

**Department 110 - Office of Management and Budget
House Bill No. 1015**

Dalrymple Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2017-19 Dalrymple Executive Budget	119.00	\$30,497,425	\$12,253,472	\$42,750,897
2015-17 Adjusted Legislative Appropriations ¹	122.50	37,357,027	21,985,390	59,342,417
Increase (Decrease)	(3.50)	(\$6,859,602)	(\$9,731,918)	(\$16,591,520)

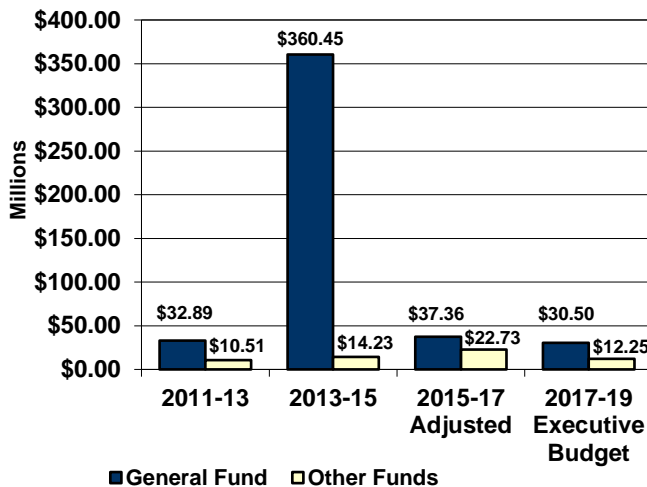
¹The 2015-17 biennium agency appropriation amounts reflect general fund budget reductions made in August 2016, but do not include the following:

- Additional special funds authority of \$1,500,000 resulting from Emergency Commission action during the 2015-17 biennium.
- General fund authority of \$3,750,000 and special funds authority of \$740,000 which was distributed to state agencies from a targeted market equity funding pool included in the original appropriation to the Office of Management and Budget.

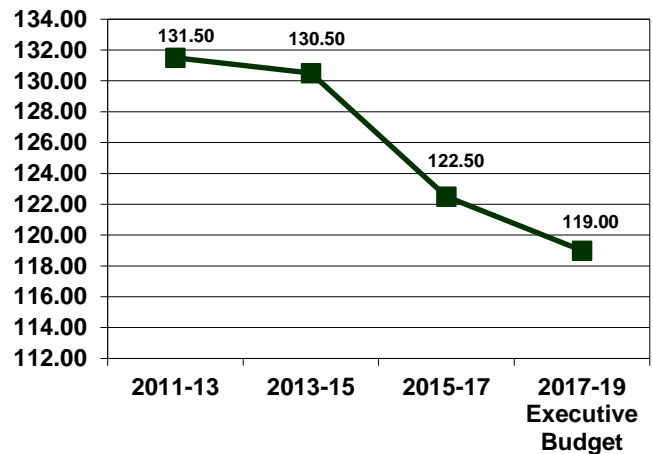
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 Dalrymple Executive Budget	\$30,497,425	\$0	\$30,497,425
2015-17 Adjusted Legislative Appropriations	30,826,724	6,530,303	37,357,027
Increase (Decrease)	(\$329,299)	(\$6,530,303)	(\$6,859,602)

Agency Funding



FTE Positions



Dalrymple Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2017-19 Dalrymple Executive Budget	\$30,497,425	\$12,253,472	\$42,750,897
2017-19 Base Level	30,826,724	7,210,390	38,037,114
Increase (Decrease)	(\$329,299)	\$5,043,082	\$4,713,783

First House Action

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

**Dalrymple and Burgum 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 \$84,292 is for salary increases and \$340,576 is for health insurance increases. (The Burgum budget removed funding for salary increases and provided for employees to pay for a portion of health insurance.) The House removed funding for the salary increases.	\$349,287	\$75,581	\$424,868

2. Adjusts funding for FTE positions, including the removal of 1.5 FTE administrative assistant positions, 1 FTE maintenance position, and 1 FTE computer and networking specialist position. (The Burgum budget removed 1 FTE position and \$150,000 from the general fund.) In addition, the House removed 3 FTE positions and \$888,392 from the general fund.	(\$268,321)	\$1,499	(\$266,822)
3. Adds funding for unemployment claims payments		\$2,000,000	\$2,000,000
4. Adjusts funding for operating expenses. (The Burgum budget reduced operating expenses by \$150,000 from the general fund.) The House also removed \$590,500 from the general fund for statewide membership dues and \$77,000 from the general fund for revenue forecasting.	(\$152,772)	\$25,000	(\$127,772)
5. Adds funding for extraordinary repairs, including chiller replacement and plumbing upgrades. The House did not include \$1 million from the capitol building fund.	\$108,066	\$1,000,000	\$1,108,066
6. Adds funding to continue bond payments	\$665,411		\$665,411
7. Removes funding for community service supervision grants (\$500,000) and reduces funding for other grants (\$1,000)	(\$501,000)		(\$501,000)
8. Reduces funding for guardianship grants, from \$1,328,600 to \$1,195,740. The House did not reduce funding for guardianship grants.	(\$132,860)		(\$132,860)
9. Reduces funding for Prairie Public Broadcasting, from \$1,600,000 to \$1,200,000. The House reduced funding for Prairie Public Broadcasting by \$800,000, from \$1,600,000 to \$800,000.	(\$400,000)		(\$400,000)
10. Removes funding for the state internship program	(\$200,000)		(\$200,000)
11. Adds one-time funding to purchase or to build a surplus property building. The House did not include funding to purchase or build a surplus property building.		\$800,000	\$800,000
12. Adds one-time funding for a cybersecurity insurance funding pool to provide other funds authority which can be transferred to agencies with other funds available to address a cybersecurity incident		\$1,000,000	\$1,000,000

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

Statewide Dues and Memberships		
	2015-17 Biennium	2017-19 Biennium
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$145,000	\$130,500
Council of State Governments	188,000	188,000
Governmental Accounting Standards Board	6,000	0
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	0
Total dues and memberships	\$641,000	\$590,500 ¹

¹The House removed the funding for statewide dues and memberships.

Other Sections in House Bill No. 1015

Health insurance increase - Section 2 identifies the funding increase for health insurance premium increases included in the agency's appropriation.

Strategic investment and improvements fund transfer to general fund - Section 4 provides for a transfer of \$100 million from the strategic investment and improvements fund to the general fund during the 2015-17 biennium. Section 11 provides an emergency clause for the transfer. **The emergency clause did not carry; therefore, the transfer is ineffective.**

Cybersecurity remediation funding pool - Section 5 authorizes the Office of Management and Budget to transfer funds appropriated from the cybersecurity remediation funding pool line item to other agencies. This section also requires the Office of Management and Budget to notify the Legislative Council of any transfers made from the cybersecurity remediation pool.

Unexpended appropriation continuation - Section 6 provides that amounts appropriated to the Fiscal Management Division in Section 1 of Chapter 49 of the 2015 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.

Legislative intent - Section 7 prohibits the purchase or construction of a new building for surplus property. Section 8 identifies items that are included in the appropriations in Section 1 of the bill.

Publication printing fees - Section 9 allows state agencies to collect fees from individuals who request to have publications printed and mailed if the publications are available electronically.

Salaries and wages savings - Section 10 restricts state agencies and institutions from spending salaries and wages savings resulting from vacant positions and employee turnover.

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 1st 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 for the Office of Management and Budget conducted by the State Auditor's office during the 2015-16 interim identified the following significant audit findings:

- Insufficient independent reconciliations in the Surplus Property Division (This finding was also identified in the operational audit during the 2013-14 interim).
- Noncompliance with procurement laws due to a lack of proper training in procurement policies and procedures.

The operational audit also included the following informal recommendations:

- All distributions of community service supervision grants should be performed in a timely manner as required by legislation.
- Retention bonus policies should identify eligible positions and the criteria for receiving the bonuses.

Major Related Legislation

House Bill No. 1054 - The bill amends Section 54-44.1-11 to allow the legislative majority leaders and the chairmen of the appropriations committees to approve the continuation of unexpended appropriations and requires the Office of Management and Budget to provide the appropriation continuation requests to the Legislative Council.

House Bill No. 1088 - The bill adds a new section to Chapter 32-12.2 to provide for an information technology security incident response and limits the expenditures from the risk management fund to \$250,000 per incident.

House Bill No. 1090 - The bill clarifies state holidays, removes a provision relating to long-distance telephone calls, and removes the requirement for agencies to provide annual reports to the Office of Management and Budget on procured services.

House Bill No. 1155 - The bill increases the budget stabilization fund balance limit from 9.5 to 15 percent of the current biennial general fund budget and changes the requirements for allotments and transfers from the budget stabilization fund in the event of a revenue shortfall.

Senate Bill No. 2224 - The bill appropriates \$500,000 from the general fund to the Office of Management and Budget to provide community service supervision grants.

Office of Management and Budget - Budget No. 110

House Bill No. 1015

Base Level Funding Changes

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2017-19 Biennium Base Level	122.50	\$30,826,724	\$7,210,390	\$38,037,114	122.50	\$30,826,724	\$7,210,390	\$38,037,114
2017-19 Ongoing Funding Changes								
Base payroll changes		\$202,890	\$141,002	\$343,892		\$202,890	\$141,002	\$343,892
Salary increase - Performance				0				0
Health insurance increase		279,990	60,586	340,576		279,990	60,586	340,576
Employee portion of health insurance		(145,177)	(31,738)	(176,915)				0
Adjusts funding for FTE positions	(3.50)	(268,321)	1,499	(266,822)	(3.50)	(268,321)	1,499	(266,822)
Removes additional FTE positions and salary funding	(1.00)	(150,000)		(150,000)	(4.00)	(1,038,392)		(1,038,392)
Adds funding for unemployment claims payments			2,000,000	2,000,000			2,000,000	2,000,000
Adjusts funding for operating expenses		(152,772)	25,000	(127,772)		(152,772)	25,000	(127,772)
Reduces operating expenses		(150,000)		(150,000)		(150,000)		(150,000)
Removes statewide membership dues				0		(590,500)		(590,500)
Removes funding for revenue forecasting				0		(77,000)		(77,000)
Adds funding for extraordinary repairs		108,066	1,000,000	1,108,066		108,066		108,066
Adds funding for bond payments		665,411		665,411		665,411		665,411
Reduces grant funding		(501,000)		(501,000)		(501,000)		(501,000)
Reduces guardianship grants		(132,860)		(132,860)				0
Reduces funding for Prairie Public Broadcasting		(400,000)		(400,000)		(800,000)		(800,000)
Removes funding for internship program		(200,000)		(200,000)		(200,000)		(200,000)
Reduces funding for Emergency Commission fund				0		(150,000)		(150,000)
Transfer to county social services fund				0				0
Total ongoing funding changes	(4.50)	(\$843,773)	\$3,196,349	\$2,352,576	(7.50)	(\$2,671,628)	\$2,228,087	(\$443,541)
One-time funding items								
Surplus property building			\$800,000	\$800,000				\$0
Cybersecurity risk insurance			1,000,000	1,000,000			1,000,000	1,000,000
Total one-time funding changes	0.00	\$0	\$1,800,000	\$1,800,000	0.00	\$0	\$1,000,000	\$1,000,000
Total Changes to Base Level Funding	(4.50)	(\$843,773)	\$4,996,349	\$4,152,576	(7.50)	(\$2,671,628)	\$3,228,087	\$556,459
2017-19 Total Funding	118.00	\$29,982,951	\$12,206,739	\$42,189,690	115.00	\$28,155,096	\$10,438,477	\$38,593,573

Other Sections in Office of Management and Budget - Budget No. 110

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)				House Version			
Health insurance increase								
								Section 2 identifies the funding increase for health insurance premium increases included in the agency's appropriation.

Other Sections in Office of Management and Budget - Budget No. 110

**Burgum Executive Budget Recommendation
(Changes to Dalrymple Budget in Bold)**

House Version

Strategic investment and improvements fund transfer to budget stabilization fund	Section 3 provides for a transfer of \$154.2 million from the strategic investment and improvements fund to the budget stabilization fund during the 2017-19 biennium. (The Burgum budget recommendation removes this section.)	
Tax relief fund transfer to budget stabilization fund	Section 4 provides for a transfer of \$300 million from the tax relief fund to the budget stabilization fund during the 2017-19 biennium.	
General fund transfer to social services finance fund	Section 5 provides for a transfer of \$275 million from the general fund to the social services finance fund during the 2017-19 biennium.	
Strategic investment and improvements fund transfer to general fund	Section 6 provides for a transfer of \$30 million from the strategic investment and improvements fund to the general fund during the 2015-17 biennium. Section 15 provides an emergency clause for the transfer in Section 6. Section 7 provides for a transfer of \$30 million from the strategic investment and improvements fund to the general fund during the 2017-19 biennium. (The Burgum budget recommendation increases the transfer in Section 7 by \$60 million, from \$30 million to \$90 million.)	Section 4 provides for a transfer of \$100 million from the strategic investment and improvements fund to the general fund during the 2015-17 biennium. Section 11 provides an emergency clause for this transfer. The emergency clause did not carry; therefore, the transfer is ineffective.
Cybersecurity remediation funding pool	Section 10 authorizes the Office of Management and Budget to transfer funds appropriated from the cybersecurity remediation funding pool line item to other agencies.	Section 5 authorizes the Office of Management and Budget to transfer funds appropriated from the cybersecurity remediation funding pool line item to other agencies. This section also requires the Office of Management and Budget to notify the Legislative Council of any transfers made from the cybersecurity remediation pool.
Unexpended appropriation continuation	Section 8 provides that amounts appropriated to the Fiscal Management Division in Section 1 of Chapter 49 of the 2015 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 6 provides that amounts appropriated to the Fiscal Management Division in Section 1 of Chapter 49 of the 2015 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.
Legislative intent	Section 9 identifies items that are included in the appropriations in Section 1 of the bill.	Section 7 prohibits the purchase or construction of a new building for surplus property. Section 8 identifies other items that are included in the appropriations in Section 1 of the bill.
State employee compensation adjustments	Section 11 provides legislative intent that funding provided for state employee salary increases be used to provide a 1 percent salary increase to eligible state employees during the 2017-19 biennium. Employees whose documented performance does not meet standards are not eligible for compensation adjustments. (The Burgum budget recommendation removes this section.)	

Other Sections in Office of Management and Budget - Budget No. 110

**Burgum Executive Budget Recommendation
(Changes to Dalrymple Budget in Bold)**

House Version

Tobacco settlement trust fund transfer to general fund

Section 12 amends Section 54-27-25 to transfer 45 percent of the tobacco settlement trust fund revenues to the general fund rather than the common schools trust fund.

Oil and gas tax allocation formula changes

Section 13 amends Section 57-51-15 to remove the allocations to the oil and gas impact grant fund, to decrease the allocations to the North Dakota outdoor heritage fund from \$20 million per fiscal year to \$10 million per biennium, and to decrease the allocations to the abandoned oil and gas well plugging and site reclamation fund from \$7.5 million per fiscal year to \$5 million per fiscal year. Section 14 amends Section 57-51.1-07.5 related to the state's share of oil and gas tax allocations to increase the general fund allocation from \$300 million to \$1 billion, to remove the allocation of \$300 million to the tax relief fund, and to provide up to \$3 million to the lignite research fund from the remaining allocations. **(The Burgum budget recommendation increases the general fund allocation from \$300 million to \$900 million, rather than \$1 billion.)**

Publication printing fees

Section 9 allows state agencies to collect fees from individuals who request to have publications printed and mailed if the publications are available electronically.

Salaries and wages savings

Section 10 restricts state agencies and institutions from spending salaries and wages savings resulting from vacant positions and employee turnover.

Department 110 - Office of Management and Budget

Appropriations Comparisons to the Original and Adjusted Base Budgets

General Fund Appropriations Adjustments (As a result of the August 2016 General Fund Budget Reductions)

	Ongoing	One-Time	Total
2015-17 original general fund appropriations	\$31,708,249	\$8,530,009	\$40,238,258
General fund reductions	(881,525)	(1,999,706)	(2,881,231)
Adjusted 2015-17 appropriations	\$30,826,724	\$6,530,303	\$37,357,027
Dalrymple Executive Budget changes	(329,299)	(6,530,303)	(6,859,602)
2017-19 Dalrymple Executive Budget	\$30,497,425	\$0	\$30,497,425

Summary of August 2016 General Fund Budget Reductions

	Ongoing	One-Time	Total
Vacant FTE position savings	(\$230,000)		(\$230,000)
Operating expense reductions related to information technology services	(351,525)		(351,525)
Emergency commission contingency fund	(200,000)		(200,000)
Prairie Public Broadcasting	(100,000)		(100,000)
Health insurance for temporary employees funding pool		(\$1,650,000)	(1,650,000)
Facility management projects, including approximately \$200,000 for small renovation projects, \$120,000 for electrical replacements, and \$30,000 for mailroom equipment upgrades		(349,706)	(349,706)
Total reductions	(\$881,525)	(\$1,999,706)	(\$2,881,231)
Percentage reduction to ongoing and one-time general fund appropriations	2.78%	23.44%	7.16%

¹The percentage reduction is greater than 6.55 percent because the targeted equity funding pool amounts were transferred to other agencies' appropriations.

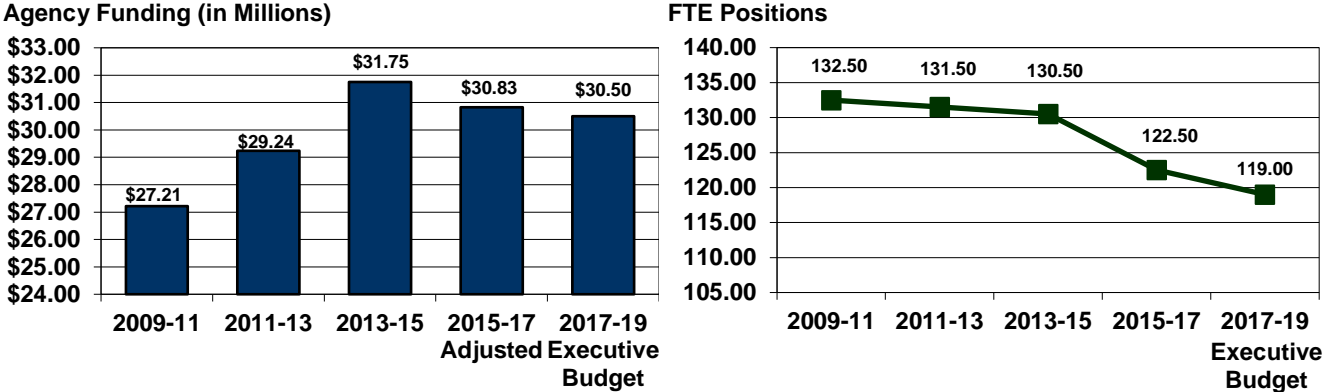
2017-19 Dalrymple Executive Budget Changes to the Original and Adjusted Base Budgets

	Changes to Original Budget	Budget Reduction Adjustments	Changes to Adjusted Budget
Provides funding for base payroll changes	\$202,890		\$202,890
Adds funding for state employee salary and benefit increases	349,287		349,287
Adjusts funding for FTE positions	(498,321)	\$230,000	(268,321)
Adjusts funding for operating expenses	(504,297)	351,525	(152,772)
Adds funding for extraordinary repairs, including chiller replacement and plumbing upgrades	108,066		108,066
Adds funding to continue bond payments	665,411		665,411
Adjusts funding for emergency commission contingency fund	(200,000)	200,000	0
Removes funding for community service supervision grants	(501,000)		(501,000)
Reduces funding for guardianship grants	(132,860)		(132,860)
Reduces funding for Prairie Public Broadcasting	(500,000)	100,000	(400,000)
Removes funding for the state internship program	(200,000)		(200,000)
Total	(\$1,210,824)	\$881,525	(\$329,299)

Department 110 - Office of Management and Budget

Historical Appropriations Information

Ongoing General Fund Appropriations Since 2009-11



Ongoing General Fund Appropriations					
	2009-11	2011-13	2013-15	2015-17 Adjusted	2017-19 Dalrymple Executive Budget
Ongoing general fund appropriations	\$27,213,055	\$29,238,699	\$31,746,688	\$30,826,724	\$30,497,425
Increase (decrease) from previous biennium	N/A	\$2,025,644	\$2,507,989	(\$919,964)	(\$329,299)
Percentage increase (decrease) from previous biennium	N/A	7.44%	8.58%	(2.90%)	(1.07%)
Cumulative percentage increase (decrease) from 2009-11 biennium	N/A	7.44%	16.66%	13.28%	12.07%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2011-13 Biennium

- 1. Added funding for fiscal management information technology costs \$875,000
- 2. Added funding for additional maintenance funding related to the Heritage Center expansion project \$279,250
- 3. Added funding for human resources management information technology software costs \$54,000
- 4. Added funding for community service supervision grants \$375,000

2013-15 Biennium

- 1. Added funding for Prairie Public Broadcasting \$337,138
- 2. Added funding for contracts with external auditors for certain audits \$300,000
- 3. Added funding for ConnectND human resources modules \$171,348
- 4. Added funding for guardianship grants \$828,600

2015-17 Biennium

- 1. Decreased funding for operating expenses (\$150,003)
- 2. Added funding for community supervision grants \$125,000
- 3. Reduced funding for salaries and wages (\$230,000), operating expenses (\$351,525), the emergency commission contingency fund (\$200,000), and Prairie Public Broadcasting (\$100,000) related to the August 2016 budget reductions (\$881,525)

2017-19 Biennium (Dalrymple and Burgum Executive Budget Recommendations)

- 1. Adjusts funding for FTE positions, including the removal of 3.5 FTE positions. (The Burgum budget removed 1 FTE position and \$150,000 from the general fund.) (In addition, the House removed 3 FTE positions and \$888,392 from the general fund.) (\$268,322)
- 2. Adjusts funding for operating expenses (The Burgum budget reduced operating expenses by \$150,000 from the general fund.) (The House also removed \$590,500 from the general fund for statewide membership dues and \$77,000 from the general fund for revenue forecasting.) (\$152,772)
- 3. Adds funding for extraordinary repairs, including chiller replacement and plumbing upgrades \$108,066

4. Adds funding to continue bond payments	\$665,411
5. Removes funding for community service supervision grants (\$500,000) and reduces funding for other grants (\$1,000)	(\$501,000)
6. Reduces funding for guardianship grants, from \$1,328,600 to \$1,195,740. (The House did not reduce funding for guardianship grants.)	(\$132,860)
7. Reduces funding for Prairie Public Broadcasting from \$1,600,000 to \$1,200,000. (The House reduced funding for Prairie Public Broadcasting by \$800,000, from \$1,600,000 to \$800,000.)	(\$400,000)
8. Removes funding for the state internship program	(\$200,000)