

# BUDGET SECTION

The Legislative Management's Budget Section is referred to in various sections of the North Dakota Century Code and the Session Laws of North Dakota. Although there are statutory references to the Budget Section, it is not created by statute. The Budget Section is an interim committee appointed by the Legislative Management. By tradition, the membership of the Budget Section consists of the members of the Senate and House Appropriations Committees, the Majority and Minority Leaders and their assistants, and the Speaker of the House.

Budget Section members were Representatives Larry Bellew (Chairman), Tracy Boe, Randy Boehning, Roger Brabandt, Mike Brandenburg, Al Carlson, Lois Delmore, Jeff Delzer, Kathy Hogan, Richard G. Holman, Tom Kading, Keith Kempenich, Gary Kreidt, Bob Martinson, Lisa Meier, Corey Mock, David Monson, Mike Nathe, Jon O. Nelson, Chet Pollert, Mark Sanford, Mike Schatz, Jim Schmidt, Roscoe Streyle, and Don Vigasaa and Senators Bill L. Bowman, Dick Dever, Robert Erbele, John Grabinger, Joan Heckaman, David Hogue, Ray Holmberg, Ralph Kilzer, Jerry Klein, Karen K. Krebsbach, Gary A. Lee, Tim Mathern, Dave Oehlke, Larry J. Robinson, Ronald Sorvaag, Terry M. Wanzek, and Rich Wardner.

The committee submitted this report to the Legislative Management at the biennial meeting of the Legislative Management in November 2018. The Legislative Management accepted the report for submission to the 66<sup>th</sup> Legislative Assembly.

The following duties assigned to the Budget Section by law or by Legislative Management directive were acted on during the 2017-18 interim:

1. **Annual report from the North Dakota State University (NDSU) Extension Service (Section 11-38-12)** - This section requires, within the duties of the NDSU Extension Service, an annual report to be presented to the Budget Section regarding any adjustments or increases of full-time equivalent (FTE) positions.
2. **Higher education campus improvements and building maintenance (Section 15-10-12.1)** - This section requires the approval of the Budget Section or the Legislative Assembly for campus improvements and building maintenance of more than \$700,000 on land under the control of the State Board of Higher Education (SBHE) which are financed by donations, gifts, grants, and bequests. Budget Section approval can only be provided when the Legislative Assembly is not in session, excluding the 6 months prior to a regular legislative session and the 3 months following the close of a regular session. The Budget Section approval must include a specific dollar limit for each campus improvement or maintenance project. If a request is to be considered by the Budget Section, the Legislative Council must notify each member of the Legislative Assembly and allow any member to present testimony to the Budget Section regarding the request. Campus improvements and building maintenance of \$700,000 or less and the sale of real property received by gift or bequest may be authorized by the board. Any new building or an addition to an existing building with a cost of more than \$700,000 requires approval by the Legislative Assembly.
3. **Sources of funds received for construction projects of entities under the control of SBHE (Section 15-10-12.3)** - This section requires each institution under the control of SBHE undertaking a capital construction project that was approved by the Legislative Assembly and for which local funds are to be used to present a biennial report to the Budget Section detailing the source of all funds used in the project.
4. **SBHE's semiannual project variance reports (Section 15-10-47)** - This section requires the Office of Management and Budget (OMB) to provide to the Budget Section upon request information relating to SBHE's semiannual project variance reports regarding construction projects valued at more than \$250,000.
5. **Annual report from the NDSU Main Research Center (Section 15-12.1-05)** - This section requires, within the duties of the NDSU Main Research Center, an annual report to be presented to the Budget Section regarding any adjustments or increases of FTE positions.
6. **Status of the State Board of Agricultural Research and Education (Section 15-21.2-17(10))** - This section requires, within the duties of the State Board of Agricultural Research and Education, a status report to be provided to the Budget Section.
7. **Annual audits from center of excellence awarded funds under Chapter 15-69 (Section 15-69-05, effective through July 31, 2023)** - This section requires a center of excellence awarded funds under Chapter 15-69 to provide an annual audit report to the Budget Section on the funds distributed to the center until the completion of the Centers of Excellence Commission's postaward monitoring of the center.
8. **State Fire Marshal report on fire departments funding (Section 18-04-02)** - This section provides the Budget Section receive a biennial report from the State Fire Marshal summarizing the expenditures by certified city fire departments, certified rural fire departments, and certified fire protection districts of funds received under Section 18-04-05 and the information on committed and uncommitted reserve fund balances of these entities.

9. **Game and Fish Department land acquisitions (Section 20.1-02-05.1)** - This section requires Budget Section approval for Game and Fish Department land acquisitions of more than 10 acres or \$10,000.
10. **Legacy and Budget Stabilization Fund Advisory Board semiannual reports (Section 21-10-11)** - This section requires the Legacy and Budget Stabilization Fund Advisory Board to provide at least semiannual reports to the Budget Section regarding asset allocation and investment policies developed for the legacy and budget stabilization funds as well as recommendations presented to the State Investment Board regarding investment of funds in the legacy and budget stabilization funds.
11. **Approve expenditures from the state disaster relief fund (Section 37-17.1-27)** - This section requires Emergency Commission and Budget Section approval of expenditures from the state disaster relief fund to provide the required state share of funding for expenses associated with presidentially declared disasters in the state.
12. **Abandoned oil and gas well plugging and site reclamation fund (Section 38-08-04.5)** - This section requires the Industrial Commission to report to the Budget Section on the status of the abandoned oil and gas well plugging and site reclamation fund and related information.
13. **Annual audits of renaissance fund organizations (Section 40-63-07(9))** - This section requires the Department of Commerce Division of Community Services to provide annual reports to the Budget Section on the results of audits of renaissance fund organizations.
14. **Report identifying every state agency that has not submitted a claim for property belonging to that agency (Section 47-30.1-24.1)** - This section requires the Commissioner of the Board of University and School Lands to present a report to the Budget Section identifying every state agency that has not submitted a claim for unclaimed property belonging to that agency within 1 year of receipt of the certified mail notification.
15. **Relinquishment of agency rights to recover property (Section 47-30.1-24.1)** - This section provides each state agency that does not submit a claim for unclaimed property belonging to that agency within 1 year of receipt of the certified mail notification relinquishes its right to recover the property upon approval of the Budget Section.
16. **Job insurance trust fund (Section 52-02-17)** - This section requires Job Service North Dakota report to the Legislative Council before March 1 of each year the actual job insurance trust fund balance and the targeted modified average high-cost multiplier, as of December 31 of the previous year, and a projected trust fund balance for the next 3 years. The Legislative Management has assigned this responsibility to the Budget Section.
17. **Report on the number of employees receiving bonuses above the 25 percent limitation (Section 54-06-30)** - This section authorizes agencies to pay bonuses to not more than 25 percent of the employees employed by the agency on July 1 of each state fiscal year. Human Resource Management Services may approve the payment of bonuses above the 25 percent limitation, but is required to report any exceptions granted under this section to the Budget Section.
18. **Purchase or lease of aircraft by a state agency or entity of state government (Section 54-06-37)** - This section requires Budget Section approval for a state agency or other entity of state government to purchase or lease an aircraft without specific authorization from the Legislative Assembly. This section does not apply to aircraft purchased or leased by the Adjutant General's office or the University of North Dakota (UND) School of Aviation.
19. **Warrants and checks outstanding for more than 90 days and less than 3 years (Section 54-11-01)** - This section requires the State Treasurer to report to the Budget Section, within 90 days of the beginning of each fiscal year, all warrants and checks outstanding for more than 90 days and less than 3 years.
20. **Irregularities in the fiscal practices of the state (Section 54-14-03.1)** - This section requires OMB to submit a written report to the Budget Section documenting:
  - a. Any irregularities in the fiscal practices of the state.
  - b. Areas where more uniform and improved fiscal procedures are desirable.
  - c. Any expenditures or governmental activities contrary to law or legislative intent.
  - d. The use of state funds to provide bonuses, cash incentive awards, or temporary salary adjustments for state employees.
21. **Transfers exceeding \$50,000 (Section 54-16-04(2))** - This section provides, subject to Budget Section approval, the Emergency Commission may authorize a transfer of more than \$50,000 from one fund or line item to another. Budget Section approval is not required if the transfer is necessary to comply with a court order, to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis, or to avoid an imminent financial loss to the state.

22. **Acceptance of federal funds for a specific purpose or program which were not appropriated (Section 54-16-04.1(4))** - This section provides, upon approval by the Emergency Commission and Budget Section, the state may accept any federal funds made available to the state which are not for a specific purpose or program and which are not required to be spent prior to the next regular legislative session for deposit into a special fund until the Legislative Assembly appropriates the funds.
23. **Acceptance and expenditure of federal funds of more than \$50,000 which were not appropriated (Section 54-16-04.1).**
  - a. Acceptance of federal funds - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to accept more than \$50,000 of federal funds which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money. Budget Section approval is not required if the acceptance is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state.
  - b. Expenditure of federal funds - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to spend more than \$50,000 of federal funds which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money.
24. **Acceptance and expenditure of other funds of more than \$50,000 which were not appropriated (Section 54-16-04.2).**
  - a. Acceptance of other funds - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to accept more than \$50,000 from gifts, grants, donations, or other sources which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money or programs. Budget Section approval is not required if the acceptance is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state.
  - b. Expenditure of other funds - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to spend more than \$50,000 from gifts, grants, donations, or other sources which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money or programs.
25. **Housing units owned or master leased by cities, counties, school districts, or other employers of essential service workers (Section 54-17-40)** - This section requires the Housing Finance Agency to provide a report each biennium to the Budget Section on the progress being made to reduce the overall number of units owned, master leased, or subsidized by these entities.
26. **North Dakota Outdoor Heritage Advisory Board (Section 54-17.8-07)** - This section provides the Budget Section receive a report from the North Dakota Outdoor Heritage Advisory Board on a biennial basis regarding the activities of the board.
27. **Department of Corrections and Rehabilitation (DOCR) annual report on the department's prison population management plan (Section 54-23.3-11)** - Section 54-23.3-11 requires DOCR to provide an annual report to the Budget Section regarding the department's prison population management plan and inmate admissions and the number of inmates the department has not admitted after sentencing.
28. **Reports from state agencies that applied for federal grants estimated to be \$25,000 or more (Section 54-27-27)** - This section requires OMB to present at each meeting of the Budget Section reports received from state agencies other than entities under the control of SBHE that have applied for federal grants estimated to be \$25,000 or more.
29. **Tobacco settlement funds (Section 54-44-04(23))** - This section requires the Director of OMB to report to the Budget Section on the status of tobacco settlement funds and related information.
30. **Form of budget data (Section 54-44.1-07)** - This section requires the Director of the Budget to prepare budget data in the form prescribed by the Legislative Council and to present it to the Legislative Assembly at a time and place set by the Legislative Council. Drafts of proposed general and special appropriations Acts embodying the budget data and recommendations of the Governor for appropriations for the next biennium and drafts of such revenues and other Acts recommended by the Governor for putting into effect the proposed financial plan must be submitted to the Legislative Council within 7 days after the day of adjournment of the organizational session. The Budget Section was assigned this responsibility.
31. **Annual audits from a center of research excellence (Section 54-65-03)** - This section requires a center of research excellence receiving funds under Chapter 54-65 to provide its annual audit to the Budget Section on funds distributed to the center.

32. **Annual report Standing Rock Sioux Tribe agreements (Section 57-39.8-02)** - This section provides the Budget Section receive a report from the Standing Rock Sioux Tribe annually regarding any agreements entered by the Standing Rock Sioux Tribe under Chapter 57-39.8.
33. **Three Affiliated Tribes investment of oil and gas tax receipts (Section 57-51.2-02)** - This section provides the Budget Section receive a report from the Three Affiliated Tribes annually regarding investment of oil and gas tax receipts in essential infrastructure and fees, expenses, and charges the tribe imposes on the oil industry.
34. **Hub city annual report on use of funding received from allocations from the oil and gas gross production tax (Section 12 of House Bill No. 1358 (2013))** - This bill provides the Budget Section receive a report from a representative of a hub city annually on the use of funding received from allocations from the oil and gas gross production tax under Section 57-51-15.
35. **Federal funds report** - Receive a report from the Legislative Council staff in the fall of 2018 on the status of the state's federal funds receipts for the current biennium and estimated federal funds receipts for the subsequent biennium.
36. **Report from the Governor on federal funds (Section 4 of House Bill No. 1001 (2017))** - This section requires the Governor's office to provide a report to the Budget Section regarding the source, amount, and purpose of any additional income from federal or other funds received. This report was also required in Section 3 of Senate Bill No. 2001 (2015).
37. **Industrial Commission litigation fund (Section 5 of House Bill No. 1003 (2017))** - This section requires the Attorney General to provide quarterly reports to the Budget Section regarding all expenditures for litigation-related expenses from the Industrial Commission's litigation fund during the 2017-18 interim.
38. **Report regarding any transfers between line items and between subdivisions in excess of \$50,000 (Section 4 of House Bill No. 1012 (2017))** - This section requires the Department of Human Services (DHS) to report to the Budget Section after June 30, 2018, on any transfers in excess of \$50,000 made during the 2017-19 biennium between line items within each subdivision and between subdivisions.
39. **Bank of North Dakota loans (Section 20 of House Bill No. 1015 (2017))** - This section amended Section 6-09-15.1 to require OMB to provide a report to the Budget Section regarding any loans obtained from the Bank of North Dakota when the balance in the state general fund is insufficient to meet legislative appropriations. The total principal of any loans may not exceed \$50 million.
40. **Property tax increases (Section 26 of House Bill No. 1015 (2017))** - This section amended Section 57-20-04 to require the Tax Commissioner to compile information received from county auditors and prepare a statewide report of property taxes to provide to the Budget Section by April 1 of each year. The report must include the annual increase in property taxes levied by each taxing district of the state after adjusting for property that was not taxable in the preceding year and property that is no longer taxable which was taxable in the preceding year.
41. **Statewide interoperable radio network (SIRN) status reports (Section 7 of House Bill No. 1178 (2017))** - This section requires the Information Technology Department (ITD) to provide status reports to the Budget Section during the 2017-18 interim regarding the implementation and progress of SIRN.
42. **Department of Transportation fees (Section 13 of Senate Bill No. 2012 (2017))** - This section requires the Department of Transportation to provide reports by September 30, 2017, and September 30, 2018, regarding all fees charged by the department in comparison to the actual cost of providing the services for which the fee is charged.
43. **NDSU Extension Service efficiency and effectiveness (Section 15 of Senate Bill No. 2020 (2017))** - This section requires the State Board of Agricultural Research and Education to provide a report to the Budget Section by March 31, 2018, regarding its findings and recommendations to increase the efficiency and effectiveness of the NDSU Extension Service.
44. **Integrated carbon plant project (Section 3 of Senate Bill No. 2196 (2017))** - This section requires SBHE to provide a report to the Budget Section during the 2017-18 interim regarding the status of the integrated carbon plant project at Valley City State University.

The following duties assigned to the Budget Section by law or by Legislative Management directive are scheduled to be addressed by the Budget Section at its December 2018 meeting:

1. **Report on specified commodities and services exempted from the procurement requirements of Section 54-44.4-02.2** - This section requires the Director of OMB to report to the Budget Section in December of even-numbered years on specified commodities and services exempted by written directive of the Director from the procurement requirements of Chapter 54-44.4.

2. **Industrial Commission contingency funding (Section 7 of Senate Bill No. 2014 (2017))** -This section provides, subject to Budget Section approval, the Industrial Commission may spend \$221,737 from its contingencies line item and hire 2 FTE positions if the total number of wells capable of production and injection exceeds 18,200.
3. **Youth Correctional Center study (Section 13 of Senate Bill No. 2015 (2017))** - This section requires DOCR to provide a report to the Budget Section regarding the results of its Youth Correctional Center study.
4. **Review and report on budget data (Legislative Management directive)** - Pursuant to Legislative Management directive, the Budget Section is to review and report on the budget data prepared by the Director of the Budget and presented to the Legislative Assembly during the organizational session.

The following duties assigned to the Budget Section by law or by Legislative Management directive did not require action by the Budget Section during the 2017-18 interim:

1. **Investment in real property by the Board of University and School Lands (Section 15-03-04)** - This section provides Budget Section approval is required prior to the Board of University and School Lands purchasing, as sole owner, commercial or residential real property in North Dakota.
2. **Reduction of the game and fish fund balance below \$15 million (Section 20.1-02-16.1)** - This section provides the Game and Fish Department can spend money in the game and fish fund within the limits of legislative appropriations; only to the extent the balance of the fund is not reduced below \$15 million, unless otherwise authorized by the Budget Section.
3. **Provision of contract services by the Life Skills and Transition Center (Section 25-04-02.2)** - This section provides, subject to Budget Section approval, the Life Skills and Transition Center may provide services under contract with a governmental or nongovernmental person.
4. **Waiver of exemption of special assessments levied for flood control purposes on state property (Section 40-23-22.1)** - This section provides state property in a city is exempt from special assessments levied for flood control purposes unless the governing body of the city requests waiver of the exemption and the exemption is completely or partially waived by the Budget Section. The exemption does not apply to any privately owned structure, fixture, or improvement located on state-owned land if the structure, fixture, or improvement is used for commercial purposes unless the structure, fixture, or improvement is primarily used for athletic or educational purposes at a state institution of higher education.
5. **Change or expansion of state building construction projects (Section 48-01.2-25)** - This section provides a state agency or institution may not significantly change or expand a building construction project approved by the Legislative Assembly unless the change, expansion, or additional expenditure is approved by the Legislative Assembly or the Budget Section if the Legislative Assembly is not in session, excluding the 6 months prior to a regular legislative session and the 3 months following the close of a regular session.
6. **Termination of food stamp program (Section 50-06-05.1(16))** - This section provides, subject to Budget Section approval, DHS may terminate the food stamp program if the rate of federal financial participation in administrative costs is decreased or if the state or counties become financially responsible for the coupon bonus payments.
7. **Termination of energy assistance program (Section 50-06-05.1(18))** - This section provides, subject to Budget Section approval, DHS may terminate the energy assistance program if the rate of federal financial participation in administrative costs is decreased or if the state or counties become financially responsible for the energy assistance program payments.
8. **Transfers resulting in program elimination (Section 54-16-04(1))** - This section provides, subject to Budget Section approval, the Emergency Commission may authorize a transfer which would eliminate or make impossible the accomplishment of a program or objective for which funding was provided by the Legislative Assembly.
9. **Consider authorization of additional FTE positions (Section 54-16-04.3)** - This section provides, on the advice of OMB and the recommendation of the Emergency Commission, the Budget Section may approve the employment by a state officer of FTE positions in addition to those authorized by the Legislative Assembly.
10. **Transfers of spending authority from the state contingencies appropriation exceeding \$50,000 (Section 54-16-09)** - This section provides, subject to Budget Section approval, the Emergency Commission may authorize a transfer of more than \$50,000 from the state contingencies line item to the appropriate line item in the appropriation of the state officer who requested the transfer. Budget Section approval is not required if the transfer is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state. A total of \$600,000 was provided for the 2017-19 biennium.

11. **Report from the Industrial Commission on revenue impacts in excess of \$20 million (Section 54-17-42)** - This section requires if any order, regulation, or policy of the Industrial Commission necessary to implement the provision of Chapter 38-08 has an estimated fiscal effect on the state in excess of \$20 million in a biennium, the Industrial Commission will provide a report to the Budget Section regarding the fiscal impact on state revenues and expenditures, including any effect on the funds of the Industrial Commission.
12. **Capital improvements preliminary planning revolving fund (Section 54-27-22)** - This section provides before any funds can be distributed from the preliminary planning revolving fund to a state agency, institution, or department, the Budget Section must approve the request (approximately \$135,000 is estimated to be available in the fund as of June 30, 2017).
13. **Cashflow financing (Section 54-27-23)** - This section provides that in order to meet the cashflow needs of the state, OMB may borrow, subject to Emergency Commission approval, from special funds on deposit in the state treasury. However, the proceeds of any such indebtedness cannot be used to offset projected deficits in state finances unless first approved by the Budget Section. Additional cashflow financing, subject to certain limitations, must be approved by the Budget Section.
14. **Budget stabilization fund (Section 54-27.2-03)** - This section provides any transfers from the budget stabilization fund must be reported to the Budget Section.
15. **Purchases of "put" options (Section 54-44-16)** - This section requires OMB to report any purchases of "put" options to the Budget Section.
16. **Objection to budget allotments or expenditures (Section 54-44.1-12.1)** - This section allows the Budget Section to object to a budget allotment, an expenditure, or the failure to make an allotment or expenditure if such action is contrary to legislative intent.
17. **Budget reduction due to initiative or referendum action (Section 54-44.1-13.1)** - This section provides, subject to Budget Section approval, the Director of the Budget may reduce state agency budgets by a percentage sufficient to cover estimated revenue reductions caused by initiative or referendum action.
18. **Requests by ITD to finance the purchase of software, equipment, or implementation of services (Section 54-59-05(4))** - This section requires ITD to receive Budget Section or Legislative Assembly approval before executing any proposed agreement to finance the purchase of software, equipment, or implementation of services in excess of \$1 million. The department may finance the purchase of software, equipment, or implementation of services only to the extent the purchase amount does not exceed 7.5 percent of the amount appropriated to the department during that biennium.
19. **Extraterritorial workers' compensation insurance (Section 65-08.1-02)** - This section authorizes Workforce Safety and Insurance to establish, subject to Budget Section approval, a casualty insurance organization to provide extraterritorial workers' compensation insurance.
20. **Approval of North Central Research Extension Center and Williston Research Extension Center property (Section 1 of Senate Bill No. 2352 (2013))** - This bill required Budget Section approval conveyance of the North Central Research Extension Center and Williston Research Extension Center property.
21. **State Water Commission expenditure of additional amounts that become available in the resources trust fund and the water development trust fund in excess of the 2017-19 biennium appropriation (Section 3 of House Bill No. 1020 (2017))** - This section requires Budget Section approval for State Water Commission expenditure of funds that become available in the resources trust fund and the water development trust fund in excess of 2017-19 biennium appropriations. This requirement also was established in Section 5 of Senate Bill No. 2020 (2015).
22. **State Water Commission project funding designations (Section 5 of House Bill No. 1020 (2017))** - This section identifies specific purposes for the funding provided in the water and atmospheric resources line item in Section 1 of House Bill No. 1020. Budget Section approval is required for any transfers between these designated purposes proposed by the State Water Commission.
23. **Red River Valley Water Supply Project funding designations (Section 7 of House Bill No. 1020 (2017))** - This section requires Budget Section approval to allow the Garrison Diversion Conservancy District to change funding between designations for the Red River Valley Water Supply Project.
24. **Red River Valley Water Supply Project certifications (Section 8 of House Bill No. 1020 (2017))** - This section requires that the Budget Section receive and approve certification from the State Water Commission and the State Engineer that all items listed in subsection 1 of Section 8 of House Bill No. 1020 related to the Red River Valley Water Supply Project have been accomplished.

25. **Western Area Water Supply Authority loan payment (Section 10 of House Bill No. 1020 (2017))** - This section requires the State Water Commission to obtain Budget Section approval for a payment of a Western Area Water Supply Authority defaulted consolidation loan payment.
26. **SIRN loan approval (Section 7 of House Bill No. 1178 (2017))** - This section requires ITD to obtain Budget Section approval for a loan for the expenses of SIRN.
27. **SBHE tuition increases (Section 27 of Senate Bill No. 2003 (2017))** - This section requires SBHE to obtain Budget Section approval of any tuition rate increases of more than 4 percent for the 2017-18 or 2018-19 academic years.
28. **Department of Trust Lands information technology project (Section 12 of Senate Bill No. 2013 (2017))** - This section requires that of the \$3.6 million appropriated from the state lands maintenance fund to the Department of Trust Lands for an information technology project, the department must receive Budget Section approval prior to spending \$1.8 million for the project.
29. **Federal block grant hearings (Senate Concurrent Resolution No. 4001 (2017))** - This resolution authorizes the Budget Section, through September 30, 2019, to hold any required legislative hearings for federal block grants.

**OFFICE OF MANAGEMENT AND BUDGET**  
**2015-17 Biennium General Fund Revenues and Expenditures**

The Budget Section received a report from OMB on the final status of the general fund for the 2015-17 biennium:

Unobligated general fund balance - July 1, 2015		\$729,529,389
Balance obligated for authorized carryover from the 2013-15 biennium		147,653,143
Total beginning general fund balance - July 1, 2015		\$877,182,532
Add		
General fund collections		4,121,719,959
Total revenue available		\$4,998,902,491
Less		
Legislative appropriations	(\$6,026,158,028)	
Contingent appropriation - Department of Transportation	(20,000,000)	
4.05% allotment (executive branch only)	239,120,391	
4.05% allotment (legislative branch and Supreme Court)	5,749,197	
2.5% allotment (all branches)	151,154,064	
Restore funding for Department of Human Services and Department of Corrections and Rehabilitation	(36,535,880)	
Authorized carryover from previous biennium	(147,653,143)	
2015-17 biennium authority used in 2013-15 biennium pursuant to emergency clause	9,858,196	
Supplemental appropriations authorized by 2017 Legislative Assembly	(617,010)	
Total appropriations		(5,825,082,213)
Unspent appropriation authority (turnback)		97,846,781
Estimated ending general fund balance - June 30, 2015 - Before transfers		(\$728,332,941)
Transfer from budget stabilization fund	\$572,485,454	
Transfer from Bank of North Dakota	100,000,000	
Transfer from strategic investment and improvements fund	155,000,000	
Transfer to budget stabilization fund	(32,202,755)	
Net effect of other transfers, adjustments, and cash certifications	(1,949,758)	
Total transfers and adjustments		793,332,941
Ending general fund balance - June 30, 2017		\$65,000,000

**2015-17 Biennium General Fund Turnback**

The Budget Section received a report from OMB on the 2015-17 biennium agency unspent general fund appropriation amounts (turnback). Unspent 2015-17 biennium general fund appropriation authority (turnback) totaled approximately \$97.8 million. The Department of Public Instruction had turnback of \$37.1 million, which was a result of reduced state school aid spending due to lower than anticipated enrollment growth, and DHS had turnback of \$27.3 million, which related primarily to Medicaid and salaries and wages savings.

### 2015-17 Biennium Capital Construction Carryover

The Budget Section received a report from OMB on 2015-17 biennium capital construction carryover. The Office of Management and Budget reported funding of \$89.5 million for the 2015-17 biennium was continued into the 2017-19 biennium. The Office of Management and Budget reported of the \$89.5 million, approximately \$7.2 million is from the general fund.

### 2017-19 Status of the General Fund

At each Budget Section meeting, a representative of OMB reviewed the status of the state general fund and revenue collections for the 2017-19 biennium. The following is a summary of the status of the state general fund, based on actual revenue collections through August 2018, and reflecting the 2017 legislative forecast for the remainder of the 2017-19 biennium:

Unobligated general fund balance - July 1, 2017		\$65,000,000
Balance obligated for authorized carryover from the 2015-17 biennium		99,271,093
Total beginning general fund balance - July 1, 2017		\$164,271,093
Add		
General fund collections through August 2018	\$2,834,496,132	
Forecast general fund revenue for the remainder of the 2017-19 biennium	1,600,526,932	
Total revenues		4,435,023,064
Total available		\$4,599,294,157
Less		
Legislative appropriations - One-time	(\$14,638,226)	
Legislative appropriations - Ongoing	(4,295,624,415)	
Authorized carryover from the 2015-17 biennium	(99,271,093)	
Total appropriations		(4,409,533,734)
Less anticipated deficiency requests:		
Adjutant General	(\$15,500,802)	
State Historical Society	(280,000)	
Office of Management and Budget	(408,000)	
Total anticipated deficiency requests		(16,188,802)
Add anticipated turnback:		
Governor's office	\$265,928	
Department of Public Instruction - State school aid	11,300,000	
Total anticipated turnback		11,565,928
Estimated ending general fund balance - June 30, 2019		\$185,137,549 <sup>1</sup>

<sup>1</sup>Pursuant to Chapter 54-27.2, any end-of-biennium balance in excess of \$65 million is transferred to the budget stabilization fund, up to a maximum of 15 percent of general fund appropriations.

The Budget Section was informed as of August 2018, the balance in the budget stabilization fund was \$113.3 million, the balance in the legacy fund was \$5.7 billion, the balance in the foundation aid stabilization fund was \$480.6 million, the balance in the tax relief fund was \$200.0 million, and the balance in the strategic investment and improvements fund was \$325.8 million.

### 2017-19 Biennium Actual and Revised Revenues

The Budget Section received OMB's September 2018 revised 2017-19 biennium general fund revenue forecast. The revised revenue forecast includes an increase of \$136.5 million of general fund revenue compared to the 2017 legislative forecast for the 2017-19 biennium. The following is a summary of the revised revenue forecast:

Tax Type	2017 Legislative Forecast	September 2018 Revised Revenue Forecast	Amount of Increase (Decrease) from Legislative Forecast	Percentage Increase (Decrease) from Legislative Forecast
Sales and use taxes	\$1,701,747,285	\$1,722,635,206	\$20,887,921	1.2%
Motor vehicle excise tax	220,003,000	231,144,237	11,141,237	5.1%
Individual income tax	698,728,000	757,683,125	58,955,125	8.4%
Corporate income tax	102,088,415	164,894,170	62,805,755	61.5%
Insurance premium tax	129,637,121	109,325,897	(20,311,224)	(15.7%)
Gaming tax	7,301,480	6,528,321	(773,159)	(10.6%)
Cigarette and tobacco tax	53,247,000	52,054,548	(1,192,452)	(2.2%)
Wholesale liquor tax	18,083,000	17,877,575	(205,425)	(1.1%)
Coal conversion tax	39,564,000	41,937,227	2,373,227	6.0%
Mineral leasing fees	30,500,000	31,930,066	1,430,066	4.7%



<b>Tax Type</b>	<b>2017 Legislative Forecast</b>	<b>September 2018 Revised Revenue Forecast</b>	<b>Amount of Increase (Decrease) from Legislative Forecast</b>	<b>Percentage Increase (Decrease) from Legislative Forecast</b>
Departmental collections	81,983,864	83,429,678	1,445,814	1.8%
Interest income	8,000,000	7,944,850	(55,150)	(0.7%)
<b>Total revenues</b>	<b>\$3,090,883,165</b>	<b>\$3,227,384,900</b>	<b>\$136,501,735</b>	<b>4.4%</b>

### 2017-19 Oil Tax Revenue Allocations

The Budget Section received OMB's revised 2017-19 biennium oil tax revenue forecast in September 2018. The revised estimated oil tax revenue will be \$1.5 billion more than the 2017 legislative forecast. The revised forecast estimates an average North Dakota price of \$58 per barrel of oil compared to \$47 in the 2017 legislative forecast and production ending at 1.23 million barrels per day compared to 950,000 barrels per day during the 2<sup>nd</sup> year of the biennium in the legislative forecast. The following is a summary of the revised revenue forecast for 2017-19 biennium oil tax revenue allocations:

<b>Allocation</b>	<b>2017 Legislative Forecast</b>	<b>September 2018 Revised Revenue Forecast</b>	<b>Revised Forecast Increase (Decrease) to Original Forecast</b>	<b>Percentage Increase (Decrease)</b>
Political subdivisions	\$499,644,769	\$666,578,370	\$166,933,601	33.4%
Three Affiliated Tribes	233,972,756	440,328,146	206,355,389	88.2%
Legacy fund	865,827,862	1,243,174,990	377,347,128	43.6%
Foundation aid stabilization fund	130,926,961	179,803,662	48,876,701	37.3%
Common schools trust fund	130,926,961	179,803,662	48,876,701	37.3%
Resources trust fund	258,653,919	356,407,324	97,753,405	37.8%
Renewable energy development fund	3,000,000	3,000,000	0	0.0%
Energy conservation grant fund	200,000	200,000	0	0.0%
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact fund	29,145,670	28,353,446	(792,224)	(2.7%)
North Dakota outdoor heritage fund	10,871,198	10,799,177	(72,021)	(0.7%)
Abandoned well and site reclamation fund	8,435,599	8,399,588	(36,010)	(0.4%)
General fund	400,000,000	400,000,000	0	0.0%
Tax relief fund	200,000,000	200,000,000	0	0.0%
Budget stabilization fund	75,000,000	75,000,000	0	0.0%
State disaster relief fund	0	0	0	0.0%
Energy impact fund	4,000,000	4,000,000	0	0.0%
Lignite research fund	3,000,000	3,000,000	0	0.0%
Strategic investment and improvements fund	256,459,929	775,396,416	518,936,487	202.3%
<b>Total revenues</b>	<b>\$3,120,065,624</b>	<b>\$4,584,244,781</b>	<b>\$1,464,179,157</b>	<b>46.9%</b>

### Preliminary 2019-21 Revenue Forecast

The Budget Section received the OMB preliminary revenue forecast for the 2019-21 biennium. The preliminary 2019-21 biennium revenue forecast includes estimated general fund revenue of \$3.4 billion for the 2019-21 biennium, \$156.4 million more than the 2017-19 biennium revised forecast and \$292.9 million more than the 2017 legislative forecast for the 2017-19 biennium.

The preliminary 2019-21 biennium revenue forecast prepared by OMB includes estimated oil tax revenue of \$4.8 billion, \$245.3 million more than the 2017-19 biennium revised forecast and \$1.7 billion more than the 2017 legislative forecast. The preliminary 2019-21 biennium revenue forecast estimates an average North Dakota oil price of \$53 per barrel and production of 1.31 million barrels per day.

### Employee Bonuses

The Office of Management and Budget reported to the Budget Section in September 2017 and September 2018 regarding the number of employees receiving bonuses exceeding the 25 percent limitation pursuant to Section 54-06-30. Agencies may not give bonuses to more than 25 percent of their employees except in special circumstances approved by Human Resource Management Services, and Human Resource Management Services is required to report exceptions to the Budget Section. In September 2017, OMB reported no agencies made requests or exceeded the 25 percent limitation during fiscal year 2017. In September 2018, OMB reported during fiscal year 2018, 21 state agencies awarded 257 performance bonuses to employees, totaling \$236,941. Of the 21 state agencies, the North Dakota School for the Blind and the Insurance Commissioner exceeded the 25 percent employee bonus limitation.

### Fiscal Irregularities

Pursuant to Section 54-14-03.1, the Budget Section received reports from OMB on irregularities in the fiscal practices of the state. Fiscal irregularities include the use of state funds to provide bonuses, cash incentive awards, and temporary

salary adjustments for state employees. The Office of Management and Budget identified the following fiscal irregularities:

<b>Agency</b>	<b>Description</b>	<b>Amount</b>
Adjutant General	Voluntary separation incentive program	\$19,013
Attorney General	Additional duties assumed by one individual	\$1,415
Attorney General	Voluntary separation incentive program	\$208,406
Department of Commerce	Workload adjustment for one individual	\$553
Department of Commerce	Severance payments for a reduction-in-force for 13 individuals	\$190,722
Department of Corrections and Rehabilitation	Voluntary separation incentive program	\$16,171
Department of Corrections and Rehabilitation	Additional duties performed by two individuals related to the special operations response team from May to August 2017 (\$150 per person per month)	\$1,200
Department of Corrections and Rehabilitation	Compensation for additional workload for two individuals	\$1,560
Department of Corrections and Rehabilitation	Stipends provided for teacher licenses for three individuals	\$2,400
Council on the Arts	Additional duties assumed by three individuals related to various grant reporting from July 2016 to June 2017	\$19,200
Council on the Arts	Overspent salaries and wages line item in 2015-17 biennium. Overage will be charged to the 2017-19 biennium appropriation.	\$2,645
Department of Financial Institutions	Voluntary separation incentive program for two individuals	\$44,937
Highway Patrol	Voluntary separation incentive program for three individuals	\$44,455
Department of Human Services	Reduction in force of 1 individual	\$9,592
Department of Human Services	Voluntary separation incentive program for 69 individuals	\$1,198,172
Department of Human Services	Settlement agreement for two individuals	\$17,392
Department of Human Services	Negotiated settlement agreement for one individual	\$57,268
Indian Affairs Commission	Voluntary separation incentive program	\$17,127
Judicial branch	Additional hours worked by one individual while coworker was on maternity leave	\$705
North Dakota Vision Services - School for the Blind	Pay adjustment for seven teachers working additional days for summer contracts	\$18,840
North Dakota Vision Services - School for the Blind	One teacher retired prior to 12-month contract concluding. Compensation for remaining 3 months of contract and 10 percent of sick leave	\$10,946
Office of Management and Budget	Additional duties assumed by two individuals	\$14,500
Office of Management and Budget	Voluntary separation incentive program	\$111,505
Parks and Recreation Department	Additional duties assumed by one individual	\$3,000
Parks and Recreation Department	Voluntary separation incentive program for two individuals	\$44,911
Public Employees Retirement System	Compensation for additional workload for three individuals	\$2,884
Retirement and Investment Office	Retroactive pay for two employees as a result of additional workload due to coworker maternity leave	\$1,300
Retirement and Investment Office	Additional duties performed by six individuals due to a position vacancy	\$6,575
Securities Department	Pay increase approved by the Governor on January 30, 2018, for work performed by one individual since July 1, 2017	\$10,192
Soybean Council	Additional workload for one individual while in dual role of Executive Director and Director of Market Development	\$10,000
State Auditor	Settlement agreements for two individuals	\$36,555
State Auditor	Voluntary separation incentive program for one individual	\$21,707
State Department of Health	Severance agreement for one individual	\$26,652
State Department of Health	Voluntary separation incentive program for two individuals	\$57,343
State Department of Health	Compensation awarded to one individual based on an Office of Administrative Hearings decision	\$6,050
State Department of Health	Sick leave payout for one individual	\$1,599
State Department of Health	Compensation for additional strategic and organizational responsibilities for two individuals	\$1,382
State Water Commission	Voluntary separation incentive program for four individuals	\$90,066

<b>Agency</b>	<b>Description</b>	<b>Amount</b>
Tobacco Prevention and Control Committee	Employee severance packages relating to elimination of agency	\$400,739
Department of Trust Lands	Settlement agreement for one individual	\$38,858
Department of Veterans' Affairs	Reduction in force of one individual	\$10,719
Veterans' Home	Severance agreement for one individual	\$45,000
Workforce Safety and Insurance	Compensation for additional workload for one individual	\$1,356

### **Tobacco Settlement Proceeds**

Pursuant to Section 54-44-04, the Budget Section received reports on tobacco settlement proceeds received by the state. The Office of Management and Budget reported for the 2017-19 biennium to date through July 2018, approximately \$53.1 million had been received by the state and deposited in the tobacco settlement trust fund. Payments received by the state and deposited in the tobacco settlement trust fund since December 1999 total \$475.0 million. Of the \$53.1 million, \$29.1 million was transferred to the community health trust fund, \$23.8 million was transferred to the water development trust fund, and \$200,000 was appropriated by the 2017 Legislative Assembly to the Attorney General.

The Attorney General reported to the Budget Section in July 2018 regarding recent tobacco settlement payments received from tobacco companies. The Attorney General reported tobacco companies participating in the Master Settlement Agreement previously claimed North Dakota did not appropriately enforce the requirement of nonparticipating tobacco companies to deposit settlement claims into an escrow account. The Attorney General reported this resulted in the participating tobacco companies withholding payment from North Dakota. The Budget Section was informed North Dakota reached a settlement with the tobacco companies, resulting in \$34 million being paid to North Dakota to settle all existing tobacco-related claims. The Attorney General reported the \$34 million settlement was received in April 2018 as part of the \$53.1 million payments.

Prior to the 2017-19 biennium, tobacco settlement funds were distributed as follows--10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. The tobacco settlement payments during the 2017-19 biennium are distributed 55 percent to the community health trust fund, 0 percent to the common schools trust fund, and 45 percent to the water development trust fund. At the conclusion of the current biennium, the allocation percentages will revert to the percentage format established prior to the 2017-19 biennium.

### **Voluntary Separation Incentive Program**

The Office of Management and Budget reported to the Budget Section in June 2017 regarding the status of the 2017 voluntary separation incentive program. The Office of Management and Budget reported 17 agencies offered the program, resulting in 200 employee applications for the program, of which 158 applications were accepted. The Office of Management and Budget reported the estimated cost of the 158 agreements was \$3 million.

The Office of Management and Budget reported to the Budget Section in September 2018 regarding the status of the 2018 voluntary separation incentive program. The Office of Management and Budget reported 19 agencies offered the program, resulting in 295 employee applications for the program, of which 40 applications had been accepted. After the Budget Section concluded its business, OMB accepted an additional 179 applications, resulting in a total of 219 accepted applications.

### **Deficiency Appropriations**

The Office of Management and Budget reported to the Budget Section in September 2018 regarding anticipated deficiency appropriations for the 2017-19 biennium. The Office of Management and Budget reported three agencies anticipate requesting deficiency appropriations totaling \$16.2 million from the 2019 Legislative Assembly. The Office of Management and Budget anticipates requesting \$408,000 for expenditures related to the Heritage Center expansion project lawsuit; the Adjutant General anticipates requesting \$15.5 million for 2017 flood disaster costs (\$1.2 million), to repay a loan for costs relating to the unlawful activity associated with the construction of the Dakota Access Pipeline (\$12.8 million), and to repay a loan for the 2017 emergency hay transportation program (\$1.5 million); and the State Historical Society anticipates requesting a deficiency appropriation of \$280,000 for legal expenditures related to the Heritage Center expansion project lawsuit.

## **EXECUTIVE BUDGET DEVELOPMENT**

The Budget Section received reports from OMB regarding the development of the 2019-21 biennium executive budget. The anticipated budget participation activities and timeline are as follows:

<b>Executive Budget Development Activities</b>	<b>Time Period</b>
Budget request guidelines for state agencies	April through May 2018
Preliminary revenue forecast	July through August 2018
Budget requests due from state agencies	July 15, 2018
Budget meetings with state agencies	August through mid-October 2018
Executive revenue forecast is prepared	November 2018
Budget recommendation presented to the Legislative Assembly	Early December 2018

The Budget Section was informed the Governor directed agencies to develop 2019-21 biennium budget requests as follows:

<b>Criteria</b>	<b>Governor's 2019-21 Biennium Budget Guidelines</b>
2017-19 biennium general fund appropriation of \$5 million or more	10 percent reduction to 2017-19 ongoing expenditures
2017-19 biennium general fund appropriation of less than \$5 million	5 percent reduction to 2017-19 ongoing expenditures
FTE positions authorized for the 2017-19 biennium of 20 or more	Reduction of 5 percent of 2017-19 authorized FTE positions
FTE positions authorized for the 2017-19 biennium of fewer than 20	No reduction of FTE positions

The Governor also directed agencies to prepare an additional 3 percent contingent reduction to ongoing funding.

### **Federal Grant Applications**

The Office of Management and Budget reported quarterly to the Budget Section regarding state agencies applying for federal grants estimated to be \$25,000 or more pursuant to Section 54-27-27. Section 54-27-27 requires OMB to present at each meeting of the Budget Section reports received from state agencies, other than entities under the control of SBHE, which have applied for federal grants estimated to be \$25,000 or more. The Office of Management and Budget reported the following agencies applied for federal grants estimated to be \$25,000 or more:

<b>Agency</b>	<b>Time Period of Grant</b>	<b>Amount</b>
<b>June 2017</b>		
Attorney General	2 years	\$496,626
Department of Human Services	2 years, 5 months	\$4,000,000
<b>September 2017</b>		
Attorney General	August 2016 through December 2017	\$13,850,000
Department of Transportation	January 2018 through January 2021	\$1,584,000
<b>December 2017</b>		
Department of Transportation	2017 through 2025	\$25,000,000
Department of Transportation	2017 through 2025	\$25,000,000
Department of Transportation	2017 through 2021	\$30,000,000
<b>March 2018</b>		
Department of Public Instruction	October 2018 through September 2019	\$1,000,000
State Historical Society	May 2018 through April 2019	\$50,000
Department of Transportation	January 2018 through June 2021	\$376,534
Department of Transportation	February 2018 through July 2020	\$241,687
<b>July 2018</b>		
Department of Public Instruction	2018 through 2022	\$3,700,000
Department of Public Instruction	September 2018 through September 2020	\$100,000
Department of Agriculture	October 2018 through September 2020	\$300,000
<b>September 2018</b>		
Department of Agriculture	May 2019 through April 2020	\$45,000

The Office of Management and Budget reported the following agencies were awarded federal grants of \$25,000 or more:

<b>Agency</b>	<b>Time Period of Grant</b>	<b>Amount</b>
<b>September 2017</b>		
Attorney General	August 2016 through December 2017	\$10,000,000
<b>December 2017</b>		
Department of Public Instruction	October 2017 through September 2020	\$28,800,000
<b>July 2018</b>		
State Library	July 2018 through June 2020	\$249,000
Housing Finance Agency	November 2017 through November 2020	\$265,000
<b>September 2018</b>		
Job Service North Dakota	July 2018 through June 2021	\$450,000

### **State Board of Higher Education Project Variance Reports**

The Office of Management and Budget reported to the Budget Section regarding capital project variance reports provided from SBHE to OMB pursuant to Section 15-10-47. Section 15-10-47 requires whenever any new construction, renovation, or repair, valued at more than \$250,000, is underway on the campus of an institution of higher education under the control of SBHE, the board must provide OMB with semiannual project variance reports. The reports must include:

- Name or description of the project.
- Expenditures authorized by the Legislative Assembly.
- Amount of the original contract.
- Amount of any change orders and description.
- Amount of any potential or anticipated change orders.
- Sum of the original contract, change orders, and potential or anticipated change orders and the amount by which that sum varies from the expenditures authorized by the Legislative Assembly.
- Total expenditures to date.
- Scheduled date of completion as noted in the original contract and the latest available scheduled date of completion.
- List of each public and nonpublic entity that has a contractually reflected financial obligation with respect to the project.

In March 2018, OMB reported project variance reports for University System projects for the period July 2017 through December 2017, as follows:

	Number of Projects	Project Authorization	Current Contract Amounts	Contract (Over)/Under Authorization
<b>Projects Specifically Authorized by the Legislative Assembly</b>				
Lake Region State College	1	\$1,400,000	\$1,400,000	\$0
UND	19	\$265,488,396	\$150,260,912	\$114,339,984
NDSU	6	\$152,142,709	\$115,902,253	\$36,240,456
NDSU Extension Services	3	\$22,408,224	\$13,141,463	\$6,979,218
North Dakota State College of Science	1	\$13,298,000	\$12,951,387	\$346,613
Dickinson State University	5	\$18,059,974	\$3,152,110	\$14,907,864
Minot State University	9	\$5,191,606	\$4,016,599	\$1,175,007
Valley City State University	2	\$36,431,775	\$13,931,775	\$22,500,000
Dakota College at Bottineau	3	\$11,702,482	\$1,048,564	\$10,653,918
<b>Projects Approved by the State Board of Higher Education</b>				
Lake Region State College	2	\$463,474	\$355,334	\$108,140
UND	8	\$12,654,628	\$7,068,759	\$8,585,869
NDSU	14	\$24,036,000	\$17,948,329	\$6,087,671
Dickinson State University	1	\$7,966,350	\$7,966,350	\$0
Mayville State University	1	\$777,000	\$730,743	\$46,257
Valley City State University	1	\$439,199	\$404,291	\$34,908

## GOVERNOR'S OFFICE

### Additional Federal or Other Funds Received

The Governor's office reported to the Budget Section in March 2018 on the source, amount, and purpose of additional federal or other funds received during the 2017-19 biennium pursuant to Section 4 of House Bill No. 1001 (2017). The report indicated the following additional funds were received by the Governor's office as of March 2018:

Source	Amount	Purpose
Bush Foundation	\$50,000	Innovation Education Task Force
Governor Burgum 2015-17 salary	\$51,525	Office of Recovery Reinvented
Dakota Medical Foundation	\$30,000	Office of Recovery Reinvented
North Dakota United	\$1,624	Task Force for Higher Education Governance
North Dakota University System Foundation	\$500	Task Force for Higher Education Governance

## NORTH DAKOTA UNIVERSITY SYSTEM

### Campus Improvements

The University System requested Budget Section approval relating to the following capital construction project requests for campus improvements:

#### Minot State University

- **Dome seat replacement project** - Pursuant to Section 15-10-12.1, the Budget Section approved a \$2.2 million dome seat replacement project for the Minot State University Dome. The Budget Section was informed of the \$2.2 million needed to replace the dome's 10,000 seats, \$1.0 million was provided in August 2017 from the City of Minot from the city's facilities enhancement fund. The remaining \$1.2 million will be provided by donations to

the Minot State University Development Foundation, of which approximately one-third is anticipated to be provided by individuals and two-thirds by business sponsors. Construction will begin in May 2019 and will be completed in the summer of 2019 to be available for use during the 2020 academic year.

### **Valley City State University**

- **Track repair project** - Pursuant to Section 15-10-12.1, the Budget Section approved a \$1.2 million track repair project for the Valley City State University outdoor track field, using donated funds. The Budget Section was informed excess water and freezing conditions have damaged the track, causing the surface to be unsafe. The project was to begin in the spring of 2018 and be completed prior to the start of the fall 2018 athletic season.

### **Local Funds Report**

Pursuant to Section 15-10-12.3, the Budget Section received a report on sources of funds received for construction projects of entities under control of SBHE. The report indicated one project, the seed conditioning plants at the NDSU Extension Service, was authorized during the 2015-17 biennium and was continued into the 2017-19 biennium. The expected completion date for this project is June 2019.

### **VALLEY CITY STATE UNIVERSITY Integrated Carbon Plant Project**

Valley City State University reported to the Budget Section regarding the status of the integrated carbon plant project pursuant to Section 3 of Senate Bill No. 2196 (2017). Valley City State University reported the project has potential to generate new revenue for Valley City State University, allow for a decrease in utility expenditures, and create student research and teaching opportunities while lowering the university's carbon emissions. The 2017 Legislative Assembly authorized the university to proceed with the project by using revenue bonds of up to \$22.5 million. Valley City State University is working to secure bond financing and has contracted with Barr Engineering to conduct an independent feasibility study and market analysis. The study is expected to be complete in fall 2018. Valley City State University informed the Budget Section if the study results reveal the technology and financial potential of the project can be obtained, bond sales would be completed in approximately 2 to 3 months and the plant would require 18 to 24 months to construct.

### **ANNUAL FULL-TIME EQUIVALENT POSITION REPORT North Dakota State University Main Research Center**

The North Dakota State University Main Research Center reported to the Budget Section regarding FTE position adjustments made at the main research center pursuant to Section 15-12.1-05. The main research center reduced 28.78 FTE positions between December 1, 2016, and November 30, 2017, resulting in a total of 332.82 FTE positions as of November 30, 2017.

### **Branch Research Centers and Agronomy Seed Farm**

The North Dakota State University branch research centers and Agronomy Seed Farm reported to the Budget Section regarding FTE position adjustments made at the main research center pursuant to Section 15-12.1-05. The branch research centers reduced 9.80 FTE positions between December 1, 2016, and November 30, 2017, resulting in a total of 108.89 FTE positions as of November 30, 2017. The Agronomy Seed Farm reported no changes in FTE positions were made between December 1, 2016, and November 30, 2017, maintaining a total of 3.00 FTE positions as of November 30, 2017.

### **North Dakota State University Extension Service**

The North Dakota State University Extension Service reported to the Budget Section regarding the FTE position adjustments made at the Extension Service pursuant to Section 11-38-12. The Extension Service reduced 13.97 FTE positions between December 1, 2016, and November 30, 2017, resulting in a total of 251.90 FTE positions as of November 30, 2017.

### **Northern Crops Institute**

The Northern Crops Institute reported to the Budget Section regarding the FTE position adjustments made at the Northern Crops Institute pursuant to Section 11-38-12. The Northern Crops Institute reported no changes in FTE positions were made between December 1, 2016, and November 30, 2017, maintaining a total of 11.80 FTE positions as of November 30, 2017.

### **Upper Great Plains Transportation Institute**

The Upper Great Plains Transportation Institute reported to the Budget Section regarding the FTE position adjustments made for the Upper Great Plains Transportation Institute pursuant to Section 11-38-12. The Budget Section learned the Upper Great Plains Transportation Institute added .05 FTE positions between December 1, 2016, and November 30, 2017, resulting in a total of 43.93 FTE positions as of November 30, 2017.

# STATE BOARD OF AGRICULTURAL RESEARCH AND EDUCATION

## Efficiency and Effectiveness

The Budget Section received a report from the State Board of Agricultural Research and Education in March 2018 regarding its findings and recommendations to increase the efficiency and effectiveness of the NDSU Extension Service pursuant to Section 15 of Senate Bill No. 2020 (2017). The board reported Phase 1 of the review process was completed in June 2017 and Phase 2 was completed in November 2017. The Budget Section was informed a review committee focused on organized citizen input, educational programs, organizational structure, funding, the changing needs of customers, branding, public relations, and marketing. The committee recommended the NDSU Extension Service obtain input from stakeholders and citizens regarding organization, the focus on transformational education, delivery of programs in agriculture and natural resources, 4-H and youth development, family and consumer sciences, and community vitality. The committee recommended the Extension Service:

- Clarify the role of county, area, and state specialists and to be more deliberate in staffing plans with campus-based departments to ensure expertise is available for stakeholders;
- Focus on engaging the 18- to 35-year-old and 36- to 49-year-old demographics, as these demographics are vital to the future of the Extension Service;
- Update the financial partnership between county and state base policy to allow for increases in fees and grants for agency programs. The cost-share for salary and benefits would be 40 percent county responsibility and 60 percent state responsibility; and
- Change its name to NDSU Extension as part of a rebranding and marketing effort and to avoid confusion with service providing agencies.

## Status Report

The State Board of Agricultural Research and Education submitted a report to the Budget Section in July 2018 regarding the status of board activities pursuant to Section 15-12.1-17(10).

## DEPARTMENT OF AGRICULTURE

### Emergency Hay Transportation Assistance Program

The Agriculture Commissioner reported to the Budget Section in December 2017 regarding the emergency hay transportation assistance program. The Agriculture Commissioner reported as a result of the 2017 drought and subsequent hay production shortages, producers needed to purchase and transport hay from outside North Dakota. The Agriculture Commissioner reported the emergency hay transportation assistance program was utilized to reimburse these producers. The Agriculture Commissioner reported the department received 492 applications for hay transportation assistance, of which 491 applications were approved. The Agriculture Commissioner reported hay transportation costs ranged from \$4 to \$5 per mile, with an average of \$4.24 per mile. The Agriculture Commissioner received \$1.5 million from the Adjutant General from a Bank of North Dakota loan for the program. The Agriculture Commissioner reported the entire \$1.5 million distributed to successful applicants, resulting in an average amount awarded to each applicant of \$3,054.

## DEPARTMENT OF COMMERCE

### Centers of Excellence and Centers of Research Excellence Audit and Monitoring Reports

The Budget Section received monitoring and annual audit reports of centers of excellence and centers of research excellence pursuant to Sections 15-69-05 and 54-65-03. The Department of Commerce reported \$57.8 million of state centers of excellence funds and \$221.8 million in nonstate funds have generated a total estimated economic impact of \$833.1 million. The department also reported each centers of excellence award is monitored for a period of 6 to 10 years and centers are reviewed after a period of at least 3 full fiscal years. In fiscal year 2016, 36 centers had been in existence for at least 3 full fiscal years. Of these 36, 10 centers have been released from postaward monitoring, pursuant to Section 15-69-04. The department reported of the remaining 26 centers, 20 centers are achieving the desired economic benefit while 6 centers were not. The 6 centers include:

- NDSU - Center for Sensors, Communication, and Control (Center for Integrated Electronic Systems)--fewer jobs than anticipated;
- UND Research Foundation - Center for Passive Therapeutics--laboratories not fully utilized;
- UND SUNRISE BioProducts Center of Excellence for Chemicals, Polymers, and Composites from Crop Oils--unable to secure private sector funding;
- NDSU Center for Advanced Technology Development and Commercialization--unable to secure private sector partners;

- UND Center for Innovation V2 Aerospace Technical Assistance Enhancement grant--unable to secure federal maintenance contract for unmanned systems; and
- NDSU Center for Life Sciences Research and Applications--unable to secure private sector partners.

The Department of Commerce reported centers of excellence and centers of research excellence participants and the Centers of Excellence Commission audits include:

Center of Excellence and Center of Research Excellence	Audit Results
Lake Region State College - Dakota Precision Ag Center	No findings identified
Dakota College at Bottineau - Entrepreneurial Center for Horticulture	No findings identified
NDSU - Center for Advanced Electronics Design and Manufacturing	No findings identified
NDSU - Center for Surface Protection	No findings identified
NDSU - Center for Agbiotechnology: Oilseed Development	No findings identified
NDSU - Center for Technologically Innovative Products and Processes	No findings identified
NDSU - Center for Sensors, Communication, and Control (Center for Integrated Electronic Systems)	No findings identified
NDSU - Center for Advanced Technology Development and Commercialization	No findings identified
NDSU - Research 1 Expansion	No findings identified
NDSU - Center for Biobased Materials, Science and Technology	No findings identified
NDSU - Center for Life Sciences Research and Applications	No findings identified
NDSU - Limited Deployment Cooperative Airspace Project	No findings identified
UND - Limited Deployment Cooperative Airspace Project	No findings identified
UND - Center for Gas Utilization	Two findings identified
UND - Unmanned Aircraft Systems Center of Excellence	No findings identified
UND Research Foundation - Center for Passive Therapeutics	No findings identified
UND - Petroleum Research, Education, and Entrepreneurship Center	Three findings identified
UND - SUNRISE BioProducts Center of Excellence for Chemicals, Polymers, and Composites from Crop Oils	No findings identified
UND - Unmanned Aircraft Systems Software Curriculum and Development	No findings identified
UND - Unmanned Aircraft Systems Research, Education, and Training Enhancement Grant	No findings identified
UND - Law Enforcement and Public Safety Agency Small Unmanned Aircraft Systems Course	No findings identified
UND Center for Innovation Foundation - V2 Aerospace, Inc., Technical Assistance Request	No findings identified
UND Center for Innovation - Certificate Programs for Motion Video and Activity-Based Intelligence Analysis	No findings identified
UND - Center for Avian Therapeutics for Infectious Diseases	No findings identified
UND - Global Hawk Sensor Operator Part Task Trainer	No findings identified
UND Center for Innovation Foundation - Joint Distributed Common Ground System	No findings identified
UND - Unmanned Aircraft Systems Airspace Initiative Center of Excellence (Phases 2 and 3)	No findings identified
UND - Airspace Integration Team - Unmanned Aircraft Systems National Test Site (Phase I, II, III)	No findings identified
UND Certified Flight Instructor - Enhanced Use Lease for Grand Forks Air Base III	No findings identified
UND Certified Flight Instructor - Enhanced Use Lease for Grand Forks Air Base IV	No findings identified
Bismarck State College - National Energy Center of Excellence	No longer reporting
Dickinson State University Strom Center for Entrepreneurship and Innovation - Institute for Technology and Business	No longer reporting
NDSU - Center for Biopharmaceutical Research and Production	No longer reporting
NDSU - Material and Nanotechnology Center	No longer reporting
UND - Center of Excellence in Space Technology and Operations	No longer reporting
UND Energy and Environmental Research Center - National Center for Hydrogen Technology	No longer reporting
UND - Grand Forks Air Force Base Realignment Business Transition	No longer reporting
UND Research Foundation - Center of Excellence in Life Sciences and Advanced Technology	No longer reporting
UND - Unmanned Aircraft Systems Airspace Initiative Center of Excellence (Phase 1)	No longer reporting
Valley City State University - Enterprise University	No longer reporting
Williston State College - Petroleum Safety and Technology Center	No longer reporting

### Renaissance Fund Organizations Annual Audits

The Department of Commerce reported on the annual audits of renaissance fund organizations (RFOs) pursuant to Section 40-63-07(9). The department reported 58 cities have a renaissance zone, 8 of which have established RFOs. The department reported approximately \$11.3 million has been invested in RFOs and \$5.6 million of tax credits have been claimed. The department reported of the \$4.9 million remaining tax credits available as of September 2018, \$1.2 million has been reserved for the Grand Forks RFO, \$2 million for the Fargo RFO, \$465,000 for the Hope RFO, and \$15,000 for the Mayville RFO.



The department reported the following tax credit summary as of September 2018:

Renaissance Tax Credits	Total Credits Authorized	Total Credits Claimed	Total Credits Available	
			Committed	Uncommitted
Category 1 (0 to 5,000 population)	\$2,135,866	\$563,366 <sup>1</sup>	\$480,000	\$1,092,500
Category 2 (5,001 to 30,000 population)	250,000	250,000 <sup>2</sup>		
Category 3 (Over 30,000 population)	8,114,134	4,835,000 <sup>3</sup>	3,200,000	79,134
Total	\$10,500,000	\$5,648,366	\$3,680,000	\$1,171,634

<sup>1</sup>Category 1 cities - Casselton (\$37,500), Hazen (\$15,500), Mayville (\$187,650), and Hope (\$322,716).  
<sup>2</sup>Category 2 cities - Jamestown (\$150,000) and West Fargo (\$100,000).  
<sup>3</sup>Category 3 cities - Fargo (\$4,835,000).

### Reduction in Force

The Department of Commerce reported on the department's May 2018 reduction in force, including the amount of salary savings and how the savings will be used during the 2017-19 and 2019-21 bienniums. According to the report, on May 24, 2018, the department reduced staff by 13 FTE positions. The department intends to use cost-savings from the reduction in force to hire specialists in new roles to focus on new department priorities, including the commercialization of intellectual property, the establishment of an intermodal site in North Dakota, and elevating North Dakota's image and brand.

The department reported while the Governor's guidelines would reduce the department's FTE positions to 63.40 for the 2019-21 biennium, the department will request 61.80 FTE positions, a reduction of 4.60 FTE positions from the 66.40 FTE positions authorized for the 2017-19 biennium. The department estimates the reduction in force will result in cost-savings of \$218,705 during the 2017-19 biennium. The estimated cost-savings during the 2019-21 biennium is \$266,497, which includes salaries and benefits savings and reduced rent costs because the department will reduce the amount of office space it rents from Workforce Safety and Insurance.

### FORM OF BUDGET State Water Commission

Pursuant to Section 54-44.1-07, the Budget Section considered the form of the State Water Commission budget documents and appropriations bill for presentation to the 2019 Legislative Assembly. The State Water Commission's current budget consists of two line items, totaling \$722.2 million for the 2017-19 biennium. Section 5 of House Bill No. 1020 (2017) provided direction to the State Water Commission and OMB on the form of the State Water Commission budget; however, Governor Burgum vetoed this section. Under Section 54-44.1-07, the Legislative Council has authority to determine how agencies and OMB submit budgets and budget recommendations to the Legislative Assembly for an upcoming biennium. The Budget Section directed pursuant to Section 54-44.1-07:

- The 2019-21 biennium budget request for the State Water Commission and the related draft appropriations act for the State Water Commission submitted by OMB for consideration by the 66<sup>th</sup> Legislative Assembly identify funding separately in a salaries and wages line item, operating expenses line item, capital assets line item, project carryover line item, new projects line item, and any additional line items as determined necessary by the commission or OMB; and
- The State Water Commission present funding requests for projects for the 2019-21 biennium in a manner consistent with the funding designations identified in Section 5 of House Bill No. 1020.

### STATE TREASURER Outstanding Warrants and Checks

The Budget Section received reports from the State Treasurer regarding warrants and checks outstanding for more than 90 days and less than 3 years pursuant to Section 54-11-01. Section 54-11-01 requires the State Treasurer to report to the Budget Section, within 90 days of the beginning of each fiscal year, all warrants and checks outstanding for more than 90 days and less than 3 years. The State Treasurer provided reports to the Budget Section in September 2017 and September 2018. The Budget Section was informed items reported may be the result of money that has not been received by the proper recipient or checks that have not been cashed. Annually, checks more than 3 years old are transferred to the Department of Trust Lands as unclaimed property.

The State Treasurer reported in September 2017 the total number of outstanding checks in state fiscal year 2017 increased by 7.5 percent compared to state fiscal year 2016, while the total dollar amount of outstanding checks decreased by 8.5 percent during this time period. The State Treasurer reported the total amount of outstanding checks for fiscal year 2017 was \$2.4 million. The State Treasurer reported 3,476 outstanding checks from fiscal year 2014 totaling \$337,657 would be transferred to the Department of Trust Lands' Unclaimed Property Division in October 2017.

The State Treasurer reported in September 2018 the total dollar amount of outstanding checks increased by 9.8 percent from fiscal year 2017 to fiscal year 2018. The State Treasurer reported 4,293 checks totaling \$409,647 issued in fiscal year 2015 will be transferred to Unclaimed Property in October 2018. As of September 2018, there were 18,114 outstanding checks totaling \$5.2 million issued during fiscal years 2016, 2017, and 2018.

## **DEPARTMENT OF TRUST LANDS State Agency Unclaimed Property**

The Budget Section received reports from the Department of Trust Lands regarding state agencies that have not submitted a claim for unclaimed property belonging to that agency pursuant to Section 47-30.1-24.1. The North Dakota Uniform Unclaimed Property Act has been in effect since 1975, and since that time, North Dakota state agencies have been reported as being owners of unclaimed property. The 2003 Legislative Assembly enacted Section 47-30.1-24.1 in an effort to resolve the issue of state agency unclaimed property. Section 47-30.1-24.1 provides that within 1 year of receipt of state agency property, the administrator of unclaimed property shall notify the agency by certified mail. The Commissioner of the University and School Lands is to present a report to the Budget Section identifying every state agency that has not submitted a claim for property belonging to that agency within 1 year of the receipt of the date of the certified mail receipt, and upon approval of the Budget Section, the agency relinquishes its right to recover its property.

The Department of Trust Lands reported during the 2017-18 interim, its Unclaimed Property Division identified 10 state agencies with unclaimed properties with a total value of \$12,335 as of June 2017, and 13 state agencies with unclaimed properties with a total value of \$17,216 as of June 2018.

The Budget Section, pursuant to Section 47-30.1-24.1, approved the lists of state agencies relinquishing rights to recover unclaimed property in June 2017 and in July 2018.

### **Status of Information Technology Project**

The Budget Section received a report from the Department of Trust Lands in March 2018 regarding the status of the information technology (IT) project authorized in Senate Bill No. 2013 (2017), including current and anticipated expenditures for the 2017-19 biennium. The department reported as of March 19, 2018, the department has not expended the \$3.6 million appropriation to replace the current department IT systems. The department reported a contract is expected to be executed by May 15, 2018, for unclaimed property replacement software. The Budget Section was informed due to insufficient responses for the department's land management system request for proposal, the request for proposal will be reissued on April 30, 2018.

## **BUDGET SECTION DUTIES - EFFECT OF SUPREME COURT DECISION**

The Legislative Council Director reported to the Budget Section in September 2018 regarding the potential effect of the North Dakota Supreme Court decision in *North Dakota Legislative Assembly v. Burgum* on the duties of the Budget Section. The Legislative Council Director reported the court held the language in Section 5 of House Bill No. 1020 (2017) requiring Budget Section approval relating to State Water Commission funding transfers was an unconstitutional delegation of legislative authority. The ruling eliminates the State Water Commission's authority to transfer funds as designated in Section 5 and eliminates the authority of the Budget Section to approve these transfers. The Legislative Council Director reported the court held the language in Section 5 of Senate Bill No. 2013 (2017) requiring Budget Section approval relating to Department of Trust Lands appropriations also was an unconstitutional delegation of legislative authority. As a result, the ruling allows the Department of Trust Lands to spend the entire \$3.6 million appropriation for its IT project without approval from the Budget Section.

The report indicated the court's opinion did not address other Budget Section duties, and the impact of the opinion on future Budget Section operations is unclear. The Legislative Council Director reported the court appeared to indicate the delegation of legislative functions to the Budget Section would be permissible if appropriate guidelines for Budget Section decisionmaking are provided. The Legislative Council Director reported it appears the court's decision will permit delegations of legislative powers with proper guidelines, but it will be important for the Legislative Assembly to avoid delegating to the Budget Section any function that would be considered an executive branch function.

## **HIGHWAY PATROL Purchase of Unmanned Aircraft Systems**

Pursuant to Section 54-06-37, the Budget Section reviewed a request from the Highway Patrol regarding the purchase of drones for crash reconstruction and search and rescue purposes. Section 54-06-37 requires state agencies or other state government entities, excluding the Adjutant General and UND School of Aviation, to receive approval from the Legislative Assembly, or the Budget Section if the Legislative Assembly is not in session, to purchase or lease an aircraft. A drone is considered an unmanned aircraft for purposes of this section.

The Highway Patrol reported the estimated cost of the drones and related equipment is approximately \$45,000 and the Highway Patrol had budget savings accumulated to purchase the drones. The Budget Section reviewed its authority to consider the request due to the Supreme Court's decision in *North Dakota Legislative Assembly v. Burgum*. The Legislative Council Director reported because the Highway Patrol, one of the Governor's cabinet agencies, has submitted this request for Budget Section approval, it appears the Governor's office has reviewed the Supreme Court decision and determined it is appropriate for the Budget Section to consider this request. The Legislative Council Director reported the request could be considered an acceptance or acknowledgment by the Governor of the authority of the Legislative Assembly to statutorily delegate this type of approval authority to the Budget Section. The request was not approved by the Budget Section.

## **GAME AND FISH DEPARTMENT**

### **Land Acquisition Requests**

Pursuant to Section 20.1-02-05.1, the Budget Section reviewed a land acquisition request from the Game and Fish Department. The request related to a proposal to acquire 80 acres in Morton County adjacent to the department's Storm Creek Wildlife Management Area. The department reported the property was appraised at \$138,000, or \$1,725 per acre. The request was not approved by the Budget Section.

### **Wetlands Mitigation**

The Game and Fish Department reported to the Budget Section in September 2018 regarding land acquisitions used for Department of Transportation (DOT) mitigation purposes and options to make more Game and Fish Department lands available for this purpose. The Game and Fish Department reported an interagency guidance document was implemented in 2010 to provide a set of procedures to assist agencies in mitigating unavoidable wetland losses. The Game and Fish Department controls and manages wildlife management areas (WMAs). The Game and Fish Department reported WMAs consist of lands either owned or leased and operated by the Game and Fish Department, totaling approximately 219,000 acres. The Game and Fish Department reported because the development of wildlife habitat, including wetlands, on WMAs is a primary function of the Game and Fish Department, almost all available wetland restoration or creation opportunities have been restored.

The Game and Fish Department reported the department does not actively pursue acquisitions, instead it relies on offers from landowners willing to sell land. The Game and Fish Department reported the department's 2017-19 biennium budget includes \$800,000 for these land acquisitions. The Game and Fish Department reported acquisition offers are reviewed to determine if the offer appears to meet DOT mitigation needs, then contacts DOT if necessary. The Game and Fish Department reported DOT may purchase the property, restore wetlands, receive wetland mitigation credits, then enter an agreement with the Game and Fish Department for the long-term management of the property. The Game and Fish Department reported both departments will continue to work together in the future and evaluate land acquisitions on a case-by-case basis.

## **DEPARTMENT OF TRANSPORTATION**

### **Department Fees**

The Department of Transportation reported to the Budget Section in September 2017 and September 2018 regarding a report on fees charged by the department in comparison to the actual cost of providing the services for which the fees are charged pursuant to Section 13 of Senate Bill No. 2012 (2017). The Department of Transportation reported driver's licenses are valid for 6 years, the fee to customers is \$15, and the cost to produce a driver's license is \$21. The Department of Transportation reported customers are charged \$5 for license plates while the cost of the plates is \$5.95 plus shipping and handling costs of \$4. Driver's license fees were last increased in 1987. Motor vehicle fees were last increased in 2005.

## **JOB SERVICE NORTH DAKOTA**

### **Status of the Unemployment Trust Fund and the Modified Average High-Cost Multiplier**

The Budget Section received a report in March 2018 from Job Service North Dakota on the status of the unemployment trust fund and the targeted modified average high-cost multiplier pursuant to Section 52-02-17. As of December 31, 2017, the balance of the unemployment trust fund was \$134.6 million, \$38.3 million below the projected 2017-19 biennium target balance of \$172.9 million. The average high-cost multiplier for the period was 0.77, 0.23 below the projected 2017-19 biennium target of 1.0. The projected trust fund balance is \$153.5 million in 2018, \$158.4 million in 2019, and \$162.0 million in 2020.

## **INFORMATION TECHNOLOGY DEPARTMENT**

### **State Interoperable Radio Network**

The Information Technology Department reported to the Budget Section in December 2017 and September 2018 regarding the implementation and progress of SIRN pursuant to Section 7 of House Bill No. 1178 (2017). The department reported SIRN is a project intended to improve mission critical public safety voice communication capacities for the North

Dakota public safety community. House Bill No. 1178 established a \$0.50 fee to be imposed on assessed communication services for the use of the SIRN project. The department reported the fiscal note for House Bill No. 1178 estimated \$9.6 million of revenue would be generated for SIRN during the 2017-19 biennium. The department reported the updated revenue estimate is \$7.5 million to \$8.0 million for the 2017-19 biennium. The department reported expenditures incurred through August 2018 totaled \$49,975. The department is in contract negotiations with a vendor for SIRN and intends to award the contract in December 2018. While the 2017 Legislative Assembly provided loan authority of \$15 million to ITD from the Bank of North Dakota for SIRN, ITD does not anticipate borrowing funds during the 2017-19 biennium.

### **Cloud Computing**

The Information Technology Department reported to the Budget Section in March 2018 and September 2018 regarding ITD cloud computing initiatives. The department reported cloud computing is the delivery of computer services over the Internet. The department reported a transition to the cloud was started because cloud technology has been an IT standard for 15 years, many on-premise technologies are becoming obsolete, and many new systems are cloud-based. The department reported cloud technology offers security, operational, and cost advantages. The department reported cloud technology allows for increased data storage capabilities at lower costs than on-premise data centers, increased ability to deploy new IT systems, and allows for the delivery of data and computer power to any platform at any location.

The Information Technology Department reported the cloud strategy includes making North Dakota IT "cloud first." According to ITD, this strategy means new IT systems will be evaluated for deployment in the cloud as the first option and current IT systems will be evaluated for a transition to the cloud. The department reported IT systems will not be automatically placed in the cloud, and all system transitions to the cloud will be made in collaboration with agency personnel responsible for the system and data. The department reported in September 2018 that 30 state agencies have more than 170 applications and systems in the cloud. The department reported cloud-related expenditures will not change ITD rates charged to state agencies during the 2019-21 biennium. The department reported legislative action is not necessary to continue to move applications and systems to the cloud.

### **Shared Services Unification**

The Information Technology Department reported to the Budget Section in March 2018 and September 2018 regarding ITD shared services unification initiatives. The department is implementing an IT shared services unification plan to consolidate IT services, such as desktop support and help desk services, and IT personnel in the Governor's cabinet of executive branch state agencies. The department reported the unification plan will improve IT productivity by establishing common systems and processes for communication and collaboration among executive branch agencies.

The Information Technology Department reported the unification plan includes the reorganization of top positions in ITD, including the establishment of positions which will report directly to the Chief Information Officer (CIO), including the Chief Operations Officer (COO), Chief Data Officer (CDO), Chief Technology Officer (CTO), Chief Reinvention Officer (CRO), and Chief Information Security Officer (CISO). The CDO, CTO, and CRO are new positions while the COO and CISO are positions that exist in ITD, but titles and some job duties have changed. The department reported salary savings from vacant positions will be used to provide funding for these positions.

As of September 2018, ITD has identified 511 information technology FTE positions, of which 344.30 FTE positions are employees of ITD and 167 FTE positions are from 12 Governor's cabinet agencies. The department reported all IT employees and related funding will remain in the respective agencies until changes are approved by the 2019 Legislative Assembly. The department indicated the report phase of the unification plan includes providing information to the Legislative Assembly during the 2019 legislative session. The department reported legislative proposals will include budget requests relating to the new IT shared services.

### **Cybersecurity**

The Information Technology Department reported to the Budget Section in September 2018 regarding North Dakota government cybersecurity. The department reported state and local governments, including K-12 schools and higher education institutions have experienced cybersecurity issues. The report indicated the state has defended against 34 million vulnerability attacks, 3.3 million denial of service attacks, 88 million spam and phishing messages, and 1,300 "zero-day" attacks, for the period March 2018 through August 2018. A "zero-day" attack is a software attack that has no existing solution to mitigate the attack. According to the report, North Dakota elementary and secondary schools have been targeted by North Korea and other nation states. The department reported 1.4 percent of the state's budget is spent on cybersecurity, compared to a national state and local government average of 5.0 percent. The department anticipates proposing legislation to the 2019 Legislative Assembly to address cybersecurity strategic, operational, and workforce initiatives.

## **ELECTRONIC PAYMENT PROCESSING SYSTEM**

### **Information Technology Department**

The Information Technology Department reported to the Budget Section in December 2017 regarding the status of the electronic payment processing system authorized in Sections 10 and 11 of Senate Bill No. 2021 (2017). The department reported the Legislative Assembly provided six agencies with borrowing authority to obtain a loan from the Bank of North Dakota for the electronic payment processing system and appropriated funding to repay the loan, including interest. The six agencies were DOT, Secretary of State, Parks and Recreation Department, Game and Fish Department, Workforce Safety and Insurance, and Highway Patrol.

The Bank of North Dakota finalized a master agreement with J.P. Morgan Chase Bank and met with all six agencies regarding fees. As of December 6, 2017, all six agencies declined implementation of the electronic payment processing system and will not obtain loans from the Bank of North Dakota. Two additional agencies, Job Service North Dakota and the Department of Labor and Human Rights, voluntarily elected to implement the electronic payment processing system.

The Budget Section received information from DOT, Secretary of State, and the Parks and Recreation Department on the reasons the agencies did not implement the system and from the Bank of North Dakota regarding credit card fees and transaction processes. After the Budget Section concluded its work, DOT implemented the system on self-service kiosks to charge customers a 2.5 percent fee for credit card transactions.

## **DEPARTMENT OF HUMAN SERVICES**

### **Transfers in Excess of \$50,000**

The Budget Section received a report from DHS regarding transfers in excess of \$50,000 pursuant to Section 4 of House Bill No. 1012 (2017). Through September 13, 2018, two transfers totaling \$363,251 were made from the Management Division to the Program and Policy Division for salaries and wages. The department reported one transfer for \$1,445,157 was made from the Program and Policy Division to the Management Division for operating expenses. The department reported five transfers totaling \$6,197,530 were made between the salaries and wages, operating expenses, and grants line items of the Program and Policy Division.

## **LEGACY AND BUDGET STABILIZATION FUND**

### **Advisory Board Report**

The Budget Section received reports from the Legacy and Budget Stabilization Fund Advisory Board regarding the investment policies for the legacy fund and budget stabilization fund pursuant to Section 21-10-11. Section 21-10-11 requires the advisory board to provide at least semiannual reports to the Budget Section regarding asset allocation and investment policies developed for the legacy fund and budget stabilization fund as well as recommendations presented to the State Investment Board regarding investment of funds in the legacy fund and budget stabilization fund.

### **Legacy Fund**

As of June 2017, the balance of the legacy fund was \$4.63 billion, and is estimated to be \$5.56 billion as of June 30, 2019. The Legacy and Budget Stabilization Fund Advisory Board reported as of March 31, 2018, the market value of the legacy fund was \$5.38 billion. Through March 31, 2018, the net earnings in the legacy fund totaled \$1.06 billion from inception, including \$608.5 million of realized earnings based on the definition of earnings in Section 21-10-12. As of May 31, 2018, earnings of the legacy fund eligible for transfer to the general fund at the end of the 2017-19 biennium are \$222.7 million. The unaudited fund performance for the year ended March 31, 2018, was 10.2 percent compared to a target return of 8.3 percent. The board reported that during the 5-year period ended March 31, 2018, the return was 5.8 percent compared to a target return of 4.7 percent.

### **Budget Stabilization Fund**

As of March 2018, the balance of the budget stabilization fund was \$38.3 million and an additional \$75 million of oil tax collections will be deposited in the fund during the 2017-19 biennium. The Legacy and Budget Stabilization Fund Advisory Board reported the unaudited investment returns, net of fees, averaged 1.31 percent during the 5 years ended March 31, 2018, compared to a policy benchmark of 0.62 percent. Unaudited fund performance for the year ended March 31, 2018, net of fees, was 0.35 percent compared to a policy benchmark of 0.22 percent.

## **HOUSING FINANCE AGENCY**

### **Housing Units Owned or Master Leased for Essential Service Workers**

Pursuant to Section 54-17-40, the Budget Section received a report from the Housing Finance Agency regarding the progress being made to reduce the overall number of housing units owned, master leased, or subsidized by cities, school districts, or other employers of essential service workers. In March 2018, the Budget Section was informed of the 475 units owned in 2018, 62 units are vacant, leased to nonessential service workers, or listed for sale. The Housing Finance Agency reported many affordable housing facilities were built in the 1970s and are in need of significant repair.

The Budget Section received the following information regarding housing units owned or master leased for essential service workers:

Type of Respondent	Housing Units Owned		Housing Units Master Leased		Rent Subsidies	
	2014	2018	2014	2018	2014	2018
City	39	30	150	0	108	0
County	48	32	50	0	0	0
First responder	14	8	10	0	15	0
Medical	157	163	92	4	2	0
School districts	228	242	99	0	0	0
Total	486	475	401	4	125	0

**ATTORNEY GENERAL'S OFFICE  
Litigation-Related Expenses**

Section 5 of House Bill No. 1003 (2017) requires the Attorney General to provide quarterly reports to the Budget Section regarding all expenditures for litigation-related expenses from the Industrial Commission's litigation fund during the 2017-18 interim. As of September 12, 2018, the Attorney General's office has spent \$2,029,177 on eight lawsuits from the litigation fund for litigation-related expenditures, of which \$1,170,865 was spent during the 2015-17 biennium and \$858,474 was spent during the 2017-19 biennium. The Attorney General reported an additional \$141,526 of litigation fees are available to spend from the fund for the 2017-19 biennium.

**STATE FIRE MARSHAL  
Fire Department Funding Report**

Pursuant to Section 18-04-02, the State Fire Marshal reported to the Budget Section expenditures by certified fire departments, district funds received from the insurance tax distribution fund, and reserve fund balances. The State Fire Marshal reported on or before October 31 of each year, a fire department must file a certificate of existence to the State Fire Marshal. The State Fire Marshal reported funds distributed from the insurance tax distribution fund help communities maintain fire services with equipment, operations, buildings, vehicles, and other necessities. The State Fire Marshal reported certified fire departments, certified rural fire departments, and certified fire protection districts receiving funds are required to file a report with the State Fire Marshal detailing expenditures of funds and its committed and uncommitted reserve balances. The report must identify the purpose of any committed reserve balance and anticipated time period for spending the committed reserves. The Insurance Commissioner computes the amounts due to certified fire departments on December 1 of each year, and distributes the funds to each fire service jurisdiction in December of each year. The State Fire Marshal reported to be eligible, fire departments from cities, townships, or fire districts must be in operation for at least 8 months.

The State Fire Marshal reported as of October 31, 2017, 371 fire departments received \$7,279,218 and spent \$6,519,561. The State Fire Marshal reported \$544,267,885 in premiums were obtained from 19,375 entities in fiscal year 2017.

**HUB CITY REPORTS**

The Budget Section received reports from hub cities in December 2017 regarding each city's use of funds received from hub city allocations from the oil and gas gross production tax under Section 57-51-15. Reports were received from Williston, Dickinson, Minot, Mandan, Bismarck, Fargo, West Fargo, and Jamestown.

**DEPARTMENT OF CORRECTIONS AND REHABILITATION  
Inmate Report**

Pursuant to Section 54-23.3-11, the Budget Section received annual reports on DOCR's prison population management plan, inmate admissions, and the number of inmates not admitted after sentencing. The department reported in September 2017 and September 2018. The department reported the department had not refused to admit any inmates. The maximum operational capacity for male inmates is 1,624 while the maximum operational capacity for female inmates is 224. The department reported as of September 25, 2017, the average daily inmate population for males was 1,600 and the average daily inmate population for females was 224, while as of August 31, 2018, the average daily inmate population for males was 1,546 and the average daily inmate population for females was 206. The department reported the number of inmate admissions from July 1, 2017, to September 25, 2017, was 323 males and 70 females and the number of inmate admissions from July 1, 2017, to August 31, 2018, was 1,446 males and 347 females.

From April 21, 2017, to December 1, 2017, DOCR received 434 sentences with 7,825 days of good time awarded, averaging 18 days of good time awarded per inmate. According to DOCR, approximately 50 percent of department admissions receive good time reductions on their sentences, resulting in the average length of stay in a department facility to be reduced by 18 days.

## **TAX COMMISSIONER**

### **Property Tax Annual Increases**

The Budget Section received a report from the Tax Commissioner in accordance with Section 57-20-04, which requires the Tax Commissioner to provide information to the Legislative Management regarding a report received from county auditors related to annual increases in property taxes. The commissioner reported the Tax Department created an online tool to enable users to view mill levies imposed by political subdivisions and which allows users to view property tax changes for existing property for each political subdivision of the state.

## **INDUSTRIAL COMMISSION**

### **Abandoned Oil and Gas Well Plugging and Site Reclamation Fund**

Pursuant to Section 38-08-04.5, the Budget Section received a report on the balance of the abandoned oil and gas well plugging and site reclamation fund and expenditures. The Industrial Commission reported the 2017-19 biennium beginning balance in the fund was \$17.4 million. As of June 30, 2018, the estimated fund balance was \$18.4 million, reflecting 2017-19 biennium revenues through June 2018 of \$6.3 million and estimated expenditures through June 2018 of \$5.3 million.

## **NORTH DAKOTA OUTDOOR HERITAGE ADVISORY BOARD**

### **Activities to Date**

Pursuant to Section 54-17.8-07, the North Dakota Outdoor Heritage Advisory Board reported to the Budget Section a summary of the board's activities to date. In September 2017, the board reported the fund received \$18,650,155 during the 2013-15 biennium and \$19,978,952 during the 2015-17 biennium. The board reported the 2017-19 biennium funding for the North Dakota outdoor heritage fund is limited to \$10 million. Nine grant rounds have been held since 2013, resulting in \$31,347,123 being awarded to 112 projects throughout North Dakota and four additional grant rounds are scheduled during the 2017-19 biennium with application deadlines of November 1, 2017; April 1, 2018; October 1, 2018; and May 1, 2019.

## **STANDING ROCK SIOUX TRIBE**

### **Tax Agreements**

Section 57-39.8-02 requires a representative of the Standing Rock Sioux Tribe to provide an annual report to the Budget Section regarding any sales, use, or gross receipts tax agreements entered by the Standing Rock Sioux Tribe and that the report identify projects totaling investment in essential infrastructure of at least 10 percent of tribal receipts under the agreement for that year. The Chairman of the Standing Rock Sioux Tribe submitted a letter to the Legislative Council addressing this requirement and stating the tribe would not be providing information to the Budget Section due to the Tax Commissioner terminating the tax agreement entered by the tribe and the State of North Dakota.

The Budget Section received a report from the Tax Commissioner regarding the tax agreement entered by the state and the Standing Rock Sioux Tribe. The Tax Commissioner reported state laws have to be adopted by the tribe to administer and enforce the tax agreements. The Tax Commissioner reported after the agreement went into effect in July 2016, there was a disagreement between the state and the tribe regarding how casinos on the Standing Rock Reservation were taxed. The Budget Section was informed state laws do not recognize a casino as a government entity. As result, vendors of the casino were charged sales and use tax. The Tax Commissioner reported the tribe believed the casino should be exempt from sales and use tax and began administering exemption certificates to vendors of the casino, which was prohibited in the tax agreement entered by the state and the tribe. As a result, the Tax Commissioner terminated the agreement in March 2017.

## **THREE AFFILIATED TRIBES OF THE FORT BERTHOLD RESERVATION**

### **Investment of Oil and Gas Tax Receipts**

Pursuant to Section 57-51.2-02, the Three Affiliated Tribes of the Fort Berthold Reservation reported to the Budget Section fees, expenses, and charges the tribe imposes on the oil industry and essential infrastructure projects completed by the Three Affiliated Tribes using oil and gas tax receipts. Fiscal year 2017 tax revenue collected totaled \$130.6 million, including \$66.3 million from gross production tax and \$64.3 million from oil extraction tax. Fiscal year 2018 revenue collected totaled \$181.8 million, including gross production tax of \$91.9 million and oil extraction tax of \$89.9 million. The Three Affiliated Tribes reported 10 percent of tax revenue collected during state fiscal years 2016 and 2017 was \$9.7 million and \$10.6 million, respectively. The report stated in tribal fiscal year 2016, \$26.0 million was spent on the reconstruction of the Bureau of Indian Affairs Route 12 near Mandaree and in tribal fiscal year 2017, \$25.0 million was spent to complete the reconstruction of Route 12.

# LEGISLATIVE HEARINGS FOR FEDERAL BLOCK GRANTS

## Background

The Legislative Council staff contacted state agencies receiving federal funds to determine which agencies receive block grants that require legislative hearings. The results of the survey revealed one block grant--the community services block grant administered by the Department of Commerce Division of Community Services--requires legislative hearings. A summary of the proposed use and distribution plan for the block grant will be provided by the Department of Commerce as part of the agency's appropriations hearing during the 2019 legislative session. The required public hearing will be held as part of the appropriations hearing for the Department of Commerce during the 2019 legislative session.

## Recommendation

The Budget Section recommends [House Concurrent Resolution No. 3001](#) to authorize the Budget Section to hold public legislative hearings required for the receipt of new federal block grant funds during the period from the recess or adjournment of the 66<sup>th</sup> Legislative Assembly through September 30, 2021.

## FEDERAL FUNDS

The Budget Section reviewed a report from the Legislative Council on federal funds anticipated to be received by state agencies and institutions for the bienniums ending June 30, 2019, and June 30, 2021. The report indicated agencies estimate \$3.8 billion of federal funds will be received during the 2017-19 biennium, \$77.6 million less than appropriated. Agencies estimate \$3.8 billion of federal funds will be received for the 2019-21 biennium, \$88.0 million more than is estimated to be received during the 2017-19 biennium. The Legislative Council staff reported of the 343 state programs in 38 state agencies receiving federal funding during the 2019-21 biennium, 167, or 49 percent, are subject to possible federal sequestration.

The Budget Section reviewed a memorandum on the largest variances by agency for the 2017-19 biennium between federal funds appropriated and federal funds estimated to be received. The memorandum provides information regarding the major variances experienced by agencies during the 2017-19 biennium relating to federal funds appropriated and federal funds estimated to be received and the major variances estimated for the 2019-21 biennium compared to the 2017-19 biennium.

## LEGISLATIVE COUNCIL STAFF REPORTS

The Budget Section received the following reports prepared by the Legislative Council staff:

- *65<sup>th</sup> Legislative Assembly Budget Status Report for the 2017-19 Biennium.* The report provides information on the status of the general fund and estimated June 30, 2019, ending balance, legislative changes to general fund revenues, and legislative appropriation changes.
- *65<sup>th</sup> Legislative Assembly Legislative Changes to State Agency Budgets for the 2017-19 Biennium.* The report provides information on legislative changes to agency budgets and is a compilation of the statements of purpose of amendment for action taken on appropriation bills during the 2017 session.
- *65<sup>th</sup> Legislative Assembly State Budget Actions for the 2017-19 Biennium.* The report provides information on the 2017-19 state budget, FTE positions, ongoing and one-time general fund appropriations, federal fiscal stimulus funding, one-time funding, major programs, and related legislation for each state agency. The report also includes an analysis of major special funds and statistical information on state appropriations.
- *Estimated Revenue Sources and Distributions for Major State funds for the 2017-19 Biennium.* The report provides information regarding revenue sources and transfers to major state funds and state agencies.
- *Oil and Gas Tax Revenue Allocation Flowchart.* The report provides information on the estimated allocation of oil and gas tax collections for the 2017-19 biennium based on the 2017 legislative revenue forecast.
- *2017-19 Biennium Report on Compliance with Legislative Intent.* The report provides the current status of major budget changes and initiatives approved by the 2017 Legislative Assembly for various agencies. The report contains information regarding the status of major state trust funds.
- *2017 and 2018 North Dakota Finance Facts.* The annual pocket brochure contains information on economic statistics, the state budget, K-12 education, higher education, human services, corrections, economic development, and transportation.

## OTHER REPORTS

The Budget Section received other reports, including:

- Office of Management and Budget - Governor's residence construction project - The report includes information regarding the Governor's residence construction project as of December 2017. The Office of Management and



Budget reported of the \$5 million appropriated for the project, \$4.55 million has been spent and \$300,000 is committed for additional expenditures. The Office of Management and Budget reported of the amount spent, \$850,000 was from private donations and an additional \$150,000 of private donations is expected to be raised.

- Office of Management and Budget - Heritage Center project - The report includes information regarding the lawsuit with Comstock Construction related to the construction of the new North Dakota Heritage Center and State Museum. The Office of Management and Budget reported the court awarded \$337,000 to Comstock Construction for contracted items not paid by the State Historical Society. The Office of Management and Budget reported the court also awarded \$1,058,000 for limestone removal and reinstallation, for a total amount of \$1,395,000 awarded to Comstock Construction.
- Office of Management and Budget - Bank of North Dakota loans - The report includes information regarding loans provided by the Bank of North Dakota to state agencies during the 2017-19 biennium. The Office of Management and Budget reported the Bank was authorized to provide nine loans totaling \$371.1 million during the 2017-19 biennium, of which \$103.5 million has been loaned through August 2018. Of the \$371.1 million of loans authorized, \$115.0 million relates to Western Area Water Supply loans and \$87.0 million to the Department of Trust Lands for mineral revenue repayments.
- Department of Public Instruction - K-12 student enrollments, updated state school aid spending for the 2017-19 biennium, and estimated cost-to-continue state school aid for the 2019-21 biennium - The report includes information on student enrollments for the 2017-18 academic year, projected student enrollments for the next 3 academic years, projected state school aid spending for the 2017-19 biennium, and the estimated cost-to-continue state school aid for the 2019-21 biennium. As of March 2018, the Department of Public Instruction reported fiscal year 2018 state aid formula payments totaling \$948.4 million compared to a budget of \$961.5 million. The department reported estimated unspent 2017-19 biennium general fund appropriations, excluding special education contract costs, is \$14.7 million, which is primarily due to approximately 500 fewer students than budgeted. The department reported the total public school enrollment was 108,945 during the 2017-18 school year and is projected to be 111,890 and 115,247 during the 2018-19 and 2019-20 school years, respectively. The department reported an additional \$78.1 million of state aid funding will be needed to address cost-to-continue items during the 2019-21 biennium.

### **AGENCY REQUESTS CONSIDERED BY THE BUDGET SECTION**

Pursuant to Sections 37-17.1-27, 54-16-04(2), 54-16-04.1, 54-16-04.2, and 54-16-09, the Budget Section considered agency requests authorized by the Emergency Commission. The Budget Section approved 11 of the 12 requests during the 2017-19 biennium, authorizing increased special fund spending authority by \$231,550, increased federal fund spending authority by \$31,124,500, line item transfers of \$300,000, and expenditures from the state disaster relief fund of \$4,512,468.

On June 21, 2017, the Adjutant General requested authority to spend \$8,523,161 from the state disaster relief fund for reimbursing political subdivisions for the state share of disaster-related costs that have been incurred and submitted to the Adjutant General for payment relating to previous state disasters. The amount requested was an estimate of the total disaster-related costs needed during the 2017-19 biennium. The Budget Section did not approve the request but suggested the Adjutant General request approval when actual disaster-related costs are known. The Adjutant General requested approval to spend state disaster relief funds for known costs during the September 2017, December 2017, March 2018, July 2018, and September 2018 Budget Section meetings. All of these requests were approved by the Budget Section.

The following is a list of 11 agency requests approved from June 21, 2017, through September 13, 2018:

#### **Adjutant General**

- September 28, 2017, to authorize the expenditure of \$528,868 from the state disaster relief fund for reimbursing political subdivisions for the state share of disaster-related costs incurred and submitted to the Adjutant General for payment relating to previous state disasters.
- September 28, 2017, to authorize a transfer of \$300,000 from the Department of Emergency Services operating expenses line item to the radio communications line item, relating to the purchase of a portable communications tower to improve communications in areas of limited service.
- September 28, 2017, to increase federal funds spending authority by \$10 million from a federal Department of Justice grant to repay the Bank of North Dakota for a portion of the loans obtained for expenses incurred by the state for law enforcement support.

- December 6, 2017, to authorize the expenditure of \$658,144 from the state disaster relief fund for reimbursing political subdivisions for the state share of disaster-related costs incurred and submitted to the Adjutant General for payment relating to previous state disasters.
- March 21, 2018, to authorize the expenditure of \$1,548,633 from the state disaster relief fund for reimbursing political subdivisions for the state share of disaster-related costs incurred and submitted to the Adjutant General for payment relating to previous state disasters.
- July 11, 2018, to authorize the expenditure of \$1,312,221 from the state disaster relief fund for reimbursing political subdivisions for the state share of disaster-related costs incurred and submitted to the Adjutant General for payment relating to previous state disasters.
- September 13, 2018, to authorize the expenditure of \$464,602 from the state disaster relief fund for reimbursing political subdivisions for the state share of disaster-related costs incurred and submitted to the Adjutant General for payment relating to previous state disasters.

#### **Department of Public Instruction**

- December 6, 2017, to increase federal funds spending authority by \$18 million in the grants - other grants line item to accept and expend funds from a Striving Readers Comprehensive Literacy Program competitive grant, awarded by the United States Department of Education, Office of Academic Improvement.

#### **Secretary of State**

- September 13, 2018, to increase federal funds spending authority by \$3 million to accept and spend federal funds received from the Federal Election Assistance Commission for the Federal Help America Vote Act.

#### **State Department of Health**

- December 6, 2017, to increase special funds spending authority by \$231,550 in the salaries and wages line item (\$181,130) and the operating expenses line item (\$50,420), and to accept and expend funds from the states of Texas and Florida under the Emergency Management Assistance Compact.

#### **State Library**

- July 11, 2018, to increase federal funds spending authority by \$124,500 in the grants to libraries line item to accept and expend federal funds from the Institute of Museum and Library Services.