

**Office of Management and Budget
Budget No. 110
Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriation	112.00	\$33,215,852 ¹	\$17,136,515	\$50,352,367
2017-19 legislative appropriation	<u>117.00</u>	<u>31,661,360²</u>	<u>11,234,087</u>	<u>42,895,447</u>
2019-21 appropriation increase (decrease) to 2017-19 appropriation	(5.00)	\$1,554,492	\$5,902,428	\$7,456,920

¹The 2019-21 legislative appropriation amount includes \$300,000 of one-time funding from the general fund. Excluding this amount, the agency's ongoing general fund appropriation is \$32,915,852.

²The 2017-19 legislative appropriation amount includes a deficiency appropriation of \$441,100 from the general fund approved by the Legislative Assembly in Senate Bill No. 2024 (2019). In addition to the deficiency appropriation, the 2017-19 legislative appropriation includes \$500,000 of one-time funding from the general fund. Excluding these amounts, the agency's ongoing general fund appropriation is \$30,719,160.

Item Description

FTE changes - The Legislative Assembly approved 112 full-time equivalent (FTE) positions for OMB for the 2019-21 biennium, a decrease of 5 FTE positions. The Legislative Assembly removed 3 FTE custodian positions and 2 FTE human resource officer positions.

State employee classified system - The Human Resource Management Services Division is changing the job classification system for classified state employees, effective July 1, 2020.

Status/Result

The Office of Management and Budget removed the 5 FTE positions identified during the 2019 legislative session. All of the positions were vacant at the time of removal.

The current job classification system includes 22 grades which are used to establish a standard salary range for classified employees with similar job titles in multiple state agencies. For example, during fiscal year 2020, an employee with a grade D position has an allowable monthly salary range of \$2,085 to \$3,474 while an employee with a grade E position has an allowable monthly salary range of \$2,277 to \$3,794.

The new job classification system will reduce the 22 letter grades into 10 number grades. For example, employees with a current letter grade of D and E will be combined into a new grade 102 with an allowable monthly salary range of \$2,318 to \$4,172. The reduction of salary grades from 22 to 10 will provide agencies additional salary flexibility for high-performing state employees without needing to reclassify the employee's salary grade and position.

The new job classification system will combine more than 850 job titles to 100 standardized job titles within 16 job families, such as administrative and office services, education services, human services, and trade services. The Human Resource Management Services Division believes the new job classification system will comply with Section 54-44.3-01.2 regarding the state's compensation philosophy statement.

State memberships - The 2019 Legislative Assembly provided \$625,064 from the general fund for state dues and memberships, an increase of \$93,614 from the 2017-19 biennium. The state dues and memberships are as follows:

	General Fund
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$155,200
Council of State Governments	213,864
Western Governors' Association	72,000
National Governors Association	75,800
National Lieutenant Governors Association	2,000
Education Commission of the States	106,200
Western Interstate Commission for Higher Education (Funding of \$294,000 is included in the higher education budget.)	0
Total dues and memberships	\$625,064

One-time funding - The following is a summary of OMB's one-time appropriations for the 2019-21 biennium:

	Total
State student internship program (general fund)	\$250,000
Electronic procurement study (general fund)	50,000
Risk management information technology project (risk management fund)	170,000
Capitol building south entrance project (Capitol building fund)	2,000,000
Extraordinary repairs (Capitol building fund)	1,900,000
Special assessments on Capitol grounds (Capitol building fund)	320,000
Litigation funding pool (strategic investment and improvements fund)	3,500,000
Assessment of state lands and facilities (strategic investment and improvements fund)	500,000
Total	\$8,690,000

The amounts for the state memberships and dues are not anticipated to be materially different from the projections at the close of the 2019 legislative session.

The following is the status of the one-time funding items:

- State student internship program - Through March 2020, \$56,855 has been transferred to other state agencies.
- Electronic procurement study - OMB has spent \$33,420 as of March 31, 2020. The study is anticipated to cost \$49,930.
- Risk management information technology project - OMB is evaluating software for the project. No funds have been spent as March 31, 2020.
- Capitol building south entrance project - See the **Capital improvements** section below.
- Extraordinary repairs - See the **Capital improvements** section below.
- Special assessments on Capitol grounds - Through March 2020, OMB has spent \$160,000.
- Litigation funding pool - See the **Litigation funding pool** section below.
- Assessment of state lands and facilities - The assessment is anticipated to be completed in August 2020. Through March 2020, OMB has spent \$17,581 for the assessment.

Capital improvements - The Legislative Assembly provided \$1.9 million from the Capitol building fund for extraordinary repairs, including \$800,000 for parking lot and sidewalk repairs, \$400,000 to replace an electrical transformer, \$250,000 to replace cooling equipment, \$170,000 to refurbish and repair entrance doors on the Capitol building, \$80,000 to replace elevator floors, and \$200,000 for other electrical and mechanical projects. The Legislative Assembly also provided \$2 million from the Capitol building fund for a Capitol building south entrance project to enclose the existing tunnel for a new public entrance with integrated security and improved accessibility.

Grants - The 2019 Legislative Assembly provided the following funding for grants in the 2019-21 biennium:

- \$53,000 for Boys and Girls Club
- \$1,000 for the Council of State Employees
- \$350,000 for community service supervision grants
- \$1,328,600 for guardianship grants
- \$1,200,000 for Prairie Public Broadcasting

Litigation funding pool - The 2019 Legislative Assembly appropriated one-time funding of \$3.5 million from the strategic investment and improvements fund for a litigation funding pool. Section 9 of Senate Bill No. 2015 authorizes OMB to transfer funding from the litigation funding pool to other state agencies.

Budget stabilization fund transfer - Chapter 54-27.2 provides 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 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly.

The status of the projects is as follows:

Project	Spending through March 31, 2020	Anticipated Remaining Spending
Extraordinary repairs		
Parking lot and sidewalk repairs	\$155,825	\$644,175
Electrical transformer	114,880	285,120
Cooling equipment	97,718	152,282
Entrance door refurbishment	0	170,000
Elevator floor replacement	0	80,000
Other electrical/mechanical projects	141,595	58,405
New projects		
Capitol building south entrance project	51,944	1,948,056
Total	\$561,962	\$3,338,038

Construction on the Capitol building south entrance project is scheduled to start in April 2020 and is anticipated to be completed by December 2020.

Through March 31, 2020, OMB has awarded the following grants and anticipates awarding the remaining funds by the end of the biennium:

- \$26,000 for Boys and Girls Club
- \$1,000 for the Council of State Employees
- \$175,000 for community service supervision grants
- \$731,250 for guardianship grants
- \$600,000 for Prairie Public Broadcasting

Through March 2020, OMB has transferred the following funds for litigation expenses:

Agency	Funding Transferred through March 31, 2020
Industrial Commission	\$495,407
Tax Department	3,857
Attorney General	64,011
Total	\$563,275

The 2019 Legislative Assembly estimated the transfer from the general fund to the budget stabilization fund at the end of the 2017-19 biennium to be \$285,084,979. The actual transfer to the budget stabilization fund on June 30, 2019, totaled \$548,010,854, an increase of \$262,925,875.

House Bill No. 1155 (2017) increases the maximum balance allowed in the budget stabilization fund from 9.5 to 15 percent of the general fund budget. The bill also adjusts the use of the budget stabilization fund in the event of a general fund revenue shortfall by providing the order in which general fund allotments and transfers from the budget stabilization fund are to be used.

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

- \$764.4 million from the strategic investment and improvements fund (Section 4); and
- \$8.6 million from the tax relief fund (Section 5).

State contingencies fund - The Legislative Assembly provided \$500,000 from the general fund for state contingencies for the 2019-21 biennium.

The status of the transfers and estimates is as follows:

- Strategic investment and improvements fund - OMB transferred \$382.2 million to the general fund in July 2019. The remaining \$382.2 million is anticipated to be transferred in July 2020.
- Tax relief fund - OMB transferred \$8.6 million to the general fund in July 2019.

Through April 2020 the Emergency Commission has not approved any requests for funding from the state contingencies appropriation.