

BUDGET DATA AND APPROPRIATIONS BILL INFORMATION

STATUTORY PROVISIONS RELATED TO BUDGET DATA

North Dakota Century Code (NDCC) Chapter 54-44.1 (attached as an appendix) establishes the Office of the Budget in the Office of Management and Budget. This chapter provides that the Office of Management and Budget is responsible for developing financial policies and plans for budget recommendations to the Legislative Assembly and preparing detailed documents in accordance with the statutory requirements. Sections within Chapter 54-44.1 that relate to budget data include the following:

1. **Section 54-44.1-04** - Identifies the deadline for budget estimates to be filed with the Office of the Budget. This section requires agencies to submit budget estimates for the next biennial budget to the Office of the Budget **by July 15 of each year preceding the regular session** of the Legislative Assembly.
2. **Section 54-44.1-06** - Relates to the contents that the director of the budget must include in preparation of the budget data. This section requires the director of the budget to prepare certain budget data, including:
 - a. Summary statements of the financial condition of the state.
 - b. Statements regarding revenues available.
 - c. Statements of expenditures by budget unit.
 - d. Detailed comparative statements of expenditures and requests for appropriations.
 - e. An estimate of all money required to be raised for the payment of interest upon the funded debt of the state.
 - f. Summary statement of the unappropriated fund balance, estimated revenue, and recommended expenditures.
 - g. Drafts of proposed general and special appropriation acts embodying the budget data and recommendations of the Governor.
 - h. A list of each individual asset or service, excluding real estate with the value of at least \$50,000, acquired in the current biennium and anticipated in the next biennium.
 - i. Such other information as the director of the budget deems desirable.
3. **Section 54-44.1-06.1** - Identifies the contents of the **capital construction bill**. This section requires the Office of Management and

Budget to prepare a capital construction budget and a capital construction bill and that the construction bill include only projects involving bonding.

4. **Section 54-44.1-07** - Relates to the presentation of the **budget data** to the Legislative Assembly. This section details the presentation of the budget data contained in Section 54-44.1-06 and how that information is presented to the Legislative Assembly. The drafts of acts required by Section 54-44.1-06(7) must be submitted within seven days after adjournment of the organizational session. The Legislative Council is to set the time and place at which the budget data is to be presented which currently is presented to the Legislative Assembly during the organizational session in December preceding the regular Legislative Assembly.
5. **Section 54-44.1-08** - Relates to the **contents of the budget report** and when it is submitted to the Legislative Assembly. This section provides that the official budget report must be transmitted by the Governor to all legislators three days after the commencement of the regular session of the Legislative Assembly. The report includes budget data information required in Section 54-44.1-06.

APPROPRIATIONS BILL FORMAT

During the December 8, 2004, meeting of the Budget Section, the following motion was approved by the committee regarding the form of budget data and the format of appropriation bills:

It was moved by Representative Berg, seconded by Representative Timm, and carried on a roll call vote that the Budget Section, pursuant to North Dakota Century Code (NDCC) Section 54-44.1-07 relating to the form of budget data, request the Office of Management and Budget to prepare the appropriation bills for introduction to the 2005 Legislative Assembly in a format that provides:

- **In Section 1 of each bill, an agency's base level funding in an amount that does not exceed the agency's 2003-05 legislative appropriation, by line item and funding source, adjusted for one-time funding provided for the 2003-05 biennium.**
- **In Section 2 of the bill, any enhanced funding being recommended by the Governor for the agency for the 2005-07 biennium by line item and funding source.**

As a result of this motion, the 2005 state agency appropriation bills contained the following three sections instead of only having an appropriation section:

1. Section 1 - Base level funding information - This section contained the amounts that represented the base level funding component for the agency by line item and funding source which **was not to exceed the agency's 2003-05 legislative appropriation** adjusted for one-time funding provided for the 2003-05 biennium.
2. Section 2 - Funding adjustments or enhancements information - This section contained the amounts identified as funding adjustments or enhancements to the base funding level for the agency by line item and funding source.
3. Section 3 - Appropriation - This section contained the 2005-07 **biennium appropriation amount** for the agency by line item and funding source, which was the sum of the amounts contained in Sections 1 and 2 of the bill.

2005 LEGISLATION RELATING TO BUDGET INFORMATION

Several bills were considered during the 2005 legislative session that related to or contained sections related to budget information, including the following:

- **House Bill No. 1015** - Sections 22 and 23 of House Bill No. 1015, as passed by the Legislative Assembly, amended NDCC Sections 54-44.1-06 and 54-44.1-06.1 relating to the preparation of budget data and the contents of the capital construction bill. Section 22 amended Section 54-44.1-06 to provide that appropriation bills prepared by the Office of Management and Budget provide the same funding as approved by the most recently adjourned special or regular session of the Legislative Assembly, with amendments presented to reflect the executive recommendation. In addition, the Office of Management and Budget was to provide the Legislative Assembly with estimated budget information for an additional four-year period beyond the two-year period covered by the executive recommendation. Section 23 amended Section 54-44.1-06.1 to provide that the capital construction bill include only projects involving bonding and that all other capital projects be included in draft amendments to the appropriate agency's appropriations bill. **Both Sections 22 and 23 of House Bill No. 1015 were vetoed by the Governor.**
- **House Bill No. 1035** - Sections 10 and 11 of House Bill No. 1035, as introduced, amended

NDCC Sections 54-44.1-06 and 54-44.1-08 relating to the preparation of budget data and the contents of the budget report when it is submitted to the Legislative Assembly. Section 10 amended Section 54-44.1-06 to provide that the budget data prepared by the Office of Management and Budget must include, for those budget units involved in the government performance and accountability system and which submit budget estimates under Section 54-44.1-04, statements summarizing each agency's or department's **biennial goals and objectives or strategic plan and performance measurement indicators** for recent years and the next biennium. Section 11 amended Section 54-44.1-08 to include the new budget data information in the budget reports to the Legislative Assembly. House Bill No. 1035 as passed by the Legislative Assembly did not contain the amendments to Sections 54-44.1-06 and 54-44.1-08.

- **House Bill No. 1282** - House Bill No. 1282, as introduced, created a new subsection to NDCC Section 54-44.1-06 requiring that **continuing appropriation information** be included in the budget data and amended Section 54-44.1-08 to require that the new budget data information be contained in the budget reports to the Legislative Assembly. House Bill No. 1282 failed to pass the Legislative Assembly.
- **House Bill No. 1301** - House Bill No. 1301, as passed by the Legislative Assembly, created a new subsection to NDCC Section 54-44.1-06 to require that **bonding information** be included in the budget data contents and amended Section 54-44.1-08 to include the new budget data information in the budget reports to the Legislative Assembly. House Bill No. 1301 was vetoed by the Governor.
- **House Bill No. 1304** - House Bill No. 1304, as introduced, created a new subsection to NDCC Section 54-44.1-06 to require that state agency and institution **financing or leasing arrangements** be included in the budget data contents and amended Section 54-44.1-08 to include the new budget data information in the budget reports to the Legislative Assembly. House Bill No. 1304 failed to pass the Legislative Assembly.
- **House Bill No. 1394** - House Bill No. 1394, as introduced, created two new sections of North Dakota Century Code to establish a limitation on the general fund budget increases that are recommended by the Governor or approved by the Legislative Assembly and to create a state reserve fund. House Bill No. 1394, as amended, created a new section of North Dakota Century Code to establish general

fund appropriation guidelines. House Bill No. 1394 failed to pass the Legislative Assembly.

- **House Bill No. 1514** - House Bill No. 1514, as introduced, amended NDCC Sections 54-44.1-06, 54-44.1-06.1, 54-44.1-07, and 54-44.1-08 relating to the executive budget, budget deadlines, and drafts of appropriation bills. The amendment to Section 54-44.1-06 required that drafts of proposed appropriation acts for executive branch departments, agencies, and institutions providing the same funding as approved by the most recently adjourned special or regular session of the Legislative Assembly and amendments to the drafts be included in the budget data and recommendations of the Governor. The amendment to Section 54-44.1-06.1 required that the capital construction bill could only include projects involving bonding, and that all other capital projects funded with general fund money or special funds must be included in draft amendments to the appropriate agency's appropriations bill. The amendment to Section 54-44.1-07 changed the **deadline for budget**

data information to be presented from the organizational session of the Legislative Assembly to the Budget Section no later than November 20 of each even-numbered year, and that drafts of acts and amendments must be submitted to the Legislative Council at the same time as the budget data instead of within seven days after the day of adjournment of the organizational session. The amendment to Section 54-44.1-08 required the official budget report to be transmitted by the Governor to all legislators at the organizational session instead of within three days after the commencement of the session of the Legislative Assembly. House Bill No. 1514 failed to pass the Legislative Assembly.

- **Senate Bill No. 2035** - Senate Bill No. 2035, as passed by the Legislative Assembly, continued the temporary provisions of NDCC Sections 54-44.1-04 and 54-44.1-06 relating to higher education budget requests and the content of budget data to June 30, 2007.

ATTACH:1