

**Office of Management and Budget
Budget 110
Senate Bill Nos. 2015, 2271, 2275**

	FTE Positions	General Fund	Other Funds	Total
2011-13 legislative appropriation	131.50	\$32,892,699 ¹	\$10,514,461	\$43,407,160
2009-11 legislative appropriation	<u>132.50</u>	<u>32,197,196</u>	<u>9,569,448</u>	<u>41,766,644</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	(1.00)	\$695,503	\$945,013	\$1,640,516

¹This amount includes \$3,654,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$29,238,699.

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.)	\$151,000
Council of State Governments	182,000
Governmental Accounting Standards Board	6,000
Western Governors Association	74,300
National Governors Association	81,500
National Lieutenant Governors Association	1,200
Education Commission of the States	115,000
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 2011 regular legislative session.

Capital improvements - The Legislative Assembly provided \$5,278,000 from the general fund and \$2.6 million from the Capitol building fund for the following extraordinary repairs:

	General Fund	Capitol Building Fund	Total
Capitol Café and hallway remodel		\$700,000	\$700,000
Exterior repairs to Capitol	\$2,800,000		2,800,000
Legislative wing brass and wood restoration		1,000,000	1,000,000
Capitol south entrance remodeling		900,000	900,000
Capitol grounds electrical system repairs	200,000		200,000
Capitol elevator panel replacement	38,000		38,000
Improvements to the Liberty Memorial Building	650,000		650,000
Capitol mechanical repairs	390,000		390,000
Capitol grounds parking lot repairs	1,200,000		1,200,000
Total	\$5,278,000	\$2,600,000	\$7,878,000

The status of the projects is:

- Capitol Café and hallway remodel - The hallway remodel project will begin during the summer of 2012 and is anticipated to be complete in November 2012. The Capitol Café project will begin in the spring of 2013.
- Exterior repairs to Capitol - The repairs will begin during the 2012 construction season and are anticipated to be complete by the end of 2012.
- Legislative wing brass and wood restoration - The project began in March 2012 and is anticipated to be complete by August 2012.
- Capitol south entrance remodeling - The project is anticipated to begin during the spring of 2013 and is estimated to be complete by the fall of 2013.
- Capitol grounds parking lot repairs - The repairs will begin during the 2012 construction season and are anticipated to be complete by the end of 2012.
- Capitol grounds electrical system repairs, Capitol elevator panel replacement, improvements to the Liberty Memorial Building, Capitol mechanical repairs - The Office of Management and Budget (OMB) anticipates all funding for these repair projects will be used during the 2011-13 biennium.

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

Strategic investment and improvements fund (Section 4 of 2011 SB 2015)	\$305,000,000
Property tax relief sustainability fund (Section 14 of 2011 HB 1047)	295,000,000
Total	\$600,000,000

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

Public transportation fund (Section 3 of 2011 SB 2015)	\$100,000
State highway fund (Section 7 of 2011 HB 1012)	370,600,000
Game and fish fund (Section 3 of 2011 SB 2017)	300,000
Rebuilders loan fund contingent transfer (Section 8 of 2011 SB 2371)	20,000,000
State disaster relief fund (Section 17 of 2011 SB 2371)	48,700,000
Oil and gas impact grant fund contingent transfer (Section 23 of 2011 SB 2371)	30,000,000
Oil and gas impact grant fund contingent transfer (Section 25 of 2011 SB 2371)	5,000,000
Total	\$474,700,000

Mill and Elevator Association transfers - The Legislative Assembly in 2009 enacted North Dakota Century Code Section 54-18-19 requiring the Industrial Commission to transfer to the state general fund 50 percent of the annual earnings and undivided profits of the Mill and Elevator after any transfers to other state agricultural-related programs.

One-time funding - Section 2 of 2011 Senate Bill No. 2015 identifies \$3.65 million of one-time funding from the general fund for OMB. Of this amount, \$2.8 million is for exterior repairs to the Capitol, \$800,000 is for Capitol complex parking lot repairs, and \$50,000 for a temporary position and operating costs to assist in planning for the state's 125th anniversary. Senate Bill No. 2271 (2011) also contained one-time funding of \$4,000 from the general fund to OMB for a grant to assist in establishing the State Board of Integrative Health.

The status of the transfers as of April 2012 is:

- Strategic investment and improvements fund - The transfer is anticipated to be made near the end of the 2011-13 biennium.
- Property tax relief sustainability fund - The transfer was made in July 2011.

The status of the transfers as of April 2012 is:

- Public transportation fund - The transfer was made in August 2011.
- State highway fund - The transfer was made in August 2011.
- Game and fish fund - The transfer was made in April 2012.
- Rebuilders loan fund - No transfer has been made. The transfer is contingent upon the Bank of North Dakota obligating \$30 million which was previously deposited in the rebuilders loan fund for the rebuilders loan program. Through March 2012, the Bank of North Dakota had obligated \$25 million.
- State disaster relief fund - The transfer has not been made.
- Oil and gas impact grant fund contingent transfer for additional oil and gas impact grants (\$30 million) - The transfer was contingent upon oil and gas tax revenue collections exceeding estimates by \$48 million between July 1, 2011, and February 29, 2012. The contingent criteria was met, and OMB made the transfer in April 2012.
- Oil and gas impact grant fund contingent transfer for new oil-producing counties (\$5 million) - The transfer is contingent upon a county that produced fewer than 100,000 barrels of oil in November 2011 having more than four active oil rigs operating in the county in any one month after November 2011. Through March 2012, no county has met the contingent distribution criteria.

The Mill and Elevator anticipates transfers of \$3,325,000 will be made in June 2012 and June 2013. These are the same amounts as originally estimated during the 2011 regular legislative session.

See the **Capital improvements** section above for information regarding exterior repairs to the Capitol and the Capitol complex parking lot repairs. The Office of Management and Budget has not started the planning for the state's 125th anniversary or provided the grant funding to the State Board of Integrative Health.

Budget stabilization fund - The Legislative Assembly amended Chapter 54-27.2 to provide that any amount in the general fund at the end of the biennium in excess of \$65 million must be transferred to the budget stabilization fund except that the balance in the budget stabilization fund may not exceed 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly.

State agency reports on federal grants - Section 29 of 2011 Senate Bill No. 2015 enacted Section 54-27-27 to implement certain reporting requirements for state agencies submitting applications for federal grants.

Classified state employee compensation system - Section 9 of 2011 Senate Bill No. 2015 requires OMB to set an external competitiveness target for the classified state employee compensation system based on funding provided by the Legislative Assembly for 2011-13 biennium classified state employee compensation. The Office of Management and Budget is to develop guidelines for use by state agencies for providing compensation adjustments to classified state employees in accordance with the compensation philosophy statement and compensation system initiative included in 2011 House Bill No. 1031 and the external competitiveness target.

State contingencies fund - The Legislative Assembly provided \$700,000 from the general fund for the state contingencies fund for the 2011-13 biennium.

At the end of the 2009-11 biennium, OMB transferred \$61,414,562 from the general fund to the budget stabilization fund resulting in a fund balance of \$386,351,110. This is the same amount as originally estimated during the 2011 regular legislative session.

Due to the increase in general fund appropriations for the 2011-13 biennium approved by the Legislative Assembly during its November 2011 special session, the maximum balance allowed in the budget stabilization fund is now based on 2011-13 biennium general fund appropriations of \$4,236,686,460 resulting in a maximum balance allowed in the fund of \$402,485,214. Therefore, interest earned by the fund will be retained in the fund until the maximum balance is reached.

The Office of Management and Budget has developed a program for state agencies to report information regarding federal grants the agencies have applied for. The Office of Management and Budget provided reports to the Budget Section in September 2011, December 2011, and March 2012 regarding federal grants applied for by state agencies as required under Section 54-27-27.

The Office of Management and Budget has developed new grade structures and salary ranges which will be implemented on July 1, 2012. The Office of Management and Budget has directed applicable agencies to adjust employee salary levels to be at least at the minimum of the new salary ranges. Agencies may request exemptions from the minimum salary requirement if an agency is unable to reallocate enough funding for the salary adjustments. Human Resource Management Services estimates that 734 employees will be below their minimum salary range on July 1, 2012. Including benefits, the estimated cost to increase the compensation of these employees to the new minimum levels is \$1,893,292 for the second year of the 2011-13 biennium.

Through May 2012, the Emergency Commission has approved one request for funding for \$80,000 from the state contingencies fund. The funding was provided to the Attorney General for expenses related to the multistate arbitration hearings concerning funds due the state from the Master Settlement Agreement with tobacco companies.