

**Office of Management and Budget
Budget No. 110
House Bill No. 1015; Senate Bill No. 2224**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriation	117.00	\$31,220,260 ¹	\$11,234,087	\$42,454,347
2015-17 legislative appropriation	<u>122.50</u>	<u>37,357,027²</u>	<u>21,985,390</u>	<u>59,342,417</u>
2017-19 appropriation increase (decrease) to 2015-17 appropriation	(5.50)	(\$6,136,767)	(\$10,751,303)	(\$16,888,070)

¹The 2017-19 legislative appropriation amount includes \$500,000 of one-time funding from the general fund. Excluding this amount, the agency's ongoing general fund appropriation is \$30,720,260.

²The 2015-17 legislative appropriation amount includes \$6,530,303 of one-time funding from the general fund. Excluding this amount, the agency's ongoing general fund appropriation is \$30,826,724.

Item Description

FTE changes - The Legislative Assembly approved 117 FTE positions for the Office of Management and Budget (OMB) for the 2017-19 biennium, a decrease of 5.5 FTE positions from the 2015-17 biennium authorized level of 122.5 FTE positions. The Legislative Assembly removed 1.5 FTE administrative assistant positions, 1 FTE maintenance position, 1 FTE computer and networking specialist position, 1 FTE facility construction engineer position, and 1 FTE human resource officer position.

One-time funding - The following is a summary of OMB's one-time appropriations for the 2017-19 biennium:

	General Fund	Other Funds	Total
Surplus property building		\$800,000	\$800,000
Cybersecurity remediation pool ¹		1,000,000	1,000,000
Theodore Roosevelt Center grant	\$500,000		500,000
Total	\$500,000	\$1,800,000	\$2,300,000

¹The amount shown for the cybersecurity remediation pool reflects appropriation authority which OMB can transfer to a state agency if federal or other special funds become available to address a cybersecurity incident.

Status/Result

The Office of Management and Budget removed the 5.5 FTE positions identified during the 2017 legislative session. Of the 5.5 FTE positions, 3.5 FTE positions were vacant at the time of removal and the remaining 2 FTE positions accepted a voluntary separation incentive.

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

- Surplus property building - See the **Capital improvements** section below.
- Cybersecurity remediation pool - The Office of Management and Budget has not transferred any of the funds from the pool to other state agencies as of March 31, 2018, because there were no cybersecurity incidents requiring remediation.
- Theodore Roosevelt Center grant - The Office of Management and Budget has not disbursed the grant as of March 31, 2018. The timing of the disbursement, if any, is unknown.

Capital improvements - The Legislative Assembly provided \$108,066 from the general fund for extraordinary repairs and \$800,000 from surplus property special funds to purchase or construct a new surplus property building. Section 17 of 2017 House Bill No. 1015 provides an exemption allowing up to \$1,400,000 of unspent 2015-17 biennium appropriation authority from the Capitol building fund to continue in the 2017-19 biennium for extraordinary repairs (\$1,000,000) and for Capitol entrance and signage projects (\$400,000).

State memberships - The 2017 Legislative Assembly provided \$531,450 from the general fund for state dues and memberships, a decrease of \$109,550 from the 2015-17 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.)	\$117,450
Council of State Governments	169,200
Western Governors' Association	66,870
National Governors Association	73,350
National Lieutenant Governors Association	1,080
Education Commission of the States	103,500
Western Interstate Commission for Higher Education (Funding of \$230,000 is included in the higher education budget.)	0
Total dues and memberships	\$531,450

Grants - The 2017 Legislative Assembly provided the following funding for grants in the 2017-19 biennium:

- \$53,000 for Boys and Girls Club (House Bill No. 1015)
- \$1,000 for the Council of State Employees (House Bill No. 1015)
- \$1,328,600 for guardianship grants (House Bill No. 1015)
- \$1,200,000 for Prairie Public Broadcasting (House Bill No. 1015)
- \$350,000 for community service supervision grants (Senate Bill No. 2224)

The status of the projects is as follows:

- Extraordinary repairs (general fund) - No funding has been spent through March 2018, but OMB anticipates spending the funds prior to the end of the biennium.
- Surplus property building (surplus property special funds) - The Office of Management and Budget is in the process of evaluating the needs for surplus property. It is anticipated the surplus property will remain at its current location and the funds will not be needed for a new building.
- Extraordinary repairs (Capitol building fund) - Through March 31, 2018, OMB spent \$54,748. The remaining \$945,252 is anticipated to be spent prior to the end of the biennium.
- Capitol entrance and signage projects (Capitol building fund) - No funding has been spent through March 2018, but OMB anticipates spending the funds prior to the end of the biennium.

The Office of Management and Budget adjusted the budget for state dues and memberships to provide the following for the 2017-19 biennium:

	General Fund	Increase (Decrease)
Commission on Uniform State Laws	\$122,130	\$4,680
Council of State Governments	163,940	(5,260)
Western Governors' Association	72,000	5,130
National Governors Association	75,800	2,450
National Lieutenant Governors Association	2,000	920
Education Commission of the States	95,580	(7,920)
Western Interstate Commission for Higher Education	0	0
Total dues and memberships	\$531,450	\$0

Through March 31, 2018, OMB has awarded the following grants and anticipates awarding the remaining funds by the end of the biennium:

- \$26,000 for Boys and Girls Club
- \$0 for the Council of State Employees
- \$664,300 for guardianship grants
- \$600,000 for Prairie Public Broadcasting
- \$175,000 for community service supervision grants

Budget stabilization fund transfer - North Dakota Century Code Chapter 54-27.2 provides 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 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly.

House Bill No. 1155 (2017) increases the maximum balance allowed in the budget stabilization fund from 9.5 to 15 percent of the general fund budget. The bill also adjusts the use of the budget stabilization fund in the event of a general fund revenue shortfall by providing the order in which general fund allotments and transfers from the budget stabilization fund are to be used.

General fund revenues - The Legislative Assembly provided for the following transfers from special funds and estimates related to 2017-19 biennium general fund revenues in House Bill No. 1015:

Transfers to the general fund	
Strategic investment and improvements fund (Section 9)	\$248,000,000
Tax relief fund (Section 10)	\$183,000,000
Revenue estimates	
Legacy fund earnings transferred to the general fund at the end of the 2017-19 biennium (Section 11)	\$200,000,000
Estimate of 2015-17 biennium unexpended general fund appropriations, which increase the 2017-19 biennium general fund beginning balance (Section 12)	\$52,000,000

State contingencies fund - The Legislative Assembly provided \$600,000 from the general fund for state contingencies for the 2017-19 biennium.

New Governor's residence - The 2015 Legislative Assembly appropriated \$5 million for a new Governor's residence, including \$4 million from the Capitol building fund and \$1 million from private donations.

Based on the 2017 legislative revenue forecast, prepared at the close of the 2017 legislative session, the June 30, 2017, estimated general fund balance was \$30,890,381; therefore, no transfer was anticipated at the end of the 2015-17 biennium.

Prior to any required transfers to the budget stabilization fund, the balance of the general fund was \$97,202,755 on June 30, 2017. As a result, \$32,202,755 was transferred from the general fund to the budget stabilization fund at the end of the 2015-17 biennium.

The status of the transfers and estimates is as follows:

- Strategic investment and improvements fund - The Office of Management and Budget transferred \$124 million to the general fund in July 2017. The remaining \$124 million is anticipated to be transferred in July 2018.
- Tax relief fund - The Office of Management and Budget transferred \$183 million to the general fund in July 2017.
- Legacy fund earnings estimate - The realized investment earnings of the legacy fund, which are eligible to be transferred to the general fund at the end of the biennium, totaled \$171.6 million through March 2018. The actual amount transferred will be determined at the end of the 2017-19 biennium.
- Estimate of 2015-17 biennium unexpended general fund appropriations - The actual 2015-17 biennium unexpended general fund appropriations totaled \$97,846,781, or \$45,846,781 more than the estimate.

Through April 2018 the Emergency Commission has not approved any requests for funding from the state contingencies appropriation.

The construction of the new Governor's residence was not completed prior to the end of the 2015-17 biennium. As a result \$2,057,544 of unexpended 2015-17 biennium appropriation authority was continued into the 2017-19 biennium. Through March 21, 2018, OMB spent \$1,389,620 of the \$2,057,544, reflecting total project expenditures of \$4,332,076. The demolition of the existing Governor's residence was completed in May 2018, and the construction of the new Governor's residence is anticipated to be completed in July 2018.