

**Office of Management and Budget
Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	162.00	\$19,907,975	\$7,918,764	\$27,826,739
2003-05 legislative appropriations	162.00	19,740,511	7,888,476	27,628,987
Legislative increase (decrease) to executive budget	0.00	(\$167,464)	(\$30,288)	(\$197,752)
Legislative increase (decrease) to 2001-03 appropriations	(1.00)	(\$823,506)	(\$275,265)	(\$1,098,771)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Office of Management and Budget is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$117,789)	(\$27,016)	(\$144,805)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(13,446)	(3,272)	(16,718)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent, adjusted for salaries included in the information technology plan.		(132,989)		(132,989)
Added funding for the state's membership in the Education Commission of the States		96,760		96,760
Total	0.00	(\$167,464)	(\$30,288)	(\$197,752)

FTE Changes

The 2003-05 biennium appropriation includes funding for 162 FTE positions, a decrease of 1 FTE from the 2001-03 biennium authorized level of 163 FTE positions. The Legislative Assembly did not change the executive recommendation to remove 1 FTE business manager position at State Radio.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to provide funding of \$663,000 from the general fund for capital improvements on the Capitol grounds. The \$663,000 is \$657,620 less than the 2001-03 appropriation of \$1,320,620, all of which was from the general fund. The following projects are included in the funding level provided for the 2003-05 biennium:

Capitol cooling tower	\$268,000
Chiller overhaul	20,000
Parking lot and roadway repairs	160,000
Building automation	50,000
Wiring improvements	50,000
Agency office remodeling	40,000
Governor's residence maintenance	10,000
Contingency	65,000
Total	\$663,000

State Memberships

In addition to the funding for state memberships included in the executive recommendation, the Legislative Assembly added funding for the state's membership in the Education Commission of the States. A total of \$449,960 from the general fund was appropriated for state memberships as follows:

Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$66,000
Council of State Governments	138,500
Government Accounting Standards Board	4,000
Western Governors Association	74,300
National Governors Association	69,000
Midwest Governors Association	200
National Lieutenant Governors Conference	1,200
Education Commission of the States	96,760
Total	\$449,960

Transfers to the General Fund

Special fund transfers - Senate Bill No. 2015 provides for the following special funds transfers to the general fund:

Lands and minerals trust fund (Section 5)	\$2,000,000
Permanent oil tax trust fund (Section 6)	11,910,000
State bonding fund (Section 8)	2,800,000
Student loan trust fund (Section 12)	11,000,000
Total	\$27,710,000

Bank of North Dakota transfers - Section 9 provides for transfers of \$60 million from current earnings and accumulated and undivided profits of the Bank of North Dakota to the general fund, the same as the executive recommendation. The section provides that no more than \$15 million of the amount transferred may be from accumulated undivided profits.

Contingent Bank of North Dakota transfers - Section 10 provides for an additional contingent transfer from the Bank's earnings and accumulated and undivided profits to the general fund. The contingent transfer may not exceed the lesser of \$9 million or the revenue shortfall of actual collections compared to the March 2003 legislative forecast. The executive budget included a contingent transfer of up to \$25 million of the Bank's earnings and accumulated and undivided profits.

Bank of North Dakota capital structure - Section 11 provides that any transfer authorized by the 58th Legislative Assembly may only be made to the extent the transfer does not reduce the Bank's capital structure below \$140 million.

Other Sections in Bill

Higher education contracts to prepare meals - Section 13 creates a new section to North Dakota Century Code (NDCC) Chapter 15-10 allowing institutions of higher education to enter into contracts for the preparation and provision of meals for other persons or entities not affiliated with the institution, provided the institution establishes a policy addressing issues relating to competition with private sector entities.

Medical Center Advisory Council membership - Section 14 amends NDCC Section 15-52-03 to provide for equal majority and minority party legislative membership on the Medical Center Advisory Council.

State tuition fund payments - Section 15 provides that a student residing in a district other than the one the student wishes to attend as a result of a school district dissolution or reorganization, may attend the chosen district and the Superintendent of Public Instruction may forward payments from the state tuition fund made on behalf of the student to the student's chosen school district.

Bonding fund - Section 16 reduces the required reserve amount in the bonding fund from \$2.5 million to \$2 million.

Overtime and work-period claims - Section 17 amends NDCC Section 34-06-01 providing for overtime and work-period claims regardless of when the work in question was performed.

Horse racing - Section 18 provides that until December 31, 2004, the Racing Commission is to reinstate race dates and issue a license to any racetrack in the state which was operational after December 31, 2000.

Electric Industry Competition Committee - Sections 19, 20, and 21 define majority and minority party legislative membership on and continues the Electric Industry Competition Committee through August 1, 2007.

Presentation of budget data - Section 22 amends NDCC Section 54-44.1-06 to require the general fund executive budget recommendation to include any deficiency appropriation relating to general fund expenditures for the current biennium.

Projected deficiency appropriations and allotments - Section 23 amends NDCC Section 54-44.1-12 to provide that any allotment ordered by the Governor must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving money from the fund. **The Governor vetoed this section.**

Information technology services consolidation - Sections 24, 28, and 29 provide for the establishment of an Information Technology Advisory Committee, for consolidation of information technology positions and functions, for a transfer of \$1.4 million from the Information Technology Department to the general fund from realized efficiencies from consolidation, and defines services to be provided by the Information Technology Department. **The Governor vetoed these sections.**

Information technology consolidation reports - Section 30 provides for reports to the Information Technology Committee and the Budget Section on consolidation by the Information Technology Department and any agency receiving consolidation services.

State Historical Board reports - Section 25 amends Section 2 of 2003 Senate Bill No. 2249 removing the requirement that the report of the mediator relating to historical significance determinations be published in the state newspaper and providing for the notice of the decision be given directly to the director of the State Historical Society.

Permanent oil tax trust fund - Section 26 amends NDCC Section 57-51.1-07.2 to provide that at the end of any biennium oil and gas production and oil extraction tax collections in excess of \$71 million, rather than \$62 million, be transferred from the general fund to the permanent oil tax trust fund. This amendment is effective for the 2003-05 biennium.

Support of telecommuting - Section 27 encourages state agencies to implement telecommuting by locating state employees away from central office settings and to incorporate language into job advertisements that any offer of filling the position by telecommuting will be considered.

Upgrading chamber sound systems - Section 31 provides a \$30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers.

Agriculture in the classroom - Section 32 provides a \$45,000 general fund appropriation to the Department of Agriculture for the agriculture in the classroom program.

Student loan trust fund budget information - Section 33 directs the Governor to submit any proposal to spend or transfer money from the student loan trust fund included as part of the 2005-07 biennium executive budget in a separate bill.

Continuing appropriations report - Section 34 requires executive branch agencies to report to the Appropriations Committees during the 2005 legislative session regarding expenditures made pursuant to continuing appropriations and justification for needing the continuing appropriation authority.

Baseline budgeting - Section 35 provided that the 2005-07 appropriation bills for four agencies--the Department of Public Instruction, Department of Corrections and Rehabilitation, State Treasurer, and Secretary of State--be introduced as approved by the 2003 Legislative Assembly. **The Governor vetoed this section.**

State employee reductions and compensation pool - Sections 36, 37, 38, and 39 provide for a reduction of 176 FTE positions during the 2003-05 biennium, the establishment of employee compensation pools resulting from savings from employee reductions, and for state employee salary increases of 1 percent in January 2004 and 2 percent in January 2005 contingent on the reductions. **The Governor vetoed these sections.**

Lodging reimbursement - Section 40 provides for additional lodging reimbursement for members of the Legislative Assembly who incur expenses greater than \$650 during the month of April 2003.

Public employee health insurance benefits study - Section 41 provides for a Legislative Council study of public employee health insurance benefits.

Specified exempt commodities and services report - Section 42 provides for the Office of Management and Budget to report to the Budget Section on specified exempt commodities and services relating to procurement requirements in NDCC Chapter 54-44.4.

Department of Commerce carryover authority - Section 43 allows the Department of Commerce to continue up to \$850,000 of its unspent 2001-03 biennium grants appropriation.

Prairie Public Broadcasting - Section 44 provides legislative intent that the 2005-07 executive budget provide for the funding for Prairie Public Broadcasting as a separate line item in the Office of Management and Budget's budget request.

Emergency measures

Section 45 - Provides an emergency clause for House Bill No. 1414, relating to infectious disease outbreaks and the ability for the State Department of Health to provide for quarantines.

Section 46 - Provides for an emergency clause for House Bill No. 1012, relating to the speed limit on paved two-lane county and township highways.

Section 47 - Provides an emergency clause for subdivision 3 of Section 1 and Sections 12 and 13 of House Bill No. 1015 relating to the partnership in assisting community expansion fund, the agriculture partnership in assisting community expansion fund, and the beginning farmer loan fund.

Section 48 - Provides an emergency clause for Senate Bill No. 2176 relating to participation by retired political subdivision employees in the uniform group insurance program.

Tax amnesty program - Section 49 provides for the Tax Commissioner to conduct a one-time tax amnesty program beginning before December 31, 2003. The authorizing language is intended to grant the Tax Commissioner discretionary authority to implement the program. General fund revenue of \$550,000 is included for the 2003-05 biennium relating to this program.

Related Legislation

Employee recruitment and retention bonus pilot program - House Bill No. 1093 removes the expiration date of the employee recruitment and retention bonus pilot program and provides that nonclassified employees may participate in the program.

State procurement process - House Bill No. 1180 requires all purchases made by the Office of Management and Budget, higher education institutions, or a state agency to which authority to purchase has been delegated, to follow the Office of Management and Budget's guidelines for contracts for services. The director of the Office of Management and Budget is to conduct a study during the 2003-04 interim of the state procurement process, including all relevant laws, rules, and guidelines. The director is to prepare and request introduction of a bill to address inefficiencies, inconsistencies, and outmoded procurement provisions discovered as a result of the study to the 59th Legislative Assembly.

Information technology consolidation - House Bill No. 1505 provides for the Office of Management and Budget, after receiving advice from the Information Technology Department, to establish state policies and guidelines for the purchase of information technology equipment and software. In addition, the Office of Management and Budget is to aggregate information technology equipment and software purchases and administer contracts to achieve the most cost-effective results for the state.

Information technology position transfer - House Bill No. 1505 provides for 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced from the Office of Management and Budget and transferred to the Information Technology Department.

911 wireless services fee - Senate Bill No. 2064 authorizes State Radio to charge political subdivisions a fee for digital mapping services of at least 20 cents per wireless access line for 911 wireless services.

Surplus property operating fund - Senate Bill No. 2075 provides that proceeds from all surplus property sold for less than \$3,000 must be retained in the surplus property operating fund unless the Office of Management and Budget determines the sale proceeds are subject to special requirements for distribution. At the end of each biennium the Office of Management and Budget is to transfer all funds in the surplus operating fund that exceed the amount needed for operating the surplus property function for one year to the general fund.

Central Personnel Division name change - Senate Bill No. 2092 changes the name of the Central Personnel Division to North Dakota Human Resources Management Services.

State employee compensation pools - Senate Bill No. 2423 provides legislative intent that state agencies eliminate 176 FTE positions (155 FTE positions from executive branch agencies and the office of the Governor, excluding other offices of state elected officials and higher education, 13 FTE positions from state elected officials, excluding the office of the Governor, and 8 FTE positions from the judicial branch) during the 2003-05 biennium, and that the savings resulting from these employee reductions be deposited in state employee compensation pools established by the Office of Management and Budget. The state employee compensation pool may be supplemented by accumulated savings from other vacant full-time equivalent positions in order for executive and judicial branch agencies to provide state employee salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005. At least 70 percent of the funding for the increases provided must be from pooled savings resulting from employee reductions.