennium appropriation was decreased, and the Commission on Legal Counsel for Indigents appropriation authority for the 2013-15 biennium was increased in lieu of providing the commission an additional deficiency appropriation.

³The 2015-17 biennium general fund budget allotment calculation for OMB includes a general fund transfer to the federal environmental law impact review fund of \$1.5 million. See the **General fund budget allotment** section below for additional information.

NOTE: The 2015-17 legislative appropriations do not reflect a transfer of appropriation authority of \$4,490,000 from the targeted market equity funding pool to the various state agencies. Of the \$4,490,000, \$3,750,000 is from the general fund and \$740,000 is from other funds. See the **State agency targeted market equity pool** section below for additional information.

Item Description

General fund budget allotment - In February 2016 the Governor ordered a 4.05 percent general fund budget allotment for state agencies.

Status/Result

The budget allotment reduced general fund appropriations for OMB by \$1,720,774. However, in the allotment calculation, OMB included a transfer of \$1,500,000 from the general fund to the federal environmental law impact review fund resulting in a total general fund budget allotment of \$1,781,524. The transfer of \$1,500,000 was excluded from the allotment calculation for the Department of Agriculture. The Office of Management and Budget reduced salaries and wages (\$230,000), operating expenses (\$301,524), and the health insurance pool for temporary employees (\$1,250,000). The utilization of the health insurance pool for temporary employees has been lower than estimated during the 2015 legislative session resulting in anticipated savings as part of the budget allotment.

FTE changes - The 2015-17 biennium appropriation includes funding for 122.5 FTE positions, 8 FTE positions less than the 2013-15 biennium authorized level of 130.5 FTE positions. The Legislative Assembly transferred 7 Facilities Management FTE positions to the State Historical Society and 1 vacant FTE position to the Information Technology Department.

State memberships - The 2015 Legislative Assembly provided \$641,000 from the general fund for state dues and memberships, an increase of \$30,000 from the 2013-15 biennium. The state dues and memberships are 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
Governmental 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
Western Interstate Commission for Higher Education	30,000
Total dues and memberships	\$641,000

Capital improvements - The Legislative Assembly provided \$8,657,928, including \$1,947,928 from the general fund and \$6,710,000 from other funds, for the following extraordinary repairs and projects:

	General Fund	Other Funds
Electrical improvements	\$250,000	
Fire safety issues in the judicial wing	650,000	
Install new entrance and building identification signs (Capitol building fund)		\$1,400,000
Mailroom equipment upgrades	30,000	
Mechanical improvements	725,000	
Replace tractor and lawn mower	67,928	
Security enhancements for the Governor's residence	175,000	
West parking lot repair	50,000	
Legislative wing repairs		310,000
Governor's residence (Capitol building fund and donations)		5,000,000
Total	\$1,947,928	\$6,710,000

In July 2015 OMB transferred the 7 Facilities Management FTE positions to the State Historical Society and the 1 vacant FTE position to the Information Technology Department.

The state membership amounts are not anticipated to be materially different than projected at the close of the 2015 regular legislative session.

The status of the projects is as follows:

- Electrical improvements - The project has started and is anticipated to be completed by the end of the biennium.
- Fire safety issues in the judicial wing - The project is expected to be completed by the end of the biennium.
- New entrance and building identification signs - A request for a quote was issued in April 2016.
- Mailroom equipment upgrades - The project is expected to be completed by the end of the biennium.
- Mechanical improvements - The improvements are in various stages of completion.
- Replace tractor and lawn mower - The equipment was purchased.
- Security enhancements for the Governor's residence - The enhancements will be completed during the construction of the new Governor's residence.
- West parking lot repair - The project is anticipated to be completed during the summer of 2016.
- Legislative wing repairs - The repairs began in April 2016 and are anticipated to be completed by the fall of 2016.
- Governor's residence - The project is anticipated to begin in August

Special fund transfers to the general fund - In Section 3 of 2015 Senate Bill No. 2015, the Legislative Assembly provided for a transfer of \$657 million from the tax relief fund to the general fund during the 2015-17 biennium.

Transfers from the general fund - The Legislative Assembly provided for the following transfers from the general fund to special funds:

Transfers	
State highway fund (Section 4 of HB 1012)	\$503,115,558
Special road fund (Section 6 of HB 1012)	2,000,000
Workforce enhancement fund (Section 13 of HB 1018)	1,000,000
Internship fund (Section 14 of HB 1018)	1,550,000
Research North Dakota fund (Section 15 of HB 1018)	4,500,000
Federal environmental law impact review fund (Section 5 of HB 1432)	1,500,000
State highway fund (Section 6 of SB 2015)	18,000,000
Total transfers	\$531,665,558
Contingent transfers	
Public transportation fund - Contingent transfers of \$100,000 on July 1, 2015, and July 1, 2016 (Section 11 of HB 1012)	200,000
State highway fund - Contingent transfer of \$20 million if general fund revenues exceed a certain level (Section 7 of SB 2015)	20,000,000
State highway fund - Contingent transfer of \$46 million if general fund revenues exceed a certain level (Section 8 of SB 2015)	46,000,000
Total contingent transfers	\$66,200,000

Mill and Elevator Association transfers - The 2009 Legislative Assembly 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.

2016. See **Governor's office report** for additional information.

The transfer of \$657 million from the tax relief fund to the general fund was made in July 2015.

The status of the transfers as of April 2016 is as follows:

- State highway fund - The Office of Management and Budget has transferred \$503,115,558 related to 2015 House Bill No. 1012 and has transferred \$18,000,000 related to Senate Bill No. 2015.
- Special road fund - The transfer has not been made.
- Workforce enhancement fund, internship fund, and Research North Dakota fund - These transfers have been made.
- Federal environmental law impact review fund - The transfer has been made.

The status of the contingent transfers as of April 2016 is as follows:

- Public transportation fund - The transfers are contingent upon deposits in the public transportation fund being \$5.2 million or less during the preceding state fiscal year. A transfer of \$100,000 was made from the general fund to the public transportation fund on July 1, 2015. A transfer of \$91,900 is anticipated to be made on July 1, 2016. Due to the 4.05 percent budget allotment, the second transfer would be less.
- State highway fund - The Office of Management and Budget transferred \$20 million from the general fund to the state highway fund because the actual general fund revenues during the last 6 months of the 2013-15 biennium exceeded the estimate pursuant to Section 7 of Senate Bill No. 2015. The Office of Management and Budget anticipates the contingency in Section 8 of the bill will not be met, and therefore, the \$46 million is not anticipated to be transferred from the general fund to the state highway fund.

The Mill and Elevator anticipates transfers will not be materially different than the amounts estimated during the 2015 legislative session. The 2015 Legislative Assembly estimated transfers for the 2015-17 biennium totaling \$13,775,000, an increase of \$6,957,800 from the 2013-15 biennium transfers.

One-time funding - The following is a summary of OMB's one-time appropriations for the 2015-17 biennium:

	General Fund	Other Funds	Total
Student internship program	\$50,000		\$50,000
Facilities Management projects	2,030,009		2,030,009
Signage on the Capitol grounds		\$1,400,000	1,400,000
West parking lot repair	50,000		50,000
Health insurance pool for temporary employees	2,500,000	2,500,000	5,000,000
Legislative wing electrical-related repairs		310,000	310,000
Energy impact funding pool	2,400,000	5,565,000	7,965,000
New Governor's residence (SB 2304)		5,000,000	5,000,000
Total	\$7,030,009	\$14,775,000	\$21,805,009

Budget stabilization fund - Chapter 54-27.2 provides that 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.

State contingencies fund - The Legislative Assembly provided \$700,000 from the general fund for the state contingencies fund for the 2015-17 biennium.

State agency energy impact funding pool - Section 5 of Senate Bill No. 2015 appropriates \$2,400,000 from the general fund and \$5,565,000 from other funds for a state agency energy development impact funding pool. The funding is considered a one-time funding item. 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. The Office of Management and Budget must report to the Legislative Management regarding the funding distributions, and state agencies must report to the Legislative Management on their plans to discontinue energy impact adjustments.

The following is the status of the one-time funding items:

- Student internship program - The Office of Management and Budget transferred \$55,837 to various state agencies as of April 2016.
- Health insurance pool for temporary employees - As of April 2016 transfers totaling \$175,027 have been made, of which \$98,895 is from the general fund and \$76,132 is from other funds.
- State agency energy impact pool - See the **State agency energy impact funding pool** section below.
- See the **Capital improvements** section above for information regarding one-time funding provided for capital projects.

At the end of the 2013-15 biennium, OMB transferred \$11,060,345 from the budget stabilization fund to the general fund to reduce the budget stabilization fund balance to an amount equal to 9.5 percent of general fund appropriations provided by the Legislative Assembly during the 2015 legislative session. The balance in the fund at the end of the 2013-15 biennium was \$572,485,454.

Due to a general fund revenue shortfall, OMB released a revised revenue forecast in February 2016. The revised revenue forecast included a transfer of \$497,591,654 from the budget stabilization fund to the general fund. As of April 2016 the transfer had not yet been made.

Through April 2016, the Emergency Commission has not approved any requests for funding from the state contingencies fund.

Distributions from the pool have been made for the period beginning July 1, 2015, and ending June 30, 2016. One additional round of distributions is anticipated to be made from the pool for state fiscal year 2017. A total of \$1,232,866 from the general fund and \$2,625,971 from other funds have been transferred from the pool to state agencies as follows:

	General Fund	Other Funds	Total
Tax Department	\$20,000		\$20,000
Department of Human Services	821,754	\$167,899	989,653
Highway Patrol	207,500		207,500
Department of Corrections and Rehabilitation	168,612		168,612
State Historical Society	15,000		15,000
Game and Fish Department		25,000	25,000
Department of Transportation		2,433,072	2,433,072
Total	\$1,232,866	\$2,625,971	\$3,858,837

State agency targeted market equity pool - Section 4 of Senate Bill No. 2015 appropriates \$3.75 million from the general fund and \$740,000 from other funds for a targeted market equity pool. The Office of Management and Budget must prepare a statewide plan that gives priority to employees whose salary is in the first or second quartile of their assigned salary range and to employees whose salary is below the average classified state employee salary level. One-half of the funding is available for market equity adjustments in July 2015 and the remaining amount is available in July 2016. The market equity adjustments must be provided after any general compensation increase authorized by the 64th Legislative Assembly. Employees of the Adjutant General, Veterans' Home, State Department of Health, Department of Human Services, and the Protection and Advocacy Project are eligible for market equity adjustments. Employees whose documented performance levels do not meet standards are not eligible for the market equity increases. The appropriation authority must be transferred from the targeted market equity salary pool line item to the eligible agencies for approved market equity salary adjustments. The Office of Management and Budget is required to report to the Legislative Management regarding its statewide plan and any appropriation authority transferred from the pool.

Distributions from the pool have been made for the period beginning July 1, 2015, and ending June 30, 2016. One additional round of distributions is anticipated to be made from the pool for state fiscal year 2017. A total of \$1,875,000 from the general fund and \$370,000 from other funds have been transferred from the pool to state agencies as follows:

	General Fund	Other Funds	Total
Adjutant General	\$35,662		\$35,662
Veterans' Home		\$234,477	234,477
State Department of Health	362,279		362,279
Department of Human Services	1,384,285	135,523	1,519,808
Protection and Advocacy Project	92,774		92,774
Total	\$1,875,000	\$370,000	\$2,245,000