

**Department 226 - Department of Trust Lands
Senate Bill No. 2013**

Executive Budget Comparison to Prior Biennium Appropriations

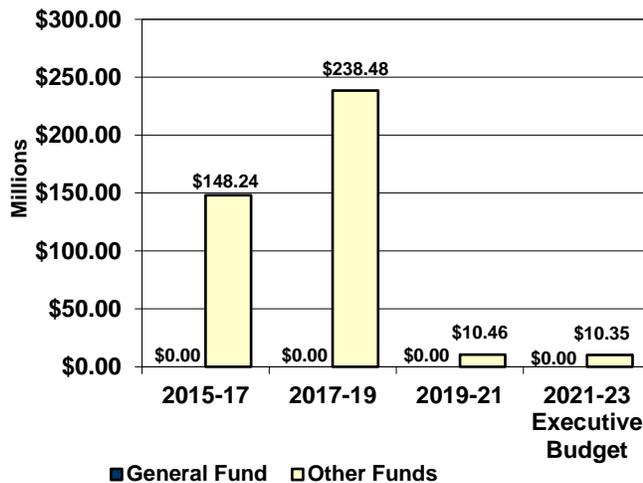
	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	30.00	\$0	\$10,345,068	\$10,345,068
2019-21 Legislative Appropriations ¹	28.00	0	10,458,401	10,458,401
Increase (Decrease)	2.00	\$0	(\$113,333)	(\$113,333)

¹The 2019-21 biennium agency appropriation amounts have not been adjusted for additional federal Coronavirus (COVID-19) funds authority of \$94,135 for online surface lease auctions and a shut-in well analysis resulting from Emergency Commission action during the 2019-21 biennium.

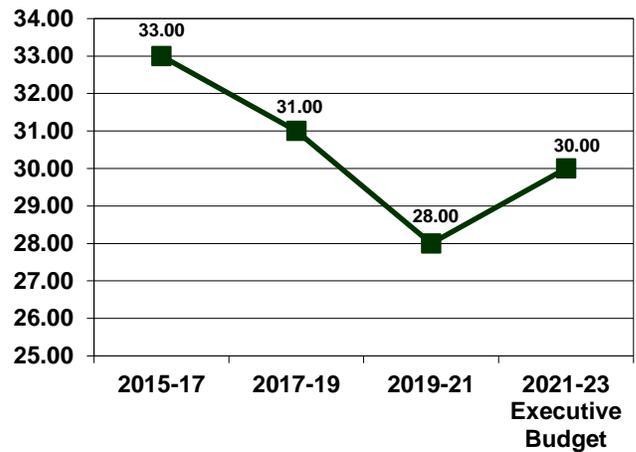
Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2021-23 Executive Budget	\$8,745,068	\$1,600,000	\$10,345,068
2019-21 Legislative Appropriations	8,108,401	2,350,000	10,458,401
Increase (Decrease)	\$636,667	(\$750,000)	(\$113,333)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$0	\$10,345,068	\$10,345,068
2021-23 Base Level	0	8,108,401	8,108,401
Increase (Decrease)	\$0	\$2,236,667	\$2,236,667

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which \$156,670 is for salary increases, \$1,458 is for health insurance increases, and \$32,302 is for retirement increases. The Senate added funding for salary adjustments of 2 percent per year with an \$80 minimum and \$300 maximum monthly increase and increases in health insurance premiums from \$1,427 to \$1,429 per month. The Senate did not add funding for retirement contribution increases.	\$0	\$190,430	\$190,430

2. Adds 1 FTE administrative assistant position (\$159,486) and related operating expenses (\$35,450)	\$0	\$194,936	\$194,936
3. Adds funding for 1 FTE mineral title specialist position (\$211,665) and related operating expenses (\$35,450)	\$0	\$247,115	\$247,115
4. Decreases funding for operating expenses primarily related to information technology (IT) costs	\$0	(\$128,236)	(\$128,236)
5. Increases funding for Microsoft Office 365 licensing expenses	\$0	\$4,186	\$4,186
6. Adds one-time funding from the state lands maintenance fund to complete an IT project	\$0	\$1,600,000	\$1,600,000
7. Reflects \$4,000,000 of administrative expenses in the strategic investment and improvements fund trust fund analysis which is available for transfer to the state lands maintenance fund for the department's expenses	\$0	\$0	\$0

Other Sections in Senate Bill No. 2013

Fund distributions - Section 3 provides permanent fund income distributions to state institutions as follows:

	2019-21 Legislative Appropriation	2021-23 Budget	Increase (Decrease)
Common schools	\$366,756,000	\$421,020,000	\$54,264,000
North Dakota State University	5,916,000	6,620,000	704,000
University of North Dakota	4,504,000	5,084,000	580,000
Youth Correctional Center	1,864,000	2,228,000	364,000
School for the Deaf	1,898,000	2,014,000	116,000
North Dakota State College of Science	1,736,000	1,941,000	205,000
State Hospital	1,570,000	1,673,000	103,000
Veterans' Home	732,000	795,000	63,000
Valley City State University	1,034,000	1,178,000	144,000
North Dakota Vision Services - School for the Blind	1,122,000	1,375,000	253,000
Mayville State University	668,000	742,000	74,000
Dakota College at Bottineau	242,000	285,000	43,000
Dickinson State University	242,000	285,000	43,000
Minot State University	242,000	285,000	43,000
Total	\$388,526,000	\$445,525,000	\$56,999,000

Oil and gas impact grant fund exemption - Section 4 provides an exemption to continue unspent prior biennium appropriations from the oil and gas impact grant fund into the 2021-23 biennium.

Information technology project exemption - Section 5 provides an exemption to continue unspent prior biennium appropriations related to an IT project into the 2021-23 biennium.

Deficiency Appropriation

There are no deficiency appropriations for this agency.

Continuing Appropriations

Unclaimed property - North Dakota Century Code Section 47-30.1-23 - Payments made to owners of unclaimed property.

Investments and farm loans - Section 15-03-16 - Money manager and custodial fees and loan administration fees to maintain and enhance income earning potential of trusts' financial assets.

County services - Section 15-04-23 - Payments made to counties for various services provided that benefit school trust lands.

Land expenses - Sections 15-04-24 and 15-07-22 - Payments for appraisal fees, survey costs, surface lease refunds, weed and insect control, cleanup costs, capital improvement rent credits, fire protection, land rent, value survey costs, and other expenses.

In lieu of taxes - Section 57-02.3-07 - Payments made in lieu of property taxes on certain state lands managed by the department.

Significant Audit Findings

The financial statement audit for the Department of Trust Lands conducted by Eide Bailly LLP, Certified Public Accountants, during the 2019-20 interim identified no significant findings.

Major Related Legislation

House Bill No. 1080 - Decreases the penalty for late payments associated with oil and gas royalties paid to the state.

House Bill No. 1395 - Reallocates federal coronavirus relief funds previously authorized by the Emergency Commission and Budget Section.

Senate Bill No. 2048 - Updates provisions relating to unclaimed property to align with revisions approved by the Uniform Laws Commission.

Senate Bill No. 2282 and Senate Concurrent Resolution No. 4007 - Adds the Agriculture Commissioner to the Board of University and School Lands.

Department of Trust Lands - Budget No. 226
Senate Bill No. 2013
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	28.00	\$0	\$8,108,401	\$8,108,401	28.00	\$0	\$8,108,401	\$8,108,401
2021-23 Ongoing Funding Changes								
Base payroll changes			\$128,236	\$128,236			\$128,236	\$128,236
Salary increase			156,670	156,670			156,414	156,414
Retirement contribution increase			32,302	32,302				0
Health insurance increase			1,458	1,458			1,458	1,458
Adds 1 FTE administrative assistant position	1.00		194,936	194,936	1.00		194,936	194,936
Adds 1 FTE mineral title specialist position	1.00		247,115	247,115	1.00		247,115	247,115
Decreases funding for operating expenses			(128,236)	(128,236)			(128,236)	(128,236)
Increases funding for Microsoft Office 365 licensing expenses			4,186	4,186			4,186	4,186
Total ongoing funding changes	2.00	\$0	\$636,667	\$636,667	2.00	\$0	\$604,109	\$604,109
One-time funding items								
Adds one-time funding for a technology project			\$1,600,000	\$1,600,000			\$1,600,000	\$1,600,000
Total one-time funding changes	0.00	\$0	\$1,600,000	\$1,600,000	0.00	\$0	\$1,600,000	\$1,600,000
Total Changes to Base Level Funding	2.00	\$0	\$2,236,667	\$2,236,667	2.00	\$0	\$2,204,109	\$2,204,109
2021-23 Total Funding	30.00	\$0	\$10,345,068	\$10,345,068	30.00	\$0	\$10,312,510	\$10,312,510
<i>Total ongoing changes as a percentage of base level</i>	7.1%		7.9%	7.9%	7.1%		7.5%	7.5%
<i>Total changes as a percentage of base level</i>	7.1%		27.6%	27.6%	7.1%		27.2%	27.2%

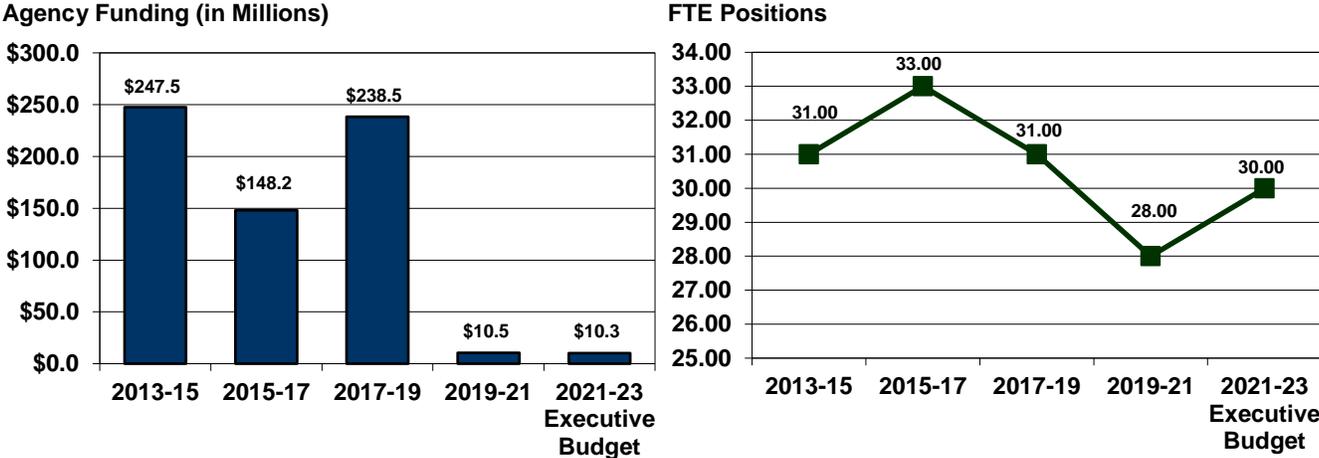
Other Sections in Department of Trust Lands - Budget No. 226

	Executive Budget Recommendation	Senate Version
Fund distributions	Section 3 would provide the permanent fund income distributions to state institutions.	Section 3 provides the permanent fund income distributions to state institutions.
Oil and gas impact grant fund exemptions	Section 4 would provide an exemption to continue unspent prior biennium appropriations from the oil and gas impact grant fund into the 2021-23 biennium.	Section 4 provides an exemption to continue unspent prior biennium appropriations from the oil and gas impact grant fund into the 2021-23 biennium.
Information technology project exemption	Section 5 would provide an exemption to continue unspent prior biennium appropriations into the 2021-23 biennium related to an IT project.	Section 5 provides an exemption to continue unspent prior biennium appropriations into the 2021-23 biennium related to an IT project.

Department 226 - Department of Trust Lands

Historical Appropriations Information

Total Other Funds Appropriations Since 2013-15



Total Other Funds Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Total other funds appropriations	\$247,506,969	\$148,243,153	\$238,481,273	\$10,458,401	\$10,345,068
Increase (decrease) from previous biennium	N/A	(\$99,263,816)	\$90,238,120	(\$228,022,872)	(\$113,333)
Percentage increase (decrease) from previous biennium	N/A	(40.1%)	60.9%	(95.6%)	(1.1%)
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	(40.1%)	(3.6%)	(95.8%)	(95.8%)

Major Increases (Decreases) in Total Other Funds Appropriations

2015-17 Biennium

- 1. Added funding for 2 FTE positions, including a land management position and an unclaimed property and compliance officer position \$385,246
- 2. Added funding for operating expenses related to office space rental \$90,000
- 3. Added funding for the administration of oil and gas impact grants \$163,922
- 4. Reduced funding for contingencies (\$100,000)
- 5. Reduced funding for grants to political subdivisions from the oil and gas impact grant fund (\$100,000,000)

2017-19 Biennium

- 1. Added 1 FTE geographic information system specialist position, including \$177,080 for salaries and wages and \$23,025 for operating expenses \$200,105
- 2. Removed 3 FTE positions, including 1 FTE energy infrastructure and impact office position (\$151,237), 1 FTE natural resources director position (\$259,307), and 1 FTE project manager position (\$206,550) (\$617,094)
- 3. Adjusted funding for operating expenses, including increases for building maintenance and utility costs (\$93,746); increases for professional development (\$45,000); and decreases for professional development, IT services, and travel (\$405,685) (\$266,939)
- 4. Removed funding for Energy Infrastructure and Impact Office administrative expenses (\$389,217)
- 5. Removed funding for grants to political subdivisions from the oil and gas impact grant fund (\$99,300,000)
- 6. Added one-time funding for an IT system replacement project \$3,600,000
- 7. Added one-time funding for grants to airports, including \$25,000,000 from the oil and gas impact grant fund and \$15,000,000 from the newly created energy impact fund \$40,000,000
- 8. Added one-time funding for mineral revenue repayments, including \$100,000,000 from the strategic investment and improvements fund and \$87,000,000 from a Bank of North Dakota line of credit \$187,000,000

2019-21 Biennium

1. Removed 3 FTE positions, including 2 administrative assistants and an audit technician	(\$288,863)
2. Added funding for 2 FTE positions, including an administrative assistant (\$123,361) and an attorney (\$248,461), and related operating expenses (\$43,670)	\$415,492
3. Transferred 2 FTE programmer analyst positions to the Information Technology Department for the IT unification initiative resulting in an increase in operating expenses for the agency	\$19,739
4. Reduced funding for operating expenses primarily related to travel, equipment, IT costs, professional development, and other services	(\$504,949)
5. Added funding for legal and audit costs related to the implementation of administrative rules, compliance requirements for internal controls and fraud risks, and financial statement audits	\$384,564
6. Increased funding for operating expenses associated with new financial software (\$175,000) and Microsoft Office 365 licensing costs (\$23,342)	\$198,342
7. Added funding for a mineral valuation study	\$350,000
8. Added one-time funding from the oil and gas impact grant fund for grants to oil-impacted political subdivisions	\$2,000,000

2021-23 Biennium (Executive Budget Recommendation)

1. Adds 1 FTE administrative assistant position (\$159,486) and related operating expenses (\$35,450)	\$194,936
2. Adds funding for 1 FTE mineral title specialist position (\$211,665) and related operating expenses (\$35,450)	\$247,115
3. Decreases funding for operating expenses primarily related to IT costs	(\$128,236)
4. Increases funding for Microsoft Office 365 licensing expenses	\$4,186
5. Adds one-time funding from the state lands maintenance fund to complete an IT project	\$1,600,000

GOVERNOR'S RECOMMENDATION FOR THE DEPARTMENT OF TRUST LANDS AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from the state lands maintenance fund, to the commissioner of university and school lands for the purpose of defraying the expenses of the commissioner of university and school lands, for the biennium beginning July 1, 2021, and ending June 30, 2023, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$5,725,379	\$ 689,817	\$ 6,415,196
Operating Expenses	2,283,022	(53,150)	2,229,872
Contingencies	100,000	0	100,000
Capital Assets	<u>0</u>	<u>1,600,000</u>	<u>1,600,000</u>
Total Special Funds	\$8,108,401	\$2,236,667	\$10,345,068
Full-time Equivalent Positions	28.00	2.00	30.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty- sixth legislative assembly for the 2019-21 biennium and the 2021-23 one-time funding items included in the grand total appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
Mineral Valuation Study	\$ 350,000	\$ 0
Oil and Gas Impact	2,000,000	0
Land Management System	<u>0</u>	<u>1,600,000</u>
Total Special Funds	\$2,350,000	\$1,600,000

The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget for the 2023-25 biennium. The commissioner of university and school lands shall report to the appropriations committees of the sixty-eighth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 3. DISTRIBUTIONS TO STATE INSTITUTIONS. Pursuant to section 1 of article IX of the Constitution of North Dakota, the board of university and school lands shall distribute during the biennium beginning July 1, 2021, and ending June 30, 2023, the following amounts, from the permanent funds managed for the benefit of the following entities:

Common Schools	\$421,020,000
North Dakota State University	6,620,000
University of North Dakota	5,084,000
Youth Correctional Center	2,228,000
School for the Deaf	2,014,000
State college of Science	1,941,000
State Hospital	1,673,000
Veterans' Home	795,000
Valley City State University	1,178,000
North Dakota Vision Services - School for the Blind	1,375,000
Mayville State University	742,000
Dakota College at Bottineau	285,000
Dickinson State University	285,000
Minot State University	<u>285,000</u>
Total	\$445,525,000

SECTION 4. EXEMPTION - OIL AND GAS IMPACT GRANT FUNDS. The amounts previously appropriated from the oil and gas impact grant fund and identified in section 10 of chapter 38 of the 2017 Session Laws and in section 8 of chapter 13 of 2019 Session Laws related to the oil and gas impact grant fund, including grant awards returned to the fund, are not subject to section 54-44.1-11. Any unexpended funds are available for grants and administrative costs associated with the fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 5. EXEMPTION – INFORMATION TECHNOLOGY PROJECT – REPORT TO INFORMATION TECHNOLOGY COMMITTEE. The \$3,600,000 appropriated from the state lands maintenance fund and identified in sections 1 and 12 of chapter 38 of the 2017 Session Laws is not subject to section 54- 44.1-11, and any unexpended funds are available to complete the information technology project during the biennium beginning July 1, 2021, and ending June 30, 2023. During the 2021-23 interim, the commissioner of university and school lands shall provide at least one report to the interim information technology committee regarding the status of the information technology project.