

**Office of Management and Budget
Budget 110
House Bill No. 1015; Senate Bill Nos. 2018, 2178**

	FTE Positions	General Fund	Other Funds	Total
2009-11 legislative appropriation	132.50	\$32,197,196 ¹	\$9,569,448	\$41,766,644
2007-09 legislative appropriation	<u>132.50</u>	<u>25,283,253</u>	<u>36,717,584</u>	<u>62,000,837</u>
2009-11 appropriation increase (decrease) to 2007-09 appropriation	0.00	\$6,913,943	(\$27,148,136)	(\$20,234,193)

¹This amount includes \$4,984,141 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$27,213,055.

NOTE: The 2009-11 legislative appropriation amounts have been reduced to reflect the \$9 million general fund and \$6,984,000 other funds allocations from the salary equity funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for executive branch state employees. The 2009-11 appropriation amounts reflect OMB's share of the equity pool which was \$131,034, of which \$90,000 is from the general fund.

Item Description

State memberships - The Legislative Assembly provided \$611,000 from the general fund for state dues and memberships as follows:

	General Fund
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$146,000
Council of State Governments	168,000
Government Accounting Standards Board	6,000
Western Governors Association	74,300
National Governors Association	81,500
Midwest Governors Association	20,000
National Lieutenant Governors Association	1,200
Education Commission of the States	114,000
Total dues and memberships	\$611,000

Status/Result

The state membership amounts are not anticipated to be materially different than projected at the close of the 2009 Legislative Assembly.

Capital improvements - The Legislative Assembly provided a total of \$4,487,000 from the general fund for the following extraordinary repairs:

	General Fund
Veterans' memorial repairs	\$187,000
Capitol grounds building repairs	675,000
Capitol grounds parking lot repairs	1,475,000
Capitol restoration	1,200,000
Cooling tower and heat pump replacements	500,000
Exterior Capitol limestone study	150,000
Parking lot repair	300,000
Total	\$4,487,000

The Office of Management and Budget anticipates all funding for extraordinary repairs will be used during the 2009-11 biennium.

One-time funding - In Section 6 of House Bill No. 1015, the Legislative Assembly identified total one-time funding of \$5,992,241, of which \$4,984,141 is from the general fund and \$1,008,100 is from the permanent oil tax trust fund. Items identified as one-time funding from the general fund include ConnectND projects (\$1 million), Prairie Public Broadcasting upgrades (\$1,008,100), Facility Management repairs and equipment (\$2,850,000), and administration projects (\$126,041). Funding of \$1,008,100 from the permanent oil tax trust fund for Prairie Public Broadcasting upgrades was also identified as one-time funding.

Special funds transfers - The Legislative Assembly provided for the following special funds transfers to the general fund:

Lands and minerals trust fund (Section 5 of SB 2013)	\$35,000,000
Permanent oil tax trust fund (Section 5 of HB 1015)	140,000,000
Permanent oil tax trust fund (Section 10 of SB 2199)	295,000,000
Total	\$470,000,000

Transfer to property tax relief sustainability fund - Section 11 of 2009 Senate Bill No. 2199 requires OMB to transfer \$295 million from the permanent oil tax trust fund to the property tax relief sustainability fund on July 1, 2010.

Bank of North Dakota transfers - Section 16 of 2009 Senate Bill No. 2014 provides for a transfer of up to \$1 million from the current earnings and the accumulated and undivided profits of the Bank of North Dakota to the general fund. The section provides that the transfer may only be made to the extent that funding from the general fund is deposited in the Ag PACE fund and obligated for the disaster program.

Mill and Elevator Association transfers - Section 12 of 2009 Senate Bill No. 2014 adds a new section to North Dakota Century Code Chapter 54-18 to provide that the Industrial Commission transfer 50 percent of the annual earnings and undivided profits of the Mill and Elevator Association, after any transfer to agriculture-related programs, to the general fund. The 2009-11 biennium transfers are anticipated to be \$4,735,836.

Budget stabilization fund - Pursuant to Chapter 54-27.2, the State Treasurer is to transfer any amount exceeding \$65 million at the end of the biennium, up to a maximum of an amount equal to 10 percent of the total biennial general fund budget as approved by the most recently adjourned session of the Legislative Assembly, to the budget stabilization fund. The 2009 Legislative Assembly approved a total 2009-11 general fund budget of \$3,249,365,481. Therefore, the maximum balance in the fund is limited to \$324,936,548 which will allow for a \$124,936,548 transfer from the general fund to the budget stabilization fund at the end of the 2007-09 biennium.

The Office of Management and Budget expects to spend all funds relating to Facility Management repairs and equipment, ConnectND projects, and administration projects by the end of the biennium. The funding designated for Prairie Public Broadcasting upgrades was distributed at the beginning of the 2009-11 biennium.

The status of the transfers as of April 10, 2010, is:

- Lands and minerals trust fund - No transfer has been made.
- Permanent oil tax trust fund (\$140 million) - The transfer was made in December 2010.
- Permanent oil tax trust fund (\$295 million) - The transfer was made in July 2009.

The Office of Management and Budget anticipates making the transfer from the lands and minerals trust fund to the general fund by the end of the biennium.

The Office of Management and Budget anticipates making the transfer on July 1, 2010, as planned.

The Office of Management and Budget has not transferred any funds from the current earnings and accumulated and undivided profits of the Bank of North Dakota to the general fund.

The Industrial Commission anticipates a transfer of \$5,462,500 will be made in September 2010.

At the end of the 2007-09 biennium, OMB transferred \$124,936,548 from the general fund to the budget stabilization fund.

Electronic budget presentation - Section 27 of House Bill No. 1015 requires OMB to select two agencies to present their proposed 2011-13 budget and related information electronically to the Appropriations Committees of the 62nd Legislative Assembly.

Searchable database of state expenditures - Section 35 of Senate Bill No. 2018 requires the director of OMB to develop a searchable database of state expenditures by June 30, 2011.

State employee lodging - Senate Bill No. 2064 (2009) provides for the director of OMB to establish a state employee lodging reimbursement rate equal to 90 percent of the rate established by the United States General Services Administration and requires the director of OMB to adopt rules establishing mileage reimbursement for state employees based on the federal rate.

State facilities - Senate Bill No. 2425 (2009) requires the director of OMB to develop and present a report to the Legislative Management of all facilities occupied by state agencies and recommendations for increasing efficiency.

State employee retention - Senate Bill No. 2061 (2009) provides for Human Resource Management Services to conduct a study on the retention of state employees and to report its findings to the Legislative Management.

Federal fiscal stimulus funding - In Section 2 of House Bill No. 1015 and Section 5 of Senate Bill No. 2018, the Legislative Assembly appropriated \$689,494 of federal fiscal stabilization - other government services funds made available to the Governor under the American Recovery and Reinvestment Act of 2009 to OMB for information technology, accounting, and verification costs (\$289,494) and for establishing a searchable database of state expenditures (\$400,000).

State contingencies fund - The Legislative Assembly provided \$700,000 from the general fund for the state contingencies fund in House Bill No. 1015.

Heritage Center expansion project - Section 2 of House Bill No. 1481 provides that construction of the Heritage Center expansion project may not begin until the State Historical Society certifies to OMB that federal and special funds with a discounted cash value of at least \$6 million has been received for the project.

The Office of Management and Budget will be selecting two agencies to provide electronic budget presentations to the 62nd Legislative Assembly.

The Office of Management and Budget is working with the Information Technology Department to determine the scope and cost of the project. The project is expected to be completed by June 2011.

The director of OMB developed a policy for state employee lodging reimbursement rates to provide that in-state lodging reimbursement rates are 90 percent of the rate established by the United States General Services Administration. The director also established a policy for state employee mileage reimbursement rates to be based on the amounts paid by the United States General Services Administration.

The Office of Management and Budget anticipates providing a report to the Legislative Management's interim Government Services Committee prior to October 2010 regarding recommendations for increasing efficiency in state facilities.

Human Resource Management Services anticipates providing a report to the Legislative Management's interim Employee Benefits Programs Committee prior to July 2010 regarding recommendations for increasing the retention of state employees.

The status of federal fiscal stimulus funding is as follows:

- Information, technology, accounting, and verification costs - The Office of Management and Budget has spent approximately \$68,000 of the \$289,494 appropriation through February 2010.
- Searchable database of expenditure - The Office of Management and Budget is working with the Information Technology Department to plan the project and determine project costs.

The following is the status of the state contingencies fund through April 2010:

2009-11 state contingencies fund appropriation	\$700,000
Approved contingencies requests	
Secretary of State	18,421
Remaining contingencies funding available	\$681,579

As of May 24, 2010, the State Historical Society has received approximately \$6.25 million. The agency plans to certify funds to the OMB after raising additional funding to account for discounting. The State Historical Society anticipates the \$6 million goal will be met during the summer of 2010.

Salary equity pool for executive branch employees - Section 18 of House Bill No. 1015 provides an appropriation of \$15,984,000, of which \$9 million is from the general fund, to OMB for an executive branch state employee salary equity pool to provide market equity adjustments. The adjustments are to begin in July 2009 and must be given after any other general compensation adjustments. The market equity adjustments are to be prioritized based on a statewide plan to address market disparities, growth areas, recruitment and retention challenges, and internal and external pay inequities for employees who are critical to the mission of the agency. The plan must give priority to employees who have been employed by the state for the greatest length of time and are furthest below their salary range midpoint. Institutions under the control of the State Board of Higher Education are not eligible to receive funding from the salary equity pool.

The Office of Management and Budget allocated the salary equity pool as follows:

	General Fund	Other Funds	Total
Governor's office	\$27,000		\$27,000
Secretary of State	50,000		50,000
Office of Management and Budget	90,000	\$41,034	131,034
Information Technology Department	65,000	1,200,000	1,265,000
State Auditor's office	100,000		100,000
State Treasurer	10,000		10,000
Attorney General	900,000	140,000	1,040,000
Tax Department	470,000		470,000
Department of Public Instruction	50,000	100,000	150,000
State Library	50,000	7,500	57,500
School for the Deaf	40,000	2,100	42,100
North Dakota Vision Services	18,000	3,000	21,000
Department of Career and Technical Education	40,000		40,000
State Department of Health	150,000	172,000	322,000
Veterans' Home	90,000		90,000
Indian Affairs Commission	2,000		2,000
Department of Human Services	1,500,000	1,150,000	2,650,000
Protection and Advocacy Project	170,000		170,000
Job Service North Dakota		400,000	400,000
Insurance Department		132,866	132,866
Industrial Commission	475,000	9,500	484,500
Labor Commissioner	20,000		20,000
Public Service Commission	73,000	35,000	108,000
Aeronautics Commission		14,000	14,000
Department of Financial Institutions		100,000	100,000
Securities Department	10,000		10,000
Bank of North Dakota		150,000	150,000
Housing Finance Agency		80,000	80,000
Highway Patrol	350,000		350,000
Department of Corrections and Rehabilitation	3,050,000		3,050,000
Adjutant General	20,000	80,000	100,000
Agriculture Department	80,000	87,000	167,000
State Seed Department		22,000	22,000
State Historical Society	300,000	28,000	328,000
Parks and Recreation Department	500,000		500,000
State Water Commission	300,000	30,000	330,000
Department of Transportation		3,000,000	3,000,000
Total	\$9,000,000	\$6,984,000	\$15,984,000

State institution alternative use grant program - House Bill No. 1460 (2009) provides for the development of an alternative use grant program for state institutions and local communities that request to convert state facilities to an alternative use.

As of May 2010 OMB has not received any requests to convert state facilities to an alternative use through the program.