

## BUDGET SECTION DUTIES AND RESPONSIBILITIES FOR THE 2001-03 BIENNIUM

This memorandum lists duties and responsibilities assigned to the Budget Section for the 2001-03 biennium by the North Dakota Century Code, Session Laws, or Legislative Council directive. The duties are listed in two categories--continuing duties (duties which were also assigned to the Budget Section during the previous biennium) and new duties. Continuing duties are listed in two categories--those that were acted on during the previous biennium and those that were not.

### CONTINUING DUTIES

#### Continuing Duties Acted on During the Previous Biennium

1. **Consider requests for higher education campus improvements and building construction (Section 15-10-12.1, Section 1 of 2001 Senate Bill No. 2039)** - This section requires the approval of the Budget Section or the Legislative Assembly for the construction of any building financed by donations, gifts, grants, and bequests on land under the control of the board. Campus improvements and building maintenance of more than \$385,000 also require the approval of the Budget Section or Legislative Assembly. Budget Section approval can only be provided when the Legislative Assembly is not in session and the six months prior to a regular legislative session. The Budget Section approval regarding the construction of buildings and campus improvements must include a specific dollar limit for each building, campus improvement, or maintenance project. If a request is to be considered by the Budget Section, the Legislative Council must notify each member of the Legislative Assembly and allow any member to present testimony to the Budget Section regarding the request. Campus improvements and building maintenance of \$385,000 or less and the sale of real property received by gift or bequest may be authorized by the State Board of Higher Education.
2. **Receive report on irregularities in the fiscal practices of the state (Section 54-14-03.1)** - This section requires the Office of the Budget to submit a written report to the Budget Section documenting:
  - a. Any irregularities in the fiscal practices of the state.
  - b. Areas where more uniform and improved fiscal procedures are desirable.
  - c. Any expenditures or governmental activities contrary to law or legislative intent.
  - d. The use of state funds to provide bonuses, cash incentive awards, or temporary salary adjustments for state employees.
3. **Consider requests for transfers exceeding \$50,000 (Section 54-16-04(2))** - This section provides that, subject to Budget Section approval, the Emergency Commission may authorize a transfer of more than \$50,000 from one fund or line item to another. Budget Section approval is not required if the transfer is necessary to comply with a court order, to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis, or to avoid an imminent financial loss to the state.
4. **Consider requests to receive and spend more than \$50,000 of federal funds which were not appropriated (Section 54-16-04.1)** - This section provides that Budget Section approval is required for any Emergency Commission action authorizing a state officer to spend more than \$50,000 of federal funds which were not appropriated and the Legislative Assembly has not indicated an intent to reject the moneys.
5. **Consider requests to receive and spend more than \$50,000 of other funds which were not appropriated (Section 54-16-04.2)** - This section provides that Budget Section approval is required for any Emergency Commission action authorizing a state officer to spend more than \$50,000 from gifts, grants, donations, or other sources, which were not appropriated and the Legislative Assembly has not indicated an intent to reject the moneys or programs.
6. **Consider requests for the distribution of Children's Services Coordinating Committee grants (Section 54-56-03, Section 2 of 2001 Senate Bill No. 2014)** - These sections provide that Budget Section approval is required prior to the distribution by the Children's Services Coordinating Committee of any grants not specifically authorized by the Legislative Assembly.
7. **Receive statement from ethanol plants that received production incentives (2001**

- Senate Bill No. 2019)** - Section 4 of this bill requires any North Dakota ethanol plant receiving production incentives from the state to file with the Budget Section a statement indicating whether the plant produced a profit during the preceding fiscal year, after deducting incentive payments received from the state.
8. **Review and report on budget data (Legislative Council directive)** - Pursuant to Legislative Council directive, the Budget Section is to review and report on the budget data prepared by the director of the budget and presented to the Legislative Assembly during the organizational session.
  9. **Consider requests to use moneys in the capital improvements preliminary planning revolving fund (Section 54-27-22)** - This section provides that before any funds can be distributed from the preliminary planning revolving fund to a state agency, institution, or department, the Budget Section must approve the request. (\$250,000 is available for the 2001-03 biennium.)
  10. **Prescribe form of budget data (Section 54-44.1-07)** - This section requires the director of the budget to prepare budget data in the form prescribed by the Legislative Council and to present it to the Legislative Assembly at a time and place set by the Legislative Council. The Legislative Council has assigned this responsibility to the Budget Section.
  11. **Consider requests to change or expand state building construction projects (Section 48-02-20)** - This section provides that a state agency or institution may not significantly change or expand a building construction project approved by the Legislative Assembly unless the change, expansion, or additional expenditure is approved by the Legislative Assembly, or the Budget Section if the Legislative Assembly is not in session.
  12. **Receive report on tobacco settlement funds (Section 54-44-04)** - This section provides that the director of the Office of Management and Budget shall report to the Budget Section on the status of tobacco settlement funds and related information.
- Continuing Duties Not Acted on During the Previous Biennium**
13. **Consider requests to use moneys in the State Forester reserve account (Section 4-19-01.2)** - This section provides that Budget Section approval is required prior to the State Forester spending moneys in the State Forester reserve account.
  14. **Consider requests by the Board of University and School Lands to invest in real property (Section 15-03-04)** - This section provides that Budget Section approval is required prior to the Board of University and School Lands purchasing, as sole owner, commercial or residential real property in North Dakota.
  15. **Consider Game and Fish Department land acquisitions (Section 20.1-02-05.1)** - This section provides that Budget Section approval is required for Game and Fish Department land acquisitions of more than 10 acres or \$10,000.
  16. **Consider the provision of contract services by the Developmental Center (Section 25-04-02.2)** - This section provides that, subject to Budget Section approval, the Developmental Center at Westwood Park, Grafton, may provide services under contract with a governmental or nongovernmental person.
  17. **Consider requests to terminate the food stamp program (Section 50-06-05.1(17))** - This section provides that, subject to Budget Section approval, the Department of Human Services may terminate the food stamp program if the rate of federal financial participation in administrative costs is decreased or if the state or counties become financially responsible for the coupon bonus payments.
  18. **Consider requests to terminate the energy assistance program (Section 50-06-05.1(19))** - This section provides that, subject to Budget Section approval, the Department of Human Services may terminate the energy assistance program if the rate of federal financial participation in administrative costs is decreased or if the state or counties become financially responsible for the energy assistance program payments.
  19. **Consider requests for transfers which will result in program elimination (Section 54-16-04(1))** - This section provides that, subject to Budget Section approval, the Emergency Commission may authorize a transfer which would eliminate or make impossible the accomplishment of a program or objective funded by the Legislative Assembly.
  20. **Consider requests to use cash flow financing (Section 54-27-23)** - This section provides that in order to meet the cash flow needs of the state, the Office of Management and Budget may borrow, subject to Emergency Commission approval, from special funds on deposit in the state treasury. However, the proceeds of any such indebtedness cannot be used to offset projected deficits in state finances unless first approved by

- the Budget Section. Additional cash flow financing, subject to certain limitations, must be approved by the Budget Section.
21. **Receive report on transfers from the budget stabilization fund (Section 54-27.2-03)** - This section provides that any transfers from the budget stabilization fund must be reported to the Budget Section.
  22. **Consider objecting to budget allotments or expenditures (Section 54-44.1-12.1)** - This section allows the Budget Section to object to a budget allotment, an expenditure, or the failure to make an allotment or expenditure if such action is contrary to legislative intent.
  23. **Consider the reduction of budgets due to initiative or referendum action (Section 54-44.1-13.1)** - This section provides that, subject to Budget Section approval, the director of the budget may reduce state agency budgets by a percentage sufficient to cover estimated revenue reductions caused by initiative or referendum action
  24. **Consider the provision of extraterritorial workers' compensation insurance (Section 65-08.1-02)** - This section authorizes the Workers Compensation Bureau to establish, subject to Budget Section approval, a casualty insurance organization to provide extraterritorial workers' compensation insurance.
  25. **Consider requests for program terminations, reductions, or changes resulting from federal funding reductions (2001 House Bill No. 1015)** - Section 14 of this bill requires state agencies, departments, and institutions to receive Budget Section approval for the following:
    - a. Termination of a program for which federal funding is terminated.
    - b. Prioritization of programs as necessary to make programmatic reductions if federal funding for separate programs is combined in a block grant, resulting in a reduction of federal funds available for those programs.
  26. **Hold legislative hearings for federal block grants (2001 Senate Concurrent Resolution No. 4002)** - This resolution authorizes the Budget Section, through September 30, 2003, to hold any required legislative hearings for federal block grants.
  27. **Consider requests by the Game and Fish Department to reduce the balance of the game and fish fund below \$10 million (Section 20.1-02-16.1)** - This section provides that the Game and Fish Department can spend moneys in the game and fish fund within the limits of legislative appropriations, only to the extent the balance of the fund is not reduced below \$10 million, unless otherwise authorized by the Budget Section.
- ### NEW DUTIES
28. **Receive reports on medical assistance expenditures and approve any request to spend funds resulting in a request for deficiency appropriations (Section 20 of 2001 House Bill No. 1012)** - This section requires the Department of Human Services to report to **each meeting** of the Budget Section during the 2001-02 interim on the status of actual medical assistance expenditures to projections based on legislative appropriations for the 2001-03 biennium and provides for the Budget Section to approve any requests to expend funds at a level that will require a request for a general fund deficiency appropriation (effective July 1, 2001).
  29. **Consider requests to use projected budget savings and transfer authority to fund the closing of the State Hospital landfill (Section 23 of 2001 House Bill No. 1012)** - This section authorizes the State Hospital, during the second year of the 2001-03 biennium, to use projected savings from other areas of the budget and transfer appropriation authority between line items to provide funding for the costs of closing the State Hospital landfill, subject to Emergency Commission and Budget Section approval (effective July 1, 2001).
  30. **Consider requests to make transfers from the Bank of North Dakota to offset declines in general fund revenues (Section 12 of 2001 House Bill No. 1015)** - This section provides that the Budget Section may approve the transfer of up to \$25 million from the Bank of North Dakota to the state general fund if, during the 2001-03 biennium, the director of the Office of Management and Budget determines that general fund revenues will not meet the legislative forecast (effective July 1, 2001).
  31. **Consider a waiver of exemption of special assessments levied for flood control purposes on state property (Section 40-23-22.1, Section 17 of 2001 House Bill No. 1015)** - This section provides that state property in a city is exempt from special assessments levied for flood control purposes unless the governing body of the city requests waiver of the exemption and the exemption is completely or partially waived by the Budget Section (effective July 1, 2001).

32. **Consider request for approval of a debt forgiveness plan at the Fargo Family Healthcare Center (Section 21 of 2001 House Bill No. 1015)** - This section requires the University of North Dakota School of Medicine and Health Sciences to forgive the amount of debt owed by the Fargo Family Healthcare Center upon the center's adoption of a plan to address sustainability of programs at the center, approval of the plan by the Budget Section, adoption by the city of Fargo of a plan to provide support to the center, forgiveness by the city of Fargo of center debt relating to rental expenses, and final approval by the Budget Section (effective July 1, 2001).
33. **Receive report on sources of funds received for construction projects of entities under the State Board of Higher Education (Section 15-10-12.3, Section 24 of 2001 House Bill No. 1015)** - This section requires each institution under the State Board of Higher Education undertaking a capital construction project, that was approved by the Legislative Assembly and for which local funds are to be used, to present a biennial report to the Budget Section detailing the source of all funds used in the project (effective for projects approved after July 1, 2001).
34. **Receive periodic reports on the status of the risk management workers' compensation program (Section 65-04-03.1, Section 29 of 2001 House Bill No. 1015)** - This section requires the Workers Compensation Bureau and the Risk Management Division of the Office of Management and Budget to periodically report to the Budget Section on the success of the risk management workers' compensation program (effective July 1, 2001).
35. **Receive report on additional FTE positions at the Workers Compensation Bureau (Section 2 of 2001 House Bill No. 1024)** - This section authorizes the Workers Compensation Board of Directors to hire up to 10 FTE positions in addition to the FTE positions authorized in Section 1 of House Bill No. 1024 for the 2001-03 biennium and requires the board to report to the Budget Section on any additional FTE positions and related funding authorized (effective July 1, 2001).
36. **Receive report on rental space in proposed Workers Compensation Bureau building (Section 5 of 2001 House Bill No. 1024)** - This section requires that if a new Workers Compensation Bureau facility is built, the bureau is to report to the Budget Section on plans for leasing space in the building to other state agencies (effective July 1, 2001).
37. **Receive report on Workers Compensation Bureau building maintenance account (Section 6 of 2001 House Bill No. 1024)** - This section requires that if a new Workers Compensation Bureau facility is built and rental space is included in the facility, the Workers Compensation Bureau is to deposit the building rental proceeds in a building maintenance account and report to the Budget Section on a biennial basis on the revenues deposited into and expenditures from the account (effective July 1, 2001).
38. **Receive annual reports on transfers to the state tuition fund (Section 15.1-02-14, Section 1 of 2001 House Bill No. 1058)** - This section requires the Superintendent of Public Instruction to report annually to the Budget Section regarding any transfer to the state tuition fund of federal or other moneys received by the Superintendent to pay programmatic administrative expenses for which the Superintendent received a state general fund appropriation (effective August 1, 2001).
39. **Receive report on job insurance trust fund (Section 52-02-17, Section 1 of 2001 House Bill No. 1084)** - This section requires that Job Service North Dakota report to the Legislative Council before March 1 of each year the actual job insurance trust fund balance and the targeted modified average high-cost multiplier, as of December 31 of the previous year, and a projected trust fund balance for the next three years (effective August 1, 2001).
40. **Receive report on survey of all political subdivision-owned armories (Section 1 of 2001 House Bill No. 1215)** - This section appropriates funds to the Adjutant General for the purpose of distributing on an equal matching fund basis grants to political subdivisions for the maintenance and repair of political subdivision-owned armories. Before approval of any project under the program, the Adjutant General is to conduct a major repair and maintenance needs survey of all political subdivision-owned armories and provide a report of the results of the survey and recommendations to the Budget Section (effective August 1, 2001).
41. **Receive report on annual audits of renaissance fund organizations (Section 40-63-07, Section 1 of 2001 House Bill No. 1460)** - This section requires the Division of Community Services to provide annual reports to the Budget Section on the results of

- audits of renaissance fund organizations (for audits filed after December 31, 2000).
42. **Consider request for construction of the Towner nursery tree storage building (Section 14 of 2001 Senate Bill No. 2003)** - This section authorizes the Forest Service, after receiving approval from the Budget Section, to obtain and use funds received from any source for construction of the Towner nursery tree storage building (effective July 1, 2001).
  43. **Consider request for addition to the Blikre activities center (Section 20 of 2001 Senate Bill No. 2003)** - This section authorizes the State College of Science, after receiving approval from the Budget Section, to obtain and use funds received from any source, to assist in the Blikre activities center addition (effective July 1, 2001).
  44. **Consider request for an additional .5 FTE position in the Department of Financial Institutions (Section 2 of 2001 Senate Bill No. 2008)** - This section authorizes the Department of Financial Institutions, upon approval of the Emergency Commission and the Budget Section, an additional .5 FTE position for the licensing and regulation of deferred presentment service providers (effective July 1, 2001).
  45. **Consider request for replacement of federal funding with general or special fund moneys in the Department of Corrections and Rehabilitation (Section 7 of 2001 Senate Bill No. 2016)** - This section provides that if during the 2001-03 biennium the federal government reduces funding below the level anticipated by the 57th Legislative Assembly for any programs administered by the Department of Corrections and Rehabilitation, the department may not supplant the federal funds with general or special funds without first obtaining approval from the Budget Section (effective July 1, 2001).
  46. **Receive reports on new correctional programs which exceed \$100,000 of cost during a biennium (Section 54-23.3-08, Section 12 of 2001 Senate Bill No. 2016)** - This section requires the director of the Department of Corrections and Rehabilitation to report to the Legislative Assembly or, if the Legislative Assembly is not in session, the Budget Section, prior to the implementation of any new program that serves adult or juvenile offenders, including alternatives to conventional incarceration and programs operated on a contract basis if the program is anticipated to cost in excess of \$100,000 during the biennium (effective July 1, 2001).
  47. **Receive periodic reports on the status of the Department of Commerce (Section 7 of 2001 Senate Bill No. 2019)** - This section requires the commissioner of Commerce to report periodically to the Budget Section during the 2001-03 interim on the status of the establishment of the Department of Commerce (effective July 1, 2001).
  48. **Receive report on performance measures for the Department of Commerce (Section 7 of 2001 Senate Bill No. 2019)** - This section requires the commissioner of Commerce to establish performance measures and report to the Budget Section at the Budget Section's first meeting **after June 30, 2002**, on the department's progress in achieving its performance measures for the 2001-03 biennium.
  49. **Receive report on workforce training funds raised by the University System (Section 5 of 2001 Senate Bill No. 2020)** - This section requires the North Dakota University System to report during the 2001-02 interim to the Budget Section regarding the amount of workforce training funds raised in each region of the state during the first fiscal year of the biennium and the amount anticipated to be raised before June 30, 2003 (effective July 1, 2001).
  50. **Receive a status report on the State Board of Agricultural Research and Education (Section 10 of 2001 Senate Bill No. 2021)** - This section requires the State Board of Agricultural Research and Education to present a status report to the Budget Section during the 2001-03 biennium concerning employees, expenditures, research and cooperative projects, and source of income for the extension centers and main station (effective July 1, 2001).
  51. **Receive a status report on the State Board of Agricultural Research and Education (Section 4-05.1-19, Section 14 of 2001 Senate Bill No. 2021)** - This section requires, within the duties of the State Board of Agricultural Research and Education, that a status report is to be presented to the Budget Section (effective July 1, 2001).
  52. **Receive a report on transfers of funds between line items for the Information Technology Department (Section 2 of 2001 Senate Bill No. 2022)** - This section authorizes the director of the Office of Management and Budget and the State Treasurer to make transfers of funds between line items of appropriations for the Information Technology Department as requested by the Chief Information Officer. Transfers that increase line

items in excess of the January 7, 2001, executive budget recommendation require Emergency Commission and Budget Section approval. The Chief Information Officer is to inform the Budget Section of the transfers (effective July 1, 2001).

53. **Consider request by the Information Technology Department to finance the purchase of software, equipment, or implementation of services (Section 54-59-05(4), Section 2 of 2001 Senate Bill No. 2043)** - This section requires the Information Technology Department to receive Budget Section approval before executing any proposed agreement to finance the purchase of software, equipment, or implementation of services in excess of \$1 million (effective August 1, 2001).
54. **Receive a report from the Information Technology Department (Section 54-59-19,**

**Section 8 of 2001 Senate Bill No. 2043)** - This section requires the Information Technology Department to prepare and present an annual report to the Information Technology Committee and to present a summary of the report to the Budget Section (effective August 1, 2001).

55. **Receive a report on performance measures developed in the Information Technology Department (Section 9 of 2001 Senate Bill No. 2043)** - This section requires the Information Technology Department to develop performance measures to assist the Legislative Assembly in determining the effectiveness and efficiency of the department's operations during the 2001-03 biennium and report the results to the Budget Section (effective August 1, 2001).