

**Office of Management and Budget
Budget No. 110
House Bill Nos. 1015 and 1012; Senate Bill No. 2146**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriations	108.00	\$34,026,399	\$15,523,413	\$49,549,812
2021-23 base budget	112.00	\$32,915,852	\$8,746,515	\$41,662,367
Legislative increase (decrease) to base budget	(4.00)	\$1,110,547	\$6,776,898	\$7,887,445

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 legislative appropriations	\$33,926,399	\$100,000	\$34,026,399
2019-21 legislative appropriations	\$32,915,852	\$300,000	\$33,215,852
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$1,010,547	(\$200,000)	\$810,547
Percentage increase (decrease) to 2019-21 appropriations	3.1%	(66.7%)	2.4%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$125,958	\$2	\$125,960
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		422,046	80,861	502,907
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		4,416	734	5,150
Transferred 4 FTE positions to the Information Technology Department (ITD) for an information technology (IT) unification initiative resulting in a decrease in salaries and wages of \$846,547 and an increase in operating expenses of \$866,061	(4.00)	19,514		19,514
Added funding to reclassify vacant FTE positions into a human resource officer (\$110,869) and procurement officers (\$104,824)		215,693		215,693
Increased funding for temporary salaries related to the Risk Management Division of Office of Management and Budget (OMB)			20,000	20,000

Decreased funding for operating expenses primarily related to IT costs	(701,000)	(20,000)	(721,000)
Added funding for a budget software maintenance agreement (\$403,000) and a procurement software maintenance agreement (\$152,000)	555,000		555,000
Increased funding for Microsoft Office 365 licensing expenses	8,505	197	8,702
Increased funding for statewide memberships and dues	17,025		17,025
Decreased funding for the Emergency Commission contingency fund to provide total funding of \$400,000	(100,000)		(100,000)
Reduced funding for bond payments to provide total funding of \$564,515	(2,610)		(2,610)
Removed funding for boys' and girls' clubwork grants (\$53,000) and Council of State Employees grants (\$1,000)	(54,000)		(54,000)
Increased funding for guardianship grants by \$500,000, from \$1,950,600 to \$2,450,000	500,000		500,000
Added one-time funding for the state student internship program	100,000		100,000
Added one-time funding from the federal coronavirus capital projects fund for a grant to construct a medical center in Griggs County		500,000	500,000
Added one-time funding from the strategic investment and improvements fund for procurement software (\$2,021,204) and statewide budget software (\$1,230,100)		3,251,304	3,251,304
Added one-time funding from the Capitol building fund for a facility consolidation study (\$350,000), special assessments (\$300,000), extraordinary repairs (\$500,000), a building automation project (\$518,800), and interior and exterior signs (\$500,000)		2,168,800	2,168,800
Added one-time funding from the Capitol building fund for a consultant to determine compliance with accessibility standards in House Bill No. 1012		25,000	25,000
Added one-time funding from the Capitol building fund for accessibility improvements at the Capitol in Senate Bill No. 2146		750,000	750,000
Total	<u>(4.00)</u>	<u>\$1,110,547</u>	<u>\$6,776,898</u>
		<u>\$7,887,445</u>	

FTE Changes

The Legislative Assembly approved 108 FTE positions for OMB for the 2021-23 biennium, a decrease of 4 FTE positions from the 2019-21 biennium authorized level of 112 FTE positions. The Legislative Assembly transferred 1 FTE program manager position, 2 FTE information services specialist positions, and 1 FTE business analyst position to ITD for an IT unification initiative.

Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1394, the Legislative Assembly appropriated \$2,732,339 of federal funds for grants to public schools and institutions of higher education to address COVID-19-related impacts.

In House Bill No. 1395, the Legislative Assembly appropriated \$7,021,370 of federal coronavirus relief funds to OMB for the 2019-21 biennium for touchless fixtures, automatic doors, cleaning services, ventilation ionizers, grants to private schools and institutions of higher education for COVID-19-related costs, and audit fees.

Federal Coronavirus Capital Projects Fund - 2021-23 Biennium

Section 6 of House Bill No. 1015 appropriates \$88,557,600 from the federal Coronavirus Capital Projects Fund as follows:

- \$70 million to the Department of Career and Technical Education for a statewide career academy initiative grant program;
- \$5.9 million to the Department of Public Instruction for a children's science center in Minot;
- \$5 million to the University of North Dakota for apron reconstruction at the Grand Forks airport;
- \$4 million to Dickinson State University for a Pulver Hall project, a meat processing laboratory remodel project, and other projects;
- \$3 million to the Highway Patrol for a law enforcement training center remodel project;
- \$500,000 to OMB for a grant to a medical center in Griggs County; and
- \$157,600 to the judicial branch for information technology equipment.

Section 7 provides legislative intent regarding the future operating costs and maintenance of new area career centers, and Section 46 provides an emergency clause related to these appropriations.

One-Time Funding

One-time appropriations for the 2021-23 biennium for OMB include the following:

	General Fund	Other Funds	Total
State student internship program	\$100,000	\$0	\$100,000
Extraordinary repairs (Capitol building fund)	0	500,000	500,000
Special assessments on Capitol grounds (Capitol building fund)	0	300,000	300,000
Facility consolidation study (Capitol building fund)	0	350,000	350,000
Building automation project (Capitol building fund)	0	518,800	518,800
Interior and exterior signage projects at the Capitol (Capitol building fund)	0	500,000	500,000
Consulting costs for compliance with accessibility standards - House Bill No. 1012 (Capitol building fund)	0	25,000	25,000
Accessibility improvements at the Capitol - Senate Bill No. 2146 (Capitol building fund)	0	750,000	750,000
Procurement software (strategic investment and improvements fund)	0	2,021,204	2,021,204
Statewide budget software (strategic investment and improvements fund)	0	1,230,100	1,230,100
Grant to a medical center in Griggs County (federal Coronavirus Capital Projects Fund)	0	500,000	500,000
Total	\$100,000	\$6,695,104	\$6,795,104

Capital Improvements

In House Bill No. 1015, the Legislative Assembly provided \$1,518,800 from the Capitol building fund for capital improvements including \$500,000 for extraordinary repairs, \$518,800 for a building automation project, and \$500,000 for interior and exterior signage at the Capitol. In Senate Bill No. 2146, the Legislative Assembly provided \$750,000 from the Capitol building fund for accessibility improvements in the Capitol.

Statewide Memberships

The schedule below provides information on statewide dues and memberships for the 2019-21 and 2021-23 bienniums.

	2019-21 Biennium	2021-23 Biennium	Increase (Decrease)
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues)	\$155,200	\$148,000	(\$7,200)
Council of State Governments	213,864	230,889	17,025
Western Governors' Association	72,000	79,200	7,200
National Governors Association	75,800	75,800	0
National Lieutenant Governors Association	2,000	2,000	0
Education Commission of the States	106,200	106,200	0
Western Interstate Commission for Higher Education ¹	0	0	0
Total dues and memberships	\$625,064	\$642,089	\$17,025

¹Funding for the Western Interstate Commission for Higher Education is included in the higher education budget. The budgets for the 2019-21 biennium and 2021-23 biennium both include \$294,000 for the dues.

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 \$65,000,000 must be transferred to the budget stabilization fund. The estimated transfer from the general fund to the budget stabilization fund at the end of the 2019-21 biennium totals \$22,409,125. After the transfer, the June 30, 2021, estimated general fund balance is \$710,259,973, and the June 30, 2021, estimated budget stabilization fund balance is \$748,943,600. However, if the interest earnings of the budget stabilization fund bring the balance of the budget stabilization fund to the 15 percent limit, the transfer from the general fund to the budget stabilization fund may be reduced or may not be required.

Special Fund Transfers

Strategic investment and improvements fund transfers - Section 16 of House Bill No. 1015 provides for a transfer of \$410 million from the strategic investment and improvements fund to the general fund for the 2021-23 biennium. Section 17 of House Bill No. 1015 provides for a transfer of \$1 million from the strategic investment and improvements fund to the cultural endowment fund for the maintenance of public arts projects.

Tax relief fund transfer - Section 18 of House Bill No. 1015 provides for a transfer of \$187,223,092 from the tax relief fund to the human service finance fund for the 2021-23 biennium.

Budgetary Changes for Other State Agencies in House Bill No. 1015

State Treasurer - Section 4 appropriates \$20 million, of which \$8.2 million is from the state disaster relief fund and \$11.8 million is from the tax relief fund, for allocations to townships located in non-oil-producing counties for township road and bridge projects.

Department of Transportation - Section 5 appropriates \$55 million from federal funds as matching funds for road and bridge projects, of which \$35 million is to match funding provided through bonding in House Bill No. 1431 and \$20 million is to match funding allocated to townships. Section 13 transfers \$100 million from the general fund to the highway fund at the end of the 2019-21 biennium to match additional federal discretionary funding that may become available during the 2021-23 biennium with the requirement that at least \$10 million be used to match federal funds for township road and bridge projects. Section 46 provides an emergency clause related to the transfer of \$100 million from the general fund to the highway fund at the end of the 2019-21 biennium.

University of North Dakota - Section 8 appropriates \$4 million from the general fund to the University of North Dakota for a space command initiative.

Mayville State University - Section 9 appropriates \$1.6 million from the general fund to Mayville State University for a boiler project. Section 46 provides an emergency clause related to this appropriation.

Department of Commerce - Section 10 appropriates \$1 million of one-time funding from the general fund to the Department of Commerce for discretionary grants.

Judicial Branch - Section 11 appropriates \$145,247 from the general fund to the Judicial Branch for a veterans' treatment court. Section 12 appropriates \$90,000 from the general fund to the judicial branch for youth cultural achievement programs.

Bank of North Dakota - Section 15 provides a contingent appropriation of \$17.5 million from the general fund to the Bank of North Dakota to repay a loan associated with a presidential library endowment fund with the funding available only if the July 1, 2021, beginning balance of the general fund exceeds the legislative estimate by \$17.5 million.

State Employee Compensation Package

Section 24 of House Bill No. 1015 provides guidelines for the 2021-23 biennium state employee compensation adjustments. The salary increases are to average 1.5 percent with a minimum of \$100 per month to eligible state employees in the 1st year and are to average 2 percent in the 2nd year of the 2021-23 biennium. The Office of Management and Budget is required to develop guidelines for the compensation adjustments for classified employees. Employees whose documented performance does not meet standards are not be eligible for compensation adjustments.

Legislative Management Studies in House Bill No. 1015

Space needs at the Capitol study - Section 43 provides for a Legislative Management study regarding the space needs of the executive, legislative, and judicial branches at the Capitol.

State employee compensation study - Section 44 provides for a Legislative Management study regarding state employee compensation.

Biologic manufacturing sales tax exemption study - Section 45 provides for a Legislative Management study of the fiscal impact of a sales tax exemption for raw materials used a biologic manufacturing process.

Other Sections in Senate Bill No. 2015

Community service supervision fund - Section 3 appropriates any moneys in the community service supervision fund to OMB for distributions to community corrections association regions. Section 46 provides an emergency clause related to this appropriation.

Legacy fund earnings estimate - Section 14 identifies \$736 million of legacy fund earnings for the 2019-21 biennium.

State student internship program - Section 19 authorizes OMB to transfer student internship funding to other state agencies. Section 41 allows 2019-21 biennium appropriation authority for the state student internship program to continue to be available in the 2021-23 biennium.

Capitol building fund - Section 20 identifies \$2,168,800 from the Capitol building fund, including \$350,000 for a facility consolidation study, \$300,000 for special assessments associated with the Capitol grounds, \$500,000 for extraordinary repairs, \$518,800 for a building automation project, and \$500,000 for interior and exterior signage projects at the Capitol.

Strategic investment and improvements fund - Section 21 identifies \$3,251,304 from the strategic investment and improvements fund, including \$2,021,204 for the procurement software and \$1,230,100 for budget software.

Grant and expense designations - Section 22 designates the funding for statewide memberships and dues (\$642,089), unemployment insurance (\$2 million), and the Capitol Grounds Planning Commission (\$25,000).

Risk management fund claims payment - Section 23 authorizes OMB to make payments from the risk management fund for attorney's fees incurred by a state employee resulting from a criminal investigation lacking a probable cause.

Securities Commissioner qualifications - Section 25 removes the requirement for the Securities Commissioner to be skilled in securities and removes the restriction that the Securities Commissioner may not hold any other public office.

Notices for certain legacy fund investments - Section 26 requires a notice filing for certain securities held as investments from the legacy fund.

Cooperative agreements for transportation funding - Section 27 creates a new section to Chapter 24-02 authorizing the Department of Transportation to create cooperative agreements for matching federal funds.

Secretary of State salary increase - Section 28 corrects the effective date for the Secretary of State's salary increase.

Clean sustainable energy fund line of credit - Section 29 authorizes the Bank of North Dakota to provide a line of credit of up to \$250 million to support loans or loan guarantees under the clean sustainable energy fund.

Salary increase reporting - Section 30 requires state agencies to report any cumulative salary increases during a biennium for a state employee exceeding 15 percent.

State personnel training and development operating fund - Section 31 allows OMB to retain up to \$100,000 in the state personnel training and development operating fund at the end of each biennium, an increase of \$75,000 from the current limit of \$25,000.

Political subdivision budgets - Section 32 amends Section 54-44.1-18 to remove the requirement for OMB to publish political subdivision budgets to OMB's website.

Environmentally preferable products - Sections 33 and 34 amend Sections 54-44.4-07 and 54-44.4-08 to remove the requirement to specify the amount of recycled content included in the items purchased by the state.

Oil and gas tax revenue allocations - Section 35 increases the allocation of oil and gas tax revenues to the state disaster relief fund by \$5 million, from \$15 million to \$20 million and aligns the allocations to the municipal infrastructure fund and the county and township infrastructure fund to receive allocations at the same time after the allocation to the strategic investment and improvements fund. Sections 36, 37, and 38 establish minimum amounts required to provide distributions from the municipal infrastructure fund and the county and township infrastructure fund.

State Employee Compensation Commission - Section 39 repeals Section 54-06-25 relating to the State Employee Compensation Commission.

Fiscal management exemption - Section 40 allows 2019-21 biennium appropriation authority for the Fiscal Management Division of OMB to continue into the 2021-23 biennium.

Assessment of state lands and facilities exemption - Section 42 allows 2019-21 biennium appropriation authority for the assessment of state lands and facilities to continue to be available in the 2021-23 biennium.

Emergency clause - Section 46 provides an emergency clause related to Section 3 of House Bill No. 1349, selected funding items in Senate Bill No. 2018, and Senate Bill Nos. 2140 and 2317.

Related Legislation

House Bill No. 1025 - Court-ordered judgements - This bill directs OMB to make payments totaling \$875,632 from the litigation funding pool line item in the agency's 2019-21 biennium appropriation for court-ordered judgements.

House Bill No. 1057 - State liability - This bill increases the liability limit for the state and political subdivisions from \$250,000 per person and \$1 million per occurrence to \$500,000 per person and \$2 million per occurrence by July 1, 2026.

House Bill No. 1058 - Leave-sharing program - This bill consolidates the leave-sharing programs for state employees and requires OMB to adopt rules for leave sharing.

House Bill No. 1394 - COVID-19 funding - This bill appropriates federal coronavirus relief funds previously authorized by the Emergency Commission and Budget Section.

House Bill No. 1395 - COVID-19 funding - This bill appropriates federal coronavirus relief funds.

Senate Bill No. 2162 - Electronic bid submission - This bill requires OMB to develop guidelines for submitting bids to the state and requires standard procedures for the electronic submission of bids.

Senate Bill No. 2207 - Emergency Commission requests - This bill clarifies the process for agencies to submit requests to the Emergency Commission and requires the commission to consider each request.