

**Department 801 - Department of Transportation
House Bill No. 1012**

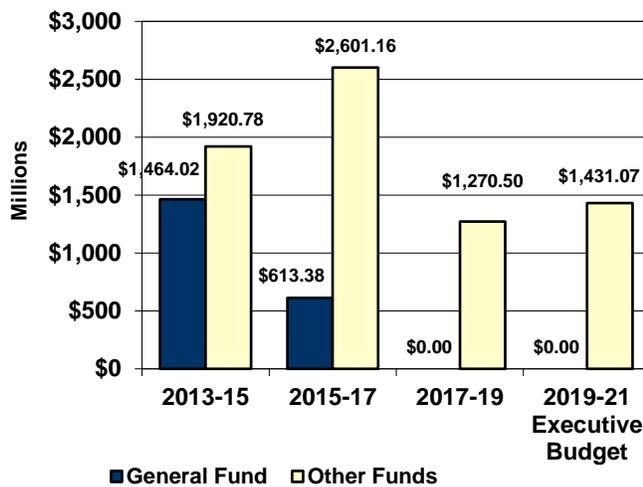
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	980.00	\$0	\$1,431,071,206	\$1,431,071,206
2017-19 Legislative Appropriations	1,047.00	0	1,270,504,868	1,270,504,868
Increase (Decrease)	(67.00)	\$0	\$160,566,338	\$160,566,338

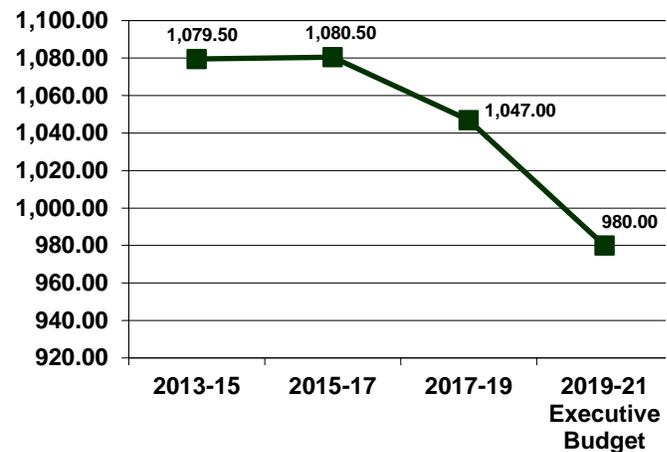
Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2019-21 Executive Budget	\$1,390,144,659	\$40,926,547	\$1,431,071,206
2017-19 Legislative Appropriations	1,269,489,868	1,015,000	1,270,504,868
Increase (Decrease)	\$120,654,791	\$39,911,547	\$160,566,338

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$0	\$1,431,071,206	\$1,431,071,206
2019-21 Base Level	0	1,269,489,868	1,269,489,868
Increase (Decrease)	\$0	\$161,581,338	\$161,581,338

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$7,461,235 is for salary increases, \$3,813,057 is for health insurance increases, and \$976,240 is for retirement contribution increases	\$0	\$12,250,532	\$12,250,532
2. Removes 42 FTE positions and related funding	\$0	(\$7,979,595)	(\$7,979,595)
3. Restores 16 FTE positions for research and development, enterprise management, and to transform the department's artificial intelligence and design, drones, robotics, smart license plates, and digital driver's licenses	\$0	\$3,000,000	\$3,000,000
4. Transfers 41 FTE information technology positions and related funding to the Information Technology Department (\$8,224,012) and adds funding of \$8,305,224 for payments to the Information Technology Department for the information technology unification initiative	\$0	\$81,212	\$81,212

5. Increases funding for capital assets to provide a total of \$861,025,944	\$0	\$87,874,093	\$87,874,093
6. Increases funding from the highway fund for the rail loan program	\$0	\$11,100,000	\$11,100,000
7. Adds funding to implement recommendations from the department's snow and ice control study	\$0	\$750,000	\$750,000
8. Adds funding for Microsoft Office 365 licensing	\$0	\$708,498	\$708,498
9. Adds one-time funding from the highway fund for improvements to the Minot and Williston driver's license facilities	\$0	\$1,300,000	\$1,300,000
10. Adds one-time funding from the strategic investment and improvements fund to replace the current driver's license system	\$0	\$22,500,000	\$22,500,000
11. Adds one-time funding from the strategic investment and improvements fund to replace the traffic data editing and analysis program	\$0	\$1,525,838	\$1,525,838
12. Adds one-time funding from the strategic investment and improvements fund for automatic vehicle location to improve efficiencies in winter operations	\$0	\$2,650,709	\$2,650,709
13. Adds one-time funding from the strategic investment and improvements fund to update its road construction software	\$0	\$9,100,000	\$9,100,000
14. Adds one-time funding from the strategic investment and improvements fund for a comprehensive maintenance management system	\$0	\$3,850,000	\$3,850,000

**Other Sections Recommended to be Added in the Executive Budget
(As Detailed in the Attached Appendix)**

Line item transfers - Section 3 would authorize the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants budget line items when it is cost-effective for the construction and maintenance of highways. The department must report transfers to the Office of Management and Budget.

Exemption - Enhanced state highway investments - Section 4 would provide that \$503,115,558 appropriated in the capital assets line item of House Bill No. 1012 (2015), relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and may be continued into the 2019-21 biennium.

Additional income - Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2019-21 biennium.

Estimated income - Strategic investment and improvements fund - Section 6 would identify \$39,626,547 of the other funds appropriation included in Section 1 as from the strategic investment and improvements fund for various information technology projects.

Continuing Appropriations

Public transportation fund - Section 39-04.2-04 - Consists of a 1.5 percent allocation from the state highway tax distribution fund. The funds received by the public transportation fund are allocated to each county. Each county receives .4 percent base amount plus \$1.50 per capita of population in the county, based upon the latest regular or special official federal census.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1093 - Creates Section 39-04-14.4 to establish a motorcycle expiration date of March 31st in odd-numbered years and requiring renewal every 2 years. It also amends Section 39-04-19 to change the motorcycle registration fee from \$15 per year to \$30 every 2 years.

House Bill No. 1095 - Amends Section 37-29-01 to change the definition of a "Volunteer emergency responder" to include volunteer members of the Army National Guard or Air National Guard of any state, potentially increasing the number of volunteer emergency responders eligible for a free vehicle registration.

Senate Bill No. 2061 - Creates a new section to Chapter 39-04, to provide definitions and to establish a road use fee of \$248 for electric and \$71 for hybrid vehicles, charged at the beginning of each annual registration period.

Senate Bill No. 2119 - Amends Section 39-01-15, to remove a fee for special identifying certificates for mobility-impaired applicants.

Senate Bill No. 2120 - Amends Section 39-22-18, to change the required minimum number of motor vehicle sales a dealer made during the previous year from 4 to 12 for renewal of its dealer license.

Department of Transportation - Budget No. 801
House Bill No. 1012
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE			
	Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868
2019-21 Ongoing Funding Changes				
Base payroll changes			(\$1,019,746)	(\$1,019,746)
Salary increase			7,461,235	7,461,235
Health insurance increase			3,813,057	3,813,057
Retirement contribution increase			976,240	976,240
Removes 42 FTE positions	(42.00)		(7,979,595)	(7,979,595)
Restores 16 FTE positions for research, development, and other purposes	16.00		3,000,000	3,000,000
Transfers 41 FTE positions for information technology unification	(41.00)		81,212	81,212
Reduces payments to State Fleet Services			(3,550,000)	(3,550,000)
Increases capital assets			87,874,093	87,874,093
Adjusts operating expenses			213,190	213,190
Increases grants			17,226,607	17,226,607
Increases funding for the rail loan program			11,100,000	11,100,000
Increases funding for snow and ice control			750,000	750,000
Adds Microsoft 365 licensing			708,498	708,498
Total ongoing funding changes	(67.00)	\$0	\$120,654,791	\$120,654,791
One-time funding items				
Driver's license system project			\$22,500,000	\$22,500,000
Traffic data editing and analysis program			1,525,838	1,525,838
Automatic vehicle location			2,650,709	2,650,709
Road construction software			9,100,000	9,100,000
Maintenance management system			3,850,000	3,850,000
Minot and Williston driver's license facility maintenance			1,300,000	1,300,000
Total one-time funding changes	0.00	\$0	\$40,926,547	\$40,926,547
Total Changes to Base Level Funding	(67.00)	\$0	\$161,581,338	\$161,581,338
2019-21 Total Funding	980.00	\$0	\$1,431,071,206	\$1,431,071,206

Other Sections for Department of Transportation - Budget No. 801

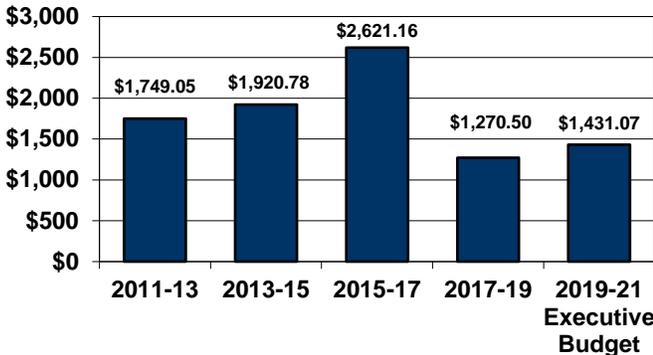
	Executive Budget Recommendation
Line item transfers	Section 3 would authorize the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants line items when it is cost-effective for the construction and maintenance of highways. The department must report transfers to the Office of Management and Budget.
Exemption - Enhanced state highway investments	Section 4 would provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.
Additional income	Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2019-21 biennium.
Estimated income - Strategic investment and improvements fund	Section 6 would identify \$39,626,547 of other funds appropriated in Section 1 is from the strategic investment and improvements fund for various information technology projects.

Department 801 - Department of Transportation

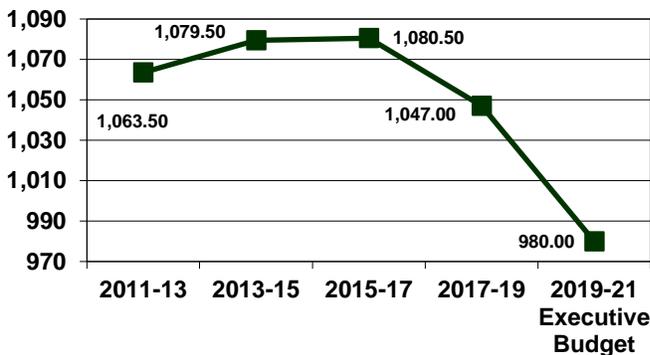
Historical Appropriations Information

Total Other Funds Appropriations Since 2011-13

Agency Funding (in Millions)



FTE Positions



Total Other Funds Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Total other funds appropriations	\$1,749,054,459	\$1,920,779,434	\$2,621,156,019	\$1,270,504,868	\$1,431,071,206
Increase (decrease) from previous biennium	N/A	\$171,724,975	\$700,376,585	(\$1,350,651,151)	\$160,566,338
Percentage increase (decrease) from previous biennium	N/A	9.8%	36.5%	(51.5%)	12.6%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	9.8%	49.9%	(27.4%)	(18.2%)

Major Increases (Decreases) in Other Funds Appropriations

2013-15 Biennium - Ongoing

- 1. Added funding for 16 FTE positions \$2,357,876

2013-15 Biennium - Special Road Funding

- 1. Added funding from a general fund transfer to the highway fund for enhanced state highway investments (Senate Bill No. 2012 (2013)) \$541,600,000
- 2. Added funding from the general fund for enhanced state highway investments (Senate Bill No. 2176 (2013)) \$620,000,000
- 3. Added funding from the general fund for distributions to oil-producing counties (House Bill No. 1358 (2013)) \$160,000,000
- 4. Added funding from the general fund for distributions to non-oil-producing counties (House Bill No. 1358 (2013)) \$120,000,000

2015-17 Biennium - Ongoing

- 1. Added funding for 1 FTE environmental scientist III position \$195,143
- 2. Increased funding for operating expenses \$8,748,743

2015-17 Biennium - Special Road Funding

- 1. Added funding from a general fund transfer to the highway fund for enhanced state highway investments (House Bill No. 1012 (2015)) \$503,115,558
- 2. Added funding from the general fund for distributions to non-oil-producing counties (House Bill No. 1176 (2015)) \$112,000,000
- 3. Added funding from the general fund transfer to the highway fund for enhanced state highway investments (Senate Bill No. 2015 (2015)) \$18,000,000
- 4. Added funding from a contingent general fund transfer to the highway fund for enhanced state highway investments (Senate Bill No. 2015 (2015)) \$20,000,000
- 5. Added funding from a strategic investment and improvements fund transfer to the highway fund for enhanced state highway investments as part of the "surge" bill (Senate Bill No. 2103 (2015)) \$450,000,000

- 6. Added funding from the strategic investment and improvements fund for distributions to non-oil-producing counties as part of the "surge" bill (Senate Bill No. 2103 (2015)) \$112,000,000
- 7. Added funding from the strategic investment and improvements fund for distributions to oil-producing counties as part of the "surge" bill (Senate Bill No. 2103 (2015)) \$240,000,000

2017-19 Biennium - Ongoing

- 1. Removed 26.5 vacant FTE positions (\$5,363,021)
- 2. Removed 5 FTE positions (\$658,219) and related operating expenses (\$628,400) through consolidation of 8 highway maintenance sections (\$1,286,619)
- 3. Removed 2 FTE administrator positions and transferred \$396,261 from the salaries and wages line item to the capital assets line item \$0
- 4. Adjusted funding for operating expenses, capital assets, and grants. \$14,067,380
- 5. Added funding for capital assets \$588,122
- 6. Reduced funding for operating expenses (\$5,013,726)
- 7. Reduced funding for driver's license field sites (\$160,293)

2019-21 Biennium - Ongoing - (Executive Budget Recommendation)

- 1. Removes 42 FTE positions and related funding (\$7,979,595)
- 2. Restores 16 FTE positions for research and development, enterprise management, and to transform the department's artificial intelligence and design, drones, robotics, smart license plates, and digital driver's licenses \$3,000,000
- 3. Transfers 41 FTE information technology positions and related funding to the Information Technology Department (\$8,224,012) and adds funding of \$8,305,224 for payments to the Information Technology Department for the information technology unification initiative \$81,212
- 4. Increases funding for capital assets to provide a total of \$861,025,944 \$87,874,093
- 5. Increases funding for the rail loan program from the highway fund \$11,100,000
- 6. Adds funding to implement recommendations from the department's snow and ice control study \$750,000
- 7. Adds funding for Microsoft Office 365 licensing \$708,498

**GOVERNOR'S RECOMMENDATION FOR THE
DEPARTMENT OF TRANSPORTATION 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 federal funds and other income, to the department of transportation for the purpose of defraying the expenses of the department of transportation, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	<u>Base level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$201,765,341	(\$2,259,821)	\$199,505,520
Operating expenses	229,094,646	45,590,459	274,685,105
Capital assets	771,101,851	89,924,093	861,025,944
Grants	<u>67,528,030</u>	<u>28,326,607</u>	<u>95,854,637</u>
Total special funds	\$1,269,489,868	\$161,581,338	\$1,431,071,206
Full-time equivalent positions	1,047.00	(67.00)	980.00

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
Adj General loan proceeds	\$709,000	\$0
Electronic payment system	306,000	0
Drivers license project	0	22,500,000
TDEA replacement	0	1,525,838
AVL project	0	2,650,709
RIMS project	0	9,100,000
MMS project	0	3,850,000
Drivers license facility maintenance	<u>0</u>	<u>1,300,000</u>
Total special funds	\$1,015,000	\$40,926,547

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The highway patrol shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. LINE ITEM TRANSFERS. The director of the department of transportation may transfer between the salaries and wages, operating, capital assets, and grants line items in section 1 of this Act when it is cost-effective for construction and maintenance of highways. The department of transportation shall notify the office of management and budget of any transfers made pursuant to this section.

SECTION 4. EXEMPTION - ENHANCED STATE HIGHWAY INVESTMENTS.

Section 54-44.1-11 does not apply to funding of \$503,115,558 in the capital assets line item relating to enhanced state highway investments in section 1 of chapter 12 of the 2015 Session Laws. Any funds not spent by June 30, 2021, must be continued into the biennium beginning July 1, 2021, and ending June 30, 2023, and may be expended only for enhanced state highway investments.

SECTION 5. APPROPRIATION – DEPARTMENT OF TRANSPORTATION. In addition to the amounts appropriated to the department of transportation in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 6. ESTIMATED INCOME – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.

The estimated income line item in section 1 of this Act includes the sum of \$39,626,547 from the strategic investment and improvements fund for various information technology projects.