

EXECUTIVE SUMMARY

GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2003	\$5,450,180 ¹
Add estimated 2003-05 general fund revenues	1,808,463,890 ²
Total resources available	\$1,813,914,070
Less recommended 2003-05 general fund appropriations	1,803,661,161
Estimated general fund balance - June 30, 2005	\$10,252,909

¹ This amount includes estimated agency general fund turnback of \$5,475,000, reduced by \$24,820 due to deferred fee collections, and reflects an estimated contingent Bank of North Dakota transfer of \$17,433,102.

² The director of the Office of Management and Budget may direct the Industrial Commission to transfer additional funds from the earnings and accumulated undivided profits of the Bank of North Dakota to the general fund if actual 2003-05 revenues are less than projected. The transfers may not exceed the lesser of the amount of the revenue shortfall or \$9 million, and the transfers may not reduce the Bank's capital to less than \$140 million.

TOTAL APPROPRIATIONS SUMMARY

	2001-03 Legislative Appropriations	Increase (Decrease)	2003-05 Legislative Appropriations
General fund	\$1,746,983,713	\$56,677,448	\$1,803,661,161
Estimated income	3,049,996,983	205,781,252	3,255,778,235
Total all funds	\$4,796,980,696	\$262,458,700	\$5,059,439,396

2003-05 GENERAL FUND REVENUES

1. Provided for general fund revenues of \$1.81 billion, \$81.8 million more than the 2001-03 biennium revenues as included in the March 2003 revenue forecast.
2. Assumed **revenue growth** (excluding transfers) of approximately 2.9 percent for each year of the 2003-05 biennium.
3. Major areas of **revenue growth** (compared to the March 2003 forecast for the 2001-03 biennium) include:
 - a. Individual income tax revenue increasing by \$39.1 million or 9.9 percent.
 - b. Sales and use tax revenue increasing by \$31.1 million or 4.8 percent.
 - c. Insurance premium tax revenue increasing by \$6.1 million or 12.3 percent.
4. Oil tax revenues are \$71 million, an increase of \$9 million compared to the 2001-03 biennium. Section 6 of 2003 Senate Bill No. 2015 amends North Dakota Century Code (NDCC) Section 57-51.1-07.2 to

provide that at the end of any biennium, oil and gas production and oil extraction tax collections during the biennium in excess of \$71 million, rather than \$62 million, be transferred from the general fund to the permanent oil tax trust fund. In addition to the general fund share of oil taxes, \$734,700 is estimated to be transferred to the permanent oil tax trust fund at the end of the 2003-05 biennium. In addition to the \$62 million general fund revenue share for the 2001-03 biennium, \$6.7 million is estimated to be transferred to the permanent oil tax trust fund at the end of the 2001-03 biennium.

5. Transferred the estimated June 30, 2003, balance in the **permanent oil tax trust fund** of \$11.9 million to the general fund. North Dakota Century Code Section 57-51.1-07.2 provides that money in the fund may be spent only upon a two-thirds vote of the Legislative Assembly.
6. Included \$60 million from the **Bank of North Dakota**, the same amount initially authorized for the 2001-03 biennium; however, because of the anticipated general fund revenue shortfall during the 2001-03 biennium, an additional contingent 2001-03 biennium transfer of \$17,433,102 is projected.
7. Included \$5 million from the **Mill and Elevator**, \$1 million less than the amount transferred during the 2001-03 biennium.
8. Included \$26.3 million from the **student loan trust fund**, \$17.3 million more than the amount transferred during the 2001-03 biennium.
9. Included \$35.9 million from the **health care trust fund**.
10. Included \$2.8 million from the **state bonding fund**.
11. Anticipated state agency **general fund turnback** of \$5.5 million at the end of the 2001-03 biennium.
12. Imposed an additional 1 percent lodging tax for the 2003-05 and 2005-07 bienniums (Senate Bill No. 2337). The tax is estimated to generate \$2.9 million of additional general fund revenues for the 2003-05 biennium. The bill appropriates \$2.9 million from the general fund to the Department of Commerce for Lewis and Clark-related marketing activities.
13. Included \$1.4 million of general fund revenues resulting from North Dakota's participation in a **multistate lottery**.
14. Authorized the director of the Office of Management and Budget to request **additional Bank of North Dakota transfers** of up to \$9 million if revised revenue projections during the 2003-05 biennium indicate that general fund revenues will be less than the estimates approved by the 2003 Legislative Assembly. The transfers may not exceed the actual amount that revenues are less than estimated, and the transfers may not reduce the Bank's capital structure below \$140 million.

2003-05 GENERAL FUND APPROPRIATIONS

1. Provided general fund appropriations of \$1.8 billion, \$56.7 million more than the 2001-03 legislative appropriations.
2. Major general fund appropriations increases (decreases) relate to:
 - a. Department of Human Services - \$41.4 million.
 - b. Department of Public Instruction - \$33 million.
 - c. State employee health insurance - \$8 million.
 - d. Department of Corrections and Rehabilitation - \$4.4 million.
 - e. Highway Patrol - (\$1.6 million).
 - f. State Department of Health - (\$1.8 million).
 - g. Higher education - (\$5.4 million).
 - h. Information Technology Department - (\$11.5 million).

2003-05 SPECIAL FUNDS APPROPRIATIONS

1. Includes special funds (estimated income) appropriations of \$3.26 billion, \$205.8 million more than the 2001-03 legislative appropriations.
2. Major special funds appropriations increases (decreases) relate to:
 - a. Department of Human Services - \$50.4 million.
 - b. Department of Transportation - \$44.1 million.
 - c. Higher education - \$30.2 million.
 - d. State Department of Health - \$24 million.
 - e. Department of Public Instruction - \$23.3 million.
 - f. State Water Commission - \$15.3 million.
 - g. Department of Commerce - \$8.7 million.
 - h. Mill and Elevator - \$8.3 million.
 - i. Game and Fish Department - \$8 million.
 - j. Children's Services Coordinating Committee - (\$5.3 million).
 - k. Housing Finance Agency - (\$6.3 million).
 - l. Adjutant General - (\$10.6 million).
 - m. Emergency Management (\$32.7 million).

2003-05 USE OF ONE-TIME REVENUES OR FUNDING SOURCES

1. Transferred \$88.4 million of special funds to the general fund from the following **sources that may not be available at the same level** during the 2005-07 biennium:
 - a. Health care trust fund - \$35,911,035.
 - b. Student loan trust - \$26,258,969.
 - c. Permanent oil tax trust fund - \$11,910,000.
 - d. Water development trust fund - \$10,070,373.
 - e. State bonding fund - \$2,800,000.

f. Information technology savings transfer - \$1,400,000

2. Authorized the issuance of \$20 million of **revenue bonds** for the Information Technology Department for the enterprise resource planning project - ConnectND.

HIGHER EDUCATION

1. Decreased **general fund** support for higher education by \$5,412,418, or 1.5 percent, compared to the 2001-03 legislative appropriations.
2. Increased support from **special funds** by \$30,179,574, or 37.6 percent, compared to the 2001-03 legislative appropriations due to increasing major capital projects funded from special funds by \$31 million.
3. Adjusted the authorized number of **full-time equivalent (FTE) positions** from 3,088.55 to 2,400.38 to reflect agency reductions and to report only the number of FTE positions supported by the general fund.
4. Provided funding of \$25,668,056 for University System pools including:
 - a. A **technology pool** of \$25,089,639 for the State Board of Higher Education to allocate to higher education institutions for support of the Higher Education Computer Network, the Interactive Video Network, the On-line Dakota Information Network, and other technology initiatives.
 - b. An **operations pool** of \$578,417 for the State Board of Higher Education to allocate to higher education institutions.
5. Provided \$4,750,000 from the general fund for **competitive research** matching funding, which is a \$750,000 increase from the 2001-03 legislative appropriation, and \$1,550,000 from the general fund for **centers for excellence**.
6. Provided funding of \$2,930,215 for **student financial assistance grants**, \$2,730,215 of which is from the general fund and \$200,000 of federal funds, which is a \$1,292,816 decrease in total from the previous biennium, \$1,678,300 from the general fund for the **professional student exchange program**, which is a \$117,584 increase from the previous biennium, and \$816,386 from the general fund for the **scholars program**, which is a \$45,656 increase from the previous biennium.
7. Provided funding of \$114,503,281 for **capital improvements**, including \$7,034,247 for campus extraordinary repairs, \$105,716,267 for major capital projects, and \$1,752,767 for contingency and capital emergency funding.

ELEMENTARY EDUCATION

1. Provided a general fund appropriation of \$489,379,990 for **per student, transportation aid, and limited English proficiency payments**, an increase of \$15,408,342, or 3.3 percent, from the 2001-03 appropriation of \$473,971,648. The recommended **per student payment amounts** are \$2,509 during the first year of the biennium, an increase of \$162 (6.9 percent) from the 2002-03 payment of \$2,347 and \$2,623 for the second year, an increase of \$114 (4.5 percent) from the first-year payment. The estimated weighted student units are 108,381 for the first year of the biennium, a decrease of 2,084 from the 2002-03 estimated weighted student units of 110,465, and 106,258 for the second year, a decrease of 2,123 from the first year.
2. Provided \$51,854,000 from the general fund for **teacher compensation payments**, an increase of \$16,818,000 from the 2001-03 appropriation of \$35,036,000. The funding continues the current level of teacher compensation payments of \$1,000 for first-year teachers and \$3,000 for second-year returning teachers. Section 38 of Senate Bill No. 2421 provides that each school district shall use an amount equal to at least 70 percent of all new money received for per student payments and tuition apportionment for the purpose of increasing the compensation paid to teachers. School districts may be exempted from the requirement if the board of the school district determines by an affirmative vote of two-thirds of its members that complying with the provisions would place the school district in the position of having insufficient fiscal resources to meet its other obligations.
3. Provided a special funds appropriation from the **state tuition fund** of \$69,495,371, an increase of \$2,256,346, or 3.4 percent, from the 2001-03 appropriation of \$67,239,025. The appropriation will provide payments of approximately \$335 per census unit, an increase of \$25, or 8.1 percent, from the 2001-02 and 2002-03 payment of \$310.
4. Provided a general fund appropriation of \$49,898,695 for **special education grants**, the same level of funding appropriated for the 2001-03 biennium.
5. Provided \$5 million from the general fund for **revenue supplemental payments** to school districts pursuant to NDCC Section 15.1-27-11, an increase of \$2.8 million compared to the 2001-03 appropriation of \$2.2 million.

HUMAN SERVICES

1. Eliminated **186.15 FTE positions** departmentwide. See Department 325 - Department of Human Services on the FTE schedule under the **State Employees** section for additional information.
2. Authorized the department to **transfer appropriation authority** between line items within each subdivision of the department and between subdivisions of the department for the 2003-05 biennium.
3. Provided **additional state matching funds** due to changes in the state's federal medical assistance percentage (FMAP) which is anticipated to decrease from 69.87 percent in federal fiscal year 2002 to 67.47 percent in federal fiscal year 2005 requiring an estimated \$17.2 million of additional state matching funds. The FMAP determines the federal and state share of Medicaid expenditures. (The FMAP rates will be temporarily adjusted by the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003 which continues the 2002 FMAP and provides a 2.95 percent increase in the rate for 2003 and 2004.)
4. Increased funding for medical assistance **prescription drug services** by \$16.1 million or 20 percent compared to the 2001-03 biennium legislative appropriation.
5. Approved the executive recommendation to change a number of **medical assistance policies and eligibility requirements**, including limiting capital costs that hospitals may charge (total estimated savings of \$1.8 million), limiting allowable charges to the Medicaid maximum allowable charge when medical assistance is the secondary payer to Medicare (total estimated savings of \$6.1 million), allowing individuals to apply only up to \$15 per month toward their recipient liability for previous medical charges (total estimated savings of \$2.2 million), and determining adult family members ineligible if the primary family wage earner works more than 100 hours per month (total estimated savings of \$12.9 million).
6. Provided additional funding for **developmental disabilities services providers** to increase the average wage for the providers' employees and to increase the allowable percentage for employees' fringe benefits from 30 to 33 percent.
7. Established a **provider tax** on intermediate care facilities for the mentally retarded (ICF/MR), including the Developmental Center as recommended in the executive budget pursuant to provisions of Senate Bill No. 2153.
8. Provided funding of \$318.4 million for **nursing facility care**, an increase of \$23.4 million, or 7.9 percent, compared to the 2001-03 biennium appropriation. The funding level provides for inflationary increases for nursing facilities of 3.66 percent for each year of the 2003-05 biennium. The Legislative Assembly changed nursing facility

payment limits for direct care costs from the 99th percentile to \$85 for the 2003-05 biennium.

9. Provided \$15.4 million, of which \$14.4 million is from the general fund for **service payments for elderly and disabled (SPED) and expanded SPED**, an increase of \$800,000 over the \$14.6 million appropriated for the 2001-03 biennium. The Legislative Assembly approved Senate Bill No. 2083 which provides legislative intent that the department reduce the income levels used to determine an eligible individual's share of the cost of SPED services which will result in those with higher incomes and assets paying a greater share for the cost of the services being received. The Legislative Assembly also approved Senate Bill No. 2194 which allows certain eligible individuals receiving personal care services under SPED and expanded SPED to receive those services under the medical assistance program which is estimated to reduce the need for SPED funding.
10. Approved the executive recommendation to remove \$2.4 million from the general fund and 34 FTE positions from the **State Hospital** due to the transfer of the **laundry and food service** facilities to the Department of Corrections and Rehabilitation.
11. Provided a **funding pool** of \$250,000 from the general fund to be distributed to human service centers for mental health and substance abuse services based on the needs of each region.
12. Approved the executive recommendation to **privatize** the operation of the **Manchester House** Adolescent Treatment Center in Bismarck, but because no proposals were received from private organizations to operate the Ruth Meiers Adolescent Treatment Center in Grand Forks, the Legislative Assembly restored funding to operate the center as part of the Northeast Human Service Center.

CAPITAL CONSTRUCTION

1. Included a total of \$746,372,853 for the following capital projects:
 - a. \$118,150,848 for major capital projects.
 - b. \$17,468,067 for extraordinary repairs.
 - c. \$610,753,938 for other projects (including \$490,691,023 for the Department of Transportation and \$98,168,213 for the State Water Commission).

The funding sources for major capital projects and extraordinary repairs and other projects are as follows:

	General Fund	Special Funds
Major capital projects	\$395,500	\$117,755,348
Extraordinary repairs and other projects	25,391,927	602,830,078
Total	\$25,787,427	\$720,585,426

2. Authorized the State Water Commission to issue up to \$60 million in bonds for **water and flood control projects** during the 2003-05 biennium.
3. Authorized the following selected projects to be financed by **bonding**:

Information Technology Department - ConnectND	\$20,000,000 ¹
State Historical Society - Chateau de Mores and Fort Abercrombie interpretive centers	2,000,000 ²
Department of Corrections and Rehabilitation	
Missouri River Correctional Center energy improvement project	105,326 ³
James River Correctional Center food service and laundry facilities remodeling (Phase II)	2,662,890
State Department of Health	
East laboratory remodeling	614,865
Morgue and storage annex	960,000
Dickinson State University - Murphy Hall Phase I addition	5,882,047
Mayville State University - Steamline replacement (Phase II)	1,355,000
Valley City State University - Graichen Gymnasium elevator and emergency exits	785,300
Total	\$34,365,428

¹ Information Technology Department bonds will be repaid from charges collected by the Information Technology Department from higher education and other state agencies for the ConnectND project.

² State Historical Society bonds for the Chateau de Mores and Fort Abercrombie interpretive centers will be paid from federal, local, or donated funds collected by the State Historical Society.

³ The Missouri River Correctional Center energy improvement project bonds will be repaid with resulting energy cost-savings.

STATE EMPLOYEES

1. Provided **contingent salary increases** of up to 1 percent effective on January 1, 2004, and up to 2 percent on January 1, 2005, for the executive branch, excluding higher education, and the judicial branch to the extent that the increase can be provided from pooled savings realized from eliminated FTE positions and from accumulated savings from vacant FTE positions. At least 70 percent of the funding for the increases must be from pooled savings of the eliminated FTE positions. No specific funding was provided to higher education institutions for salary increases, with the intent that any salary increases provided be from existing appropriation authority and other resources.
2. Continued funding for the cost of **health insurance premiums** for state employees at \$489 per month per employee, an increase of \$80 or 16.6 percent compared to the 2001-03 biennium premium of \$409.
3. Authorized a total of 10,791.73 **FTE positions**, 869.44 FTE positions fewer than the 2001-03 authorized level and 37.86 FTE positions fewer than the executive recommendation. The 2003-05 authorized level includes a reduction of 688.17 higher education FTE positions to reflect campus reductions and to report only the number of FTE positions funded from the general fund. The net reduction, excluding higher education, is 181.27 positions.
4. Provided intent for the elimination of a total of 176 FTE positions (155 from executive branch agencies and the Office of the Governor, excluding other offices of state-elected officials and higher education; 13 from state-elected officials, excluding the Governor; and 8 from the judicial branch) by December 31, 2004. A total of 88 positions (one-half of the total reduction) is to be realized by December 31, 2003. The resulting savings from the employee reductions are to be deposited in state employee compensation pools established by the Office of Management and Budget and used for providing state employee salary increases.
5. Provided for the reduction and transfer to the Information Technology Department of state agency information technology employee positions related to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services as part of a consolidation of information technology functions. The reductions and transfers are to be made on November 1, 2003.

CORRECTIONS

1. Provided \$6.8 million for transferring, renovating, and operating the **food service and laundry facilities** currently owned and operated by the State Hospital. Of the \$6.8 million, \$2.7 million is from proceeds from the issuance of bonds for renovating the facilities and

\$4.2 million, of which \$3.6 million is from the general fund, is for operating the facilities. An additional 23 FTE positions are authorized; 15 of which are to be transferred from the State Hospital.

2. Provided \$6.8 million from the general fund to **contract** with county facilities to house all female inmates, including 2 FTE transportation officers for transporting the women prisoners between facilities. The Legislative Assembly also provided an additional \$1 million from the general fund to the Prisons Division and allowed the department to determine the specific use of the funds.
3. Provided \$2.8 million, of which \$2.7 million is from the general fund, including 3 FTE positions for an **assessment center** (the Tompkins Rehabilitation Correctional Center - TRCC) to serve offenders who violate their terms of probation who would otherwise be petitioned back to the court for revocation of their probation.
4. Collocated the assessment center (30 beds), the Tompkins Rehabilitation and Corrections Unit (TRCU) (22 beds), and the DUI offender treatment program (CRRP) (24 beds) in the nurses building at the State Hospital and named it the Tompkins Rehabilitation Correctional Center (TRCC).

INFORMATION TECHNOLOGY DEPARTMENT

1. Provided funding of \$106,312,104, of which \$8,194,803 is from the general fund and \$98,117,301 from special funds, to the Information Technology Department. The funding is summarized as follows:

	General Fund	Special Funds	Total
Statewide information technology network	\$3,382,023	\$4,054,200	\$7,436,223
Enterprise resource planning system initiative		20,000,000	20,000,000
Geographic information system initiative	678,343		678,343
Criminal justice information- sharing initiative		4,741,200	4,741,200
Educational Technology Council	793,818		793,818
EduTech	2,540,348		2,540,348
Division of Independent Study	841,948	4,783,532	5,625,480
Prairie Public Broadcasting	1,337,138		1,337,138
Other	483,244	63,676,310	64,159,554
Less budget adjustments	(1,862,059)	862,059	(1,000,000)
Total	\$8,194,803	\$98,117,301	\$106,312,104

2. Authorized a total of 248.2 FTE positions, 3.5 FTE positions more than the 2001-03 authorized level. The additional positions include 2 FTE teacher positions and a .5 custodian position for the Division of Independent Study and 1 FTE appointed not classified position for the Educational Technology Council.

ECONOMIC DEVELOPMENT - GROWING NORTH DAKOTA

1. Provided a total of \$20.7 million from the general fund for economic development - Growing North Dakota activities, a decrease of \$2.5 million from the 2001-03 biennium. Major items include:
 - a. \$1,550,000 from the general fund for transfer to the development fund in the Department of Commerce. The executive budget did not recommend any funding for the development fund and the 2001 Legislative Assembly appropriated \$2,350,000 from the general fund for the development fund.
 - b. Funding of \$5.7 million from the general fund for the partnership in assisting community expansion (PACE) fund at the Bank of North Dakota, the same as the executive recommendation and \$300,000 less than the 2001-03 biennium appropriation.
 - c. Funding of \$1,250,000 from the general fund for Work Force 2000 in Job Service North Dakota, \$750,000 less than the executive recommendation and \$850,000 less than the 2001-03 biennium.
 - d. \$1,350,000 from the general fund for workforce training contracts in the Board for Career and Technical Education, the same as the executive recommendation and the 2001-03 biennium appropriation.

TRANSPORTATION

1. Provided state funds to match **federal highway construction funds** of \$182.5 million for each year of the 2003-05 biennium compared to \$169 million in federal fiscal year 2001 and \$181 million in federal fiscal year 2002.

2. Increased motor vehicle registration fees by \$3 per year. Of the \$3 increase, \$2 is deposited in the highway tax distribution fund and \$1 is deposited directly in the highway fund. The Legislative Assembly continued provisions approved by the 2001 Legislative Assembly which deposited \$2 of each registration fee directly in the highway fund; therefore, a total of \$3 of each registration fee will be deposited in the highway fund.

LEWIS AND CLARK BICENTENNIAL

1. Provided \$5.7 million, of which \$5.31 million is from the general fund for Lewis and Clark Bicentennial activities and projects. The 2001 Legislative Assembly appropriated \$3.4 million, all of which was from the general fund for Lewis and Clark Bicentennial activities and projects for the 2001-03 biennium. Funding appropriated for each agency for the 2003-05 biennium includes:
 - a. \$951,911 from the general fund for the Tourism Division of the Department of Commerce for marketing and promoting Lewis and Clark Bicentennial activities in North Dakota. Senate Bill No. 2337 appropriates \$2.9 million from the general fund to the Tourism Division of the Department of Commerce for Lewis and Clark Bicentennial-related marketing.
 - b. \$923,746 from the general fund to the State Historical Society for the Double Ditch Field School, programming, and marketing for Lewis and Clark Bicentennial initiatives. The legislative action added a section to Senate Bill No. 2020 to allow the agency to transfer money between the Lewis and Clark Bicentennial and capital assets line items.
 - c. \$163,750 from the general fund for the Council on the Arts for grants and other costs relating to Lewis and Clark Bicentennial activities.
 - d. \$760,618, of which \$370,618 is from the general fund for the Parks and Recreation Department for capital projects at state parks and other costs associated with Lewis and Clark Bicentennial activities.

**GENERAL FUND REVENUE ESTIMATES FOR THE 2001-03 AND 2003-05 BIENNIUMS
AND ACTUAL COLLECTIONS FOR PRIOR BIENNIUMS**

	Actual		Estimated		2003-05 Increase (Decrease) Compared to 2001-03	2003-05 Percentage Increase (Decrease) Compared to 2001-03
	1997-99 Biennium	1999-2001 Biennium	2001-03 Biennium\1	2003-05 Biennium\2		
Beginning balance	\$65,000,000	\$61,114,425	\$62,240,652	\$5,450,180	(\$56,790,472)	(91.24%)
Revenues						
Sales and use tax	\$569,501,827	\$613,066,466	\$643,668,333	\$674,764,000	\$31,095,667	4.83%
Motor vehicle excise tax	94,863,089	109,115,230	119,742,675	126,784,840	7,042,165	5.88%
Individual income tax	358,287,825	409,331,437	396,136,091	435,255,000	39,118,909	9.88%
Corporate income tax	123,420,219	99,134,855	86,864,297	91,450,000	4,585,703	5.28%
Insurance premium tax	33,133,216	39,113,433	49,752,204	55,869,000	6,116,796	12.29%
Business privilege tax	6,494,162	5,464,955	5,200,000	5,200,000		
Cigarette and tobacco tax	44,091,170	41,706,350	39,435,582	36,709,000	(2,726,582)	(6.91%)
Oil and gas production tax	26,973,613	38,433,365 ^{\3}	39,159,000 ^{\4}	42,348,719 ^{\5}	3,189,719	8.15%
Oil extraction tax	16,703,114	23,566,635 ^{\3}	22,841,000 ^{\4}	28,651,281 ^{\5}	5,810,281	25.44%
Coal severance tax	22,596,137	22,173,854				
Coal conversion tax	23,786,790	25,672,170	46,779,502	47,221,000	441,498	0.94%
Lottery				1,431,000 ^{\6}	1,431,000	
Gaming tax	22,801,868	27,437,507	27,474,000	23,145,000	(4,329,000)	(15.76%)
Wholesale liquor tax	11,140,328	10,321,999	11,131,782	11,634,000	502,218	4.51%
Mineral leasing fees	7,257,989	9,531,698	6,225,800	4,215,000	(2,010,800)	(32.30%)
Interest income	19,013,889	20,832,123	8,796,000	12,629,000	3,833,000	43.58%
Departmental collections	32,997,069	40,816,171	57,512,000	54,410,473	(3,101,527)	(5.39%)
Total revenues	<u>\$1,413,062,305</u>	<u>\$1,535,718,248</u>	<u>\$1,560,718,266</u>	<u>\$1,651,717,313</u>	<u>\$90,999,047</u>	<u>5.83%</u>
Transfers and other sources						
Bank of North Dakota	\$29,600,000	\$50,000,000	\$60,000,000 ^{\7}	\$60,000,000 ^{\8}		
Bank of North Dakota - Contingent transfer			17,433,102 ^{\7}	(\$17,433,102) ^{\8}		
Student loan trust			9,000,000	26,258,969	17,258,969	191.77%
Mill and Elevator	3,000,000	3,000,000	6,000,000	5,000,000	(1,000,000)	(16.67%)
Gas tax administration	1,128,872	1,380,608	1,363,392	1,396,200	32,808	2.41%
Lands and minerals fund	5,500,000		3,545,102	2,000,000	(1,545,102)	(43.58%)
Permanent oil tax trust fund				11,910,000	11,910,000	
Water development trust			9,733,820	10,070,373	336,553	3.46%
State bonding fund				2,800,000	2,800,000	
Health care trust fund				35,911,035	35,911,035	
State aid distribution fund	28,016,831					
Information technology savings transfer				1,400,000	1,400,000	
Sale of DD loans			2,000,000 ^{\9}		(2,000,000)	(100.00%)
Other	3,197,042	5,159,194	84,559		(84,559)	(100.00%)
Total transfers	<u>\$70,442,745</u>	<u>\$59,539,802</u>	<u>\$109,159,975</u>	<u>\$156,746,577</u>	<u>\$47,586,602</u>	<u>43.59%</u>
Total beginning balance, revenues, and transfers	<u>\$1,548,505,050</u>	<u>\$1,656,372,475</u>	<u>\$1,732,118,893</u>	<u>\$1,813,914,070</u>	<u>\$81,795,177</u>	<u>4.72%</u>

¹ Revised 2001-03 revenue forecast (March 2003).

² Legislative amounts for the 2003-05 biennium.

³ North Dakota Century Code (NDCC) Section 57-51.1-07.2 provides that if, at the end of any biennium, oil and gas production and extraction tax collections during the biennium exceed \$62 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund. Money in the permanent oil tax trust fund may only be spent upon approval of two-thirds of each house of the Legislative Assembly. Interest on money in the fund is transferred to the general fund.

Total oil and gas tax collections were \$75.2 million during the 1999-2001 biennium, resulting in \$13.2 million being transferred to the permanent oil tax trust fund.

⁴ Total oil and gas tax collections are estimated to be \$68.7 million during the 2001-03 biennium, resulting in a \$6.7 million transfer to the permanent oil tax trust fund.

⁵ The Legislative Assembly, in Section 26 of 2003 Senate Bill No. 2015, amended NDCC Section 57-51.1-07.2 to provide that at the end of any biennium oil and gas production and extraction tax collections in excess of \$71 million, rather than \$62 million, be transferred from the general fund to the permanent oil tax trust fund. Senate Bill No. 2311 (2003) establishes and provides for \$50,000 from oil and gas production and extraction tax collections to be transferred to the oil and gas research fund; and 2003 House Bill No. 1145 provides for a 24-month exemption from gross production tax for new or recompleted shallow gas wells which is anticipated to reduce oil and gas production tax collections by \$13,300. Total oil and gas tax collections are estimated to be \$71,734,700 (including the effect of House Bill No. 1145) during the 2003-05 biennium, resulting in \$734,700 being transferred to the permanent oil tax trust fund at the end of the 2003-05 biennium.

⁶ North Dakota voters passed an initiated measure in November 2002 to amend the Constitution and allow North Dakota to join a multistate lottery. The 2003 Legislative Assembly approved House Bill No. 1243 creating the North Dakota Lottery. Based on the March 2003 legislative revenue forecast, 2003-05 biennium lottery revenues are estimated to be \$1.4 million.

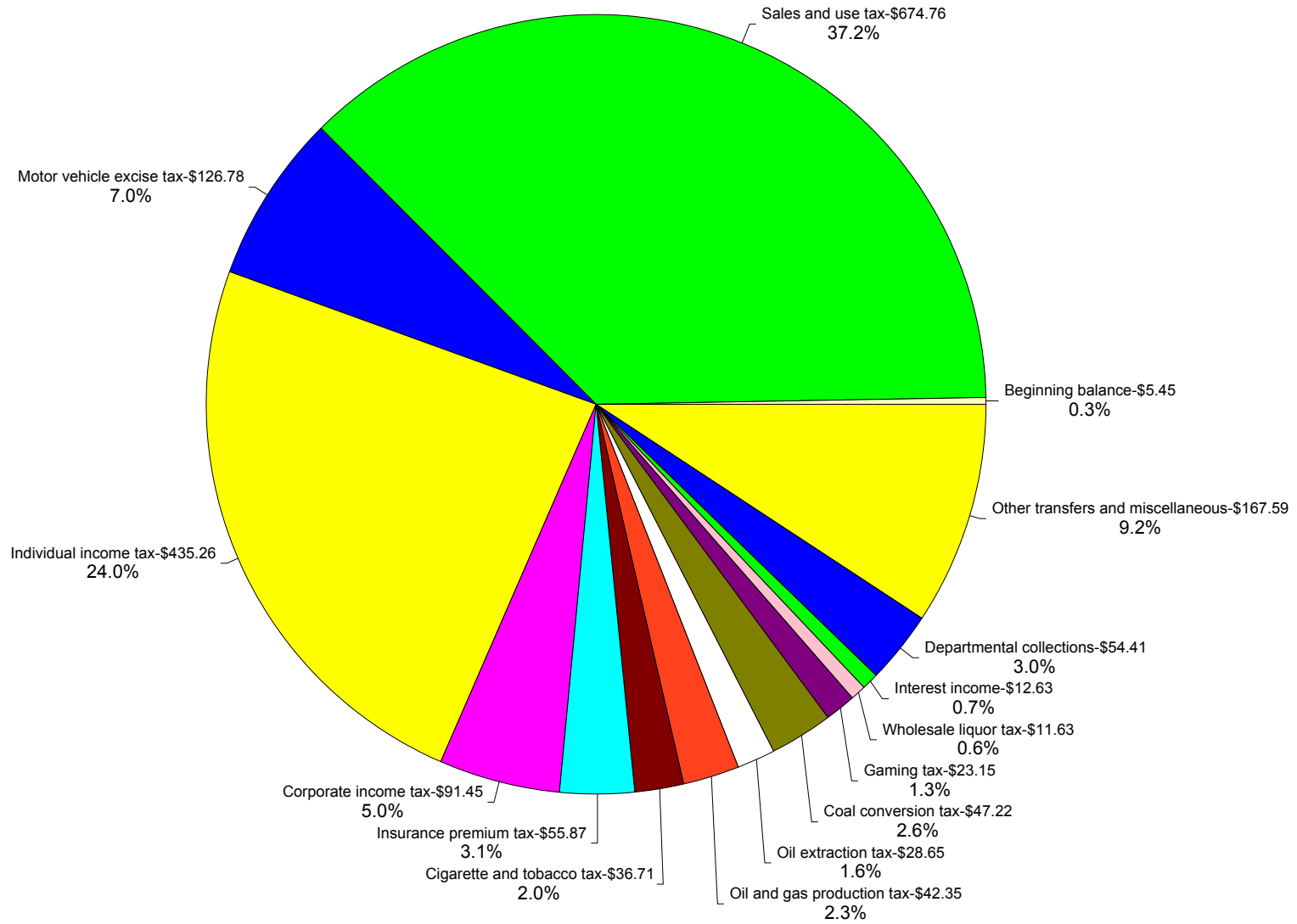
⁷ In addition to the \$60 million transfer from the Bank of North Dakota, the Legislative Assembly provided for a contingent Bank of North Dakota transfer if actual general fund revenues are less than projected for the 2001-03 biennium. The amount transferred may not exceed the lesser of \$25 million or the actual revenue shortfall and may not reduce the Bank's capital structure below \$140 million. Based on the March 2003 revised revenue forecast, a contingent transfer of \$17.4 million is anticipated.

⁸ Section 9 of 2003 Senate Bill No. 2015 provides for up to a \$60 million transfer from the Bank of North Dakota's current earnings and accumulated undivided profits. No more than \$15 million of the amount transferred may come from accumulated undivided profits. Section 10 provides for an additional contingent transfer from the Bank's earnings and accumulated and undivided profits to the general fund. The contingent transfer may not exceed the lesser of \$9 million or the revenue shortfall of actual collections compared to the March 2003 legislative forecast for the 2003-05 biennium.

⁹ The 2001 Legislative Assembly authorized that, at the request of the director of the Office of Management and Budget, the Department of Human Services sell the outstanding loans of the developmental disabilities revolving loan fund No. 1 to the Bank of North Dakota and deposit the proceeds, estimated to be \$2 million, in the general fund.

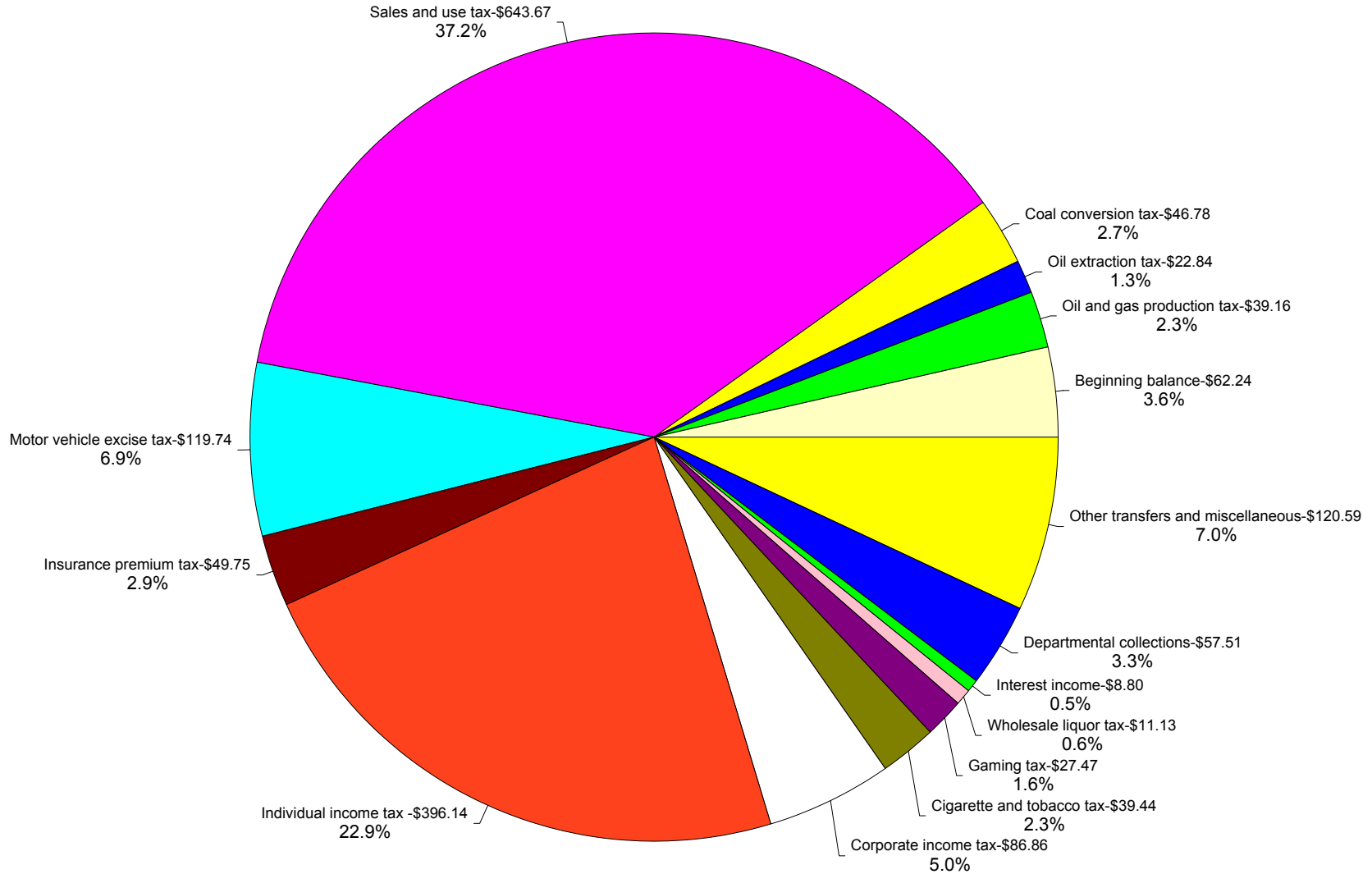
2003-05 ESTIMATED GENERAL FUND REVENUES

Total 2003-05 Estimated General Fund Revenues - \$1,813.91
(Amounts shown in millions)



2001-03 ESTIMATED GENERAL FUND REVENUES (MARCH 2003 FORECAST)

Total Revised 2001-03 Estimated General Fund Revenues - \$1,732.12
 (Amounts shown in millions)



COMPARISON OF 2003-05 AND 2001-03 LEGISLATIVE APPROPRIATIONS

Budget No.	Budget	Legislative Appropriation 2001-03		Legislative Appropriation 2003-05		Increase (Decrease) From 2001-03 to 2003-05	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
General Government							
101	Governor's office	\$2,419,645	\$2,419,645	\$2,331,886	\$3,111,886	(\$87,759)	\$692,241
108	Secretary of State	4,417,990	4,808,990	4,142,844	14,023,207	(275,146)	9,214,217
110	Office of Management and Budget \1	20,564,017	28,727,758	19,740,511	27,628,987	(823,506)	(1,098,771)
112	Information Technology Department	19,648,060	94,860,604	8,194,803	106,312,104	(11,453,257)	11,451,500
117	State Auditor	4,591,143	6,748,783	4,581,232	6,699,208	(9,911)	(49,575)
120	State Treasurer	2,631,988	2,631,988	2,626,384	2,626,384	(5,604)	(5,604)
125	Attorney General	14,879,731	32,514,753	17,054,217	34,483,691	2,174,486	1,968,938
127	Tax Commissioner \2	22,343,661	23,053,390	21,154,695	21,269,739	(1,188,966)	(1,783,651)
140	Administrative Hearings		1,374,820		1,242,958		(131,862)
150	Legislative Assembly	9,070,163	9,070,163	8,561,252	8,561,252	(508,911)	(508,911)
160	Legislative Council	7,373,402	7,373,402	7,532,856	7,532,856	159,454	159,454
180	Judicial branch	53,753,509	55,971,330	55,087,369	57,130,905	1,333,860	1,159,575
190	Retirement and Investment Office		2,810,847		4,843,329		2,032,482
192	Public Employees Retirement System		3,892,490		4,391,158		498,668
Total General Government		\$161,693,309	\$276,258,963	\$151,008,049	\$299,857,664	(\$10,685,260)	\$23,598,701
Education							
Elementary, Secondary, and Other Education							
201	Department of Public Instruction	\$571,763,654	\$804,537,213	\$604,725,006	\$870,783,809	\$32,961,352	\$66,246,596
203	Education Standards and Practices Board			40,000	40,000	40,000	40,000
226	Land Department		7,515,303		7,573,834		58,531
250	State Library	3,137,118	4,735,975	3,027,046	4,657,025	(110,072)	(78,950)
252	School for the Deaf	5,070,479	6,166,103	5,073,242	5,944,691	2,763	(221,412)
253	Vision Services - School for the Blind	2,124,567	3,482,388	2,089,825	3,257,208	(34,742)	(225,180)
270	Career and Technical Education	14,368,861	29,264,629	14,673,473	25,547,973	304,612	(3,716,656)
Total Elementary, Secondary, and Other		\$596,464,679	\$855,701,611	\$629,628,592	\$917,804,540	\$33,163,913	\$62,102,929
Higher Education							
215	University System office	\$54,344,838	\$58,061,660	\$56,618,730	\$60,474,237	\$2,273,892	\$2,412,577
227	Bismarck State College	16,646,887	16,646,887	16,362,327	18,147,327	(284,560)	1,500,440
228	Lake Region State College	5,107,287	5,432,287	5,077,513	5,452,513	(29,774)	20,226
229	Williston State College	5,513,664	5,513,664	5,476,161	5,476,161	(37,503)	(37,503)
230	University of North Dakota	89,102,472	107,944,257	86,920,262	140,220,262	(2,182,210)	32,276,005
232	UND School of Medicine and Health Sciences	30,212,510	30,212,510	30,165,865	30,165,865	(46,645)	(46,645)
235	North Dakota State University	70,150,396	105,516,744	69,314,490	95,314,490	(835,906)	(10,202,254)
238	State College of Science	27,130,802	32,347,522	24,710,324	28,379,244	(2,420,478)	(3,968,278)
239	Dickinson State University	14,254,893	18,254,893	13,992,793	24,874,840	(262,100)	6,619,947
240	Mayville State University	9,240,337	13,240,337	8,866,924	14,371,924	(373,413)	1,131,587
241	Minot State University	26,674,757	34,524,757	26,382,428	26,382,428	(292,329)	(8,142,329)

242	Valley City State University	12,480,847	12,480,847	11,570,006	15,655,306	(910,841)	3,174,459
243	Minot State University - Bottineau	4,325,277	4,325,277	4,312,519	4,312,519	(12,758)	(12,758)
244	Forest Service	1,768,869	2,819,395	1,771,076	2,861,077	2,207	41,682
	Total Higher Education	<u>\$366,953,836</u>	<u>\$447,321,037</u>	<u>\$361,541,418</u>	<u>\$472,088,193</u>	<u>(\$5,412,418)</u>	<u>\$24,767,156</u>
	Total Education	<u>\$963,418,515</u>	<u>\$1,303,022,648</u>	<u>\$991,170,010</u>	<u>\$1,389,892,733</u>	<u>\$27,751,495</u>	<u>\$86,870,085</u>
	Health and Welfare						
301	State Department of Health	\$14,929,970	\$97,403,228	\$13,101,092	\$119,582,748	(\$1,828,878)	\$22,179,520
313	Veterans Home	3,379,368	9,479,303	3,046,072	11,017,195	(333,296)	1,537,892
316	Indian Affairs Commission	336,059	336,059	355,243	355,243	19,184	19,184
321	Department of Veterans Affairs	496,556	517,345	480,798	524,292	(15,758)	6,947
324	Children's Services Coordinating Committee		7,823,126		2,514,600		(5,308,526)
325	Department of Human Services	369,683,875	1,400,805,847	411,081,823	1,508,883,755	41,397,948	108,077,908
360	Protection and Advocacy	806,526	2,992,841	782,723	3,226,255	(23,803)	233,414
380	Job Service North Dakota	2,100,356	61,081,165	1,250,000	57,454,717	(850,356)	(3,626,448)
	Total Health and Welfare	<u>\$391,732,710</u>	<u>\$1,580,438,914</u>	<u>\$430,097,751</u>	<u>\$1,703,558,805</u>	<u>\$38,365,041</u>	<u>\$123,119,891</u>
	Regulatory						
401	Insurance Commissioner \3		\$11,898,773	\$100,000	\$11,890,779	\$100,000	(\$7,994)
405	Industrial Commission	\$7,378,627	42,966,580	7,026,884	44,318,720	(351,743)	1,352,140
406	Labor Commissioner	853,752	1,084,964	877,947	1,107,645	24,195	22,681
408	Public Service Commission	3,866,379	9,595,864	3,911,494	9,984,261	45,115	388,397
412	Aeronautics Commission \3	550,000	15,129,502	522,500	9,159,792	(27,500)	(5,969,710)
413	Financial Institutions \3		3,565,141		3,657,265		92,124
414	Securities Department	1,122,947	1,122,947	1,080,165	1,391,745	(42,782)	268,798
471	Bank of North Dakota	8,500,000	39,381,998	8,075,000	37,853,279	(425,000)	(1,528,719)
473	Housing Finance Agency		39,888,331		33,589,767		(6,298,564)
475	Mill and Elevator Association		21,741,294		29,982,152		8,240,858
485	Workforce Safety and Insurance		31,641,340		32,397,631		756,291
	Total Regulatory	<u>\$22,271,705</u>	<u>\$218,016,734</u>	<u>\$21,593,990</u>	<u>\$215,333,036</u>	<u>(\$677,715)</u>	<u>(\$2,683,698)</u>
	Public Safety						
504	Highway Patrol	\$19,768,701	\$33,398,144	\$18,211,522	\$33,692,609	(\$1,557,179)	\$294,465
512	Emergency Management	967,458	70,843,984	1,369,035	38,586,176	401,577	(32,257,808)
530	Department of Corrections and Rehabilitation	77,356,824	102,557,191	81,736,611	114,316,698	4,379,787	11,759,507
540	Adjutant General	9,462,274	40,759,925	9,170,983	29,889,699	(291,291)	(10,870,226)
	Total Public Safety	<u>\$107,555,257</u>	<u>\$247,559,244</u>	<u>\$110,488,151</u>	<u>\$216,485,182</u>	<u>\$2,932,894</u>	<u>(\$31,074,062)</u>
	Agriculture and Economic Development						
601	Department of Commerce	\$17,880,287	\$61,534,012	\$19,014,723	\$71,367,830	\$1,134,436	\$9,833,818
602	Department of Agriculture \4	4,396,735	11,915,028	4,233,525	12,552,374	(163,210)	637,346
616	Seed Department \3		5,462,734		5,640,000		177,266
627	Upper Great Plains Transportation Institute	505,079	7,888,427	483,099	10,844,750	(21,980)	2,956,323
628	Branch Research Centers	8,034,160	15,057,645	7,467,679	16,435,082	(566,481)	1,377,437
630	NDSU Extension Service	14,329,745	33,628,046	13,859,446	34,346,276	(470,299)	718,230
638	Northern Crops Institute	724,426	1,457,123	746,002	1,523,347	21,576	66,224
640	Main Research Station	28,149,485	54,962,097	28,210,740	60,517,214	61,255	5,555,117

649	Agronomy Seed Farm		1,259,140		1,166,604		(92,536)
665	North Dakota State Fair	575,000	595,000	581,750	601,750	6,750	6,750
Total Agriculture and Economic Development		<u>\$74,594,917</u>	<u>\$193,759,252</u>	<u>\$74,596,964</u>	<u>\$214,995,227</u>	<u>\$2,047</u>	<u>\$21,235,975</u>
Natural Resources							
701	State Historical Society	\$7,220,173	\$12,810,152	\$7,259,934	\$11,650,976	\$39,761	(\$1,159,176)
709	Council on the Arts	982,428	2,034,657	1,004,403	2,226,618	21,975	191,961
720	Game and Fish Department		35,396,976		43,365,763		7,968,787
750	Parks and Recreation	7,699,548	15,098,358	7,056,513	17,828,620	(643,035)	2,730,262
770	State Water Commission	9,815,151	144,988,160	9,385,396	159,858,854	(429,755)	14,870,694
Total Natural Resources		<u>\$25,717,300</u>	<u>\$210,328,303</u>	<u>\$24,706,246</u>	<u>\$234,930,831</u>	<u>(\$1,011,054)</u>	<u>\$24,602,528</u>
Transportation							
801	Department of Transportation		\$740,296,638		\$784,385,918		\$44,089,280
Total Transportation		<u>\$0</u>	<u>\$740,296,638</u>	<u>\$0</u>	<u>\$784,385,918</u>	<u>\$0</u>	<u>\$44,089,280</u>
TOTAL APPROPRIATIONS		<u>\$1,746,983,713</u>	<u>\$4,769,680,696</u>	<u>\$1,803,661,161</u>	<u>\$5,059,439,396</u>	<u>\$56,677,448</u>	<u>\$289,758,700</u>

APPROPRIATION SUMMARY

General Government	\$161,693,309	\$276,258,963	\$151,008,049	\$299,857,664	(\$10,685,260)	\$23,598,701
Education	963,418,515	1,303,022,648	991,170,010	1,389,892,733	27,751,495	86,870,085
Health and Welfare	391,732,710	1,580,438,914	430,097,751	1,703,558,805	38,365,041	123,119,891
Regulatory	22,271,705	218,016,734	21,593,990	215,333,036	(677,715)	(2,683,698)
Public Safety	107,555,257	247,559,244	110,488,151	216,485,182	2,932,894	(31,074,062)
Agriculture and Economic Development	74,594,917	193,759,252	74,596,964	214,995,227	2,047	21,235,975
Natural Resources	25,717,300	210,328,303	24,706,246	234,930,831	(1,011,054)	24,602,528
Transportation		740,296,638		784,385,918		44,089,280
TOTAL APPROPRIATIONS	<u>\$1,746,983,713</u> *	<u>\$4,769,680,696</u> *	<u>\$1,803,661,161</u>	<u>\$5,059,439,396</u>	<u>\$56,677,448</u>	<u>\$289,758,700</u>

* 2001-03 appropriations made by the 57th Legislative Assembly

\$1,746,983,713 \$4,769,680,696

2001-03 deficiency appropriations made by the 58th Legislative Assembly

0 27,300,000

Total 2001-03 appropriations

\$1,746,983,713 \$4,796,980,696

\1 The 2003 Legislative Assembly consolidated funding for the Office of Management and Budget and State Radio Communications into one appropriation. For the 2001-03 biennium, funding was appropriated separately as follows:

	General Fund	Total Funds
Office of Management and Budget	\$16,232,567	\$23,870,693
State Radio Communications	4,331,450	4,857,065
Total	<u>\$20,564,017</u>	<u>\$28,727,758</u>

\2 The 2003 Legislative Assembly consolidated funding for the Tax Commissioner and the Homestead Tax Credit into one appropriation. For the 2001-03 biennium, funding was appropriated separately as follows:

	General Fund	Total Funds
Homestead Tax Credit	\$4,540,813	\$4,540,813
Tax Commissioner	17,802,848	18,512,577
Total	<u>\$22,343,661</u>	<u>\$23,053,390</u>

\3 Section 3 of House Bill No. 1505 provides that the Office of Management and Budget shall reduce the special funds appropriation authority for the Insurance Commissioner, Aeronautics Commission, Department of Financial Institutions, and the Seed Department by the following amounts relating to information technology reductions:

Insurance Commissioner	\$37,368
Aeronautics Commission	\$6,942
Department of Financial Institutions	\$7,881
Seed Department	\$10,050

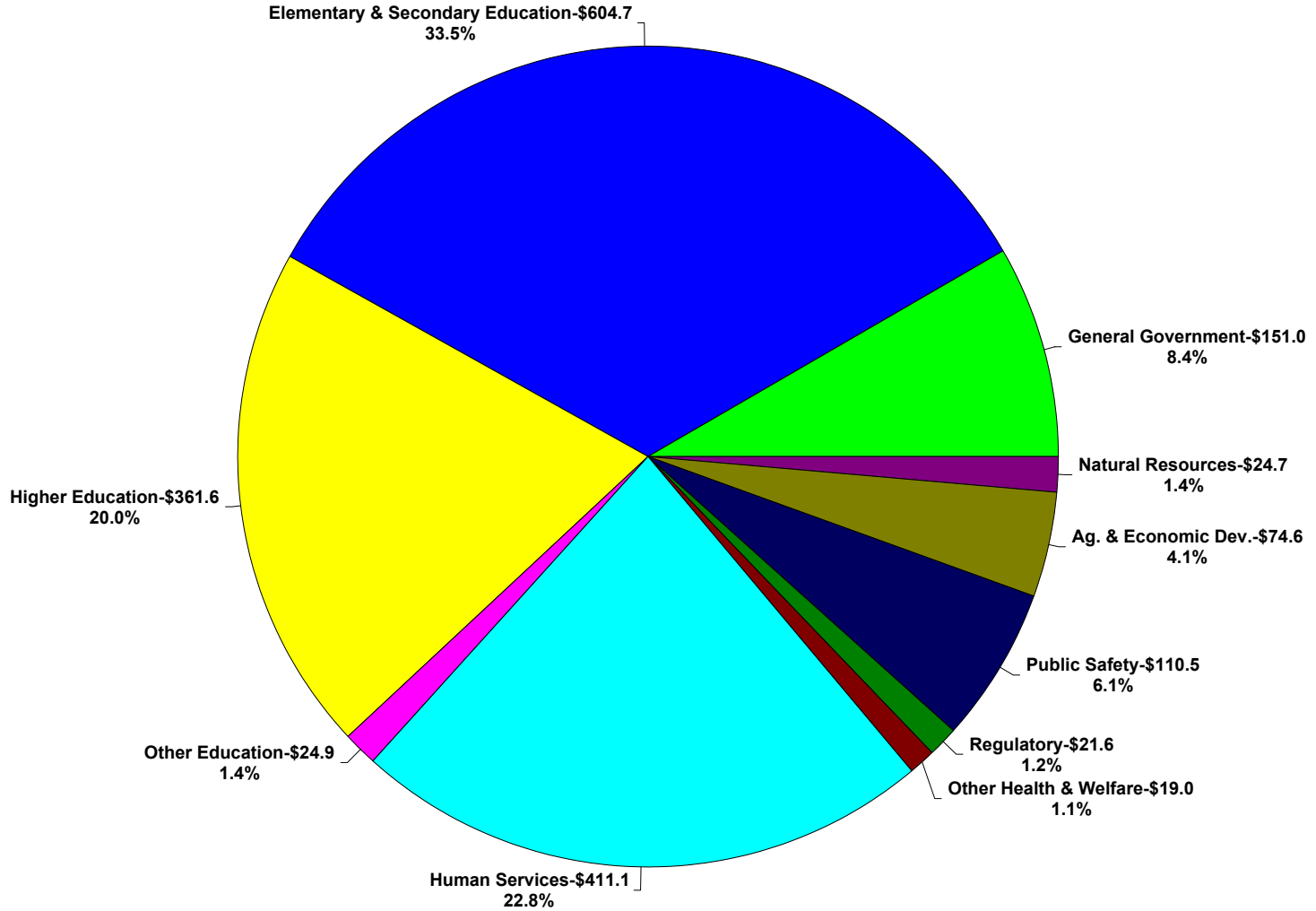
\4 The 2003 Legislative Assembly consolidated funding for the Department of Agriculture and the Crop Product Harmonization Board into one appropriation. For the 2001-03 biennium, funding was appropriated separately as follows:

	General Fund	Total Funds
Department of Agriculture	\$4,396,735	\$11,465,028
Crop Product Harmonization Board		450,000
Total	<u>\$4,396,735</u>	<u>\$11,915,028</u>

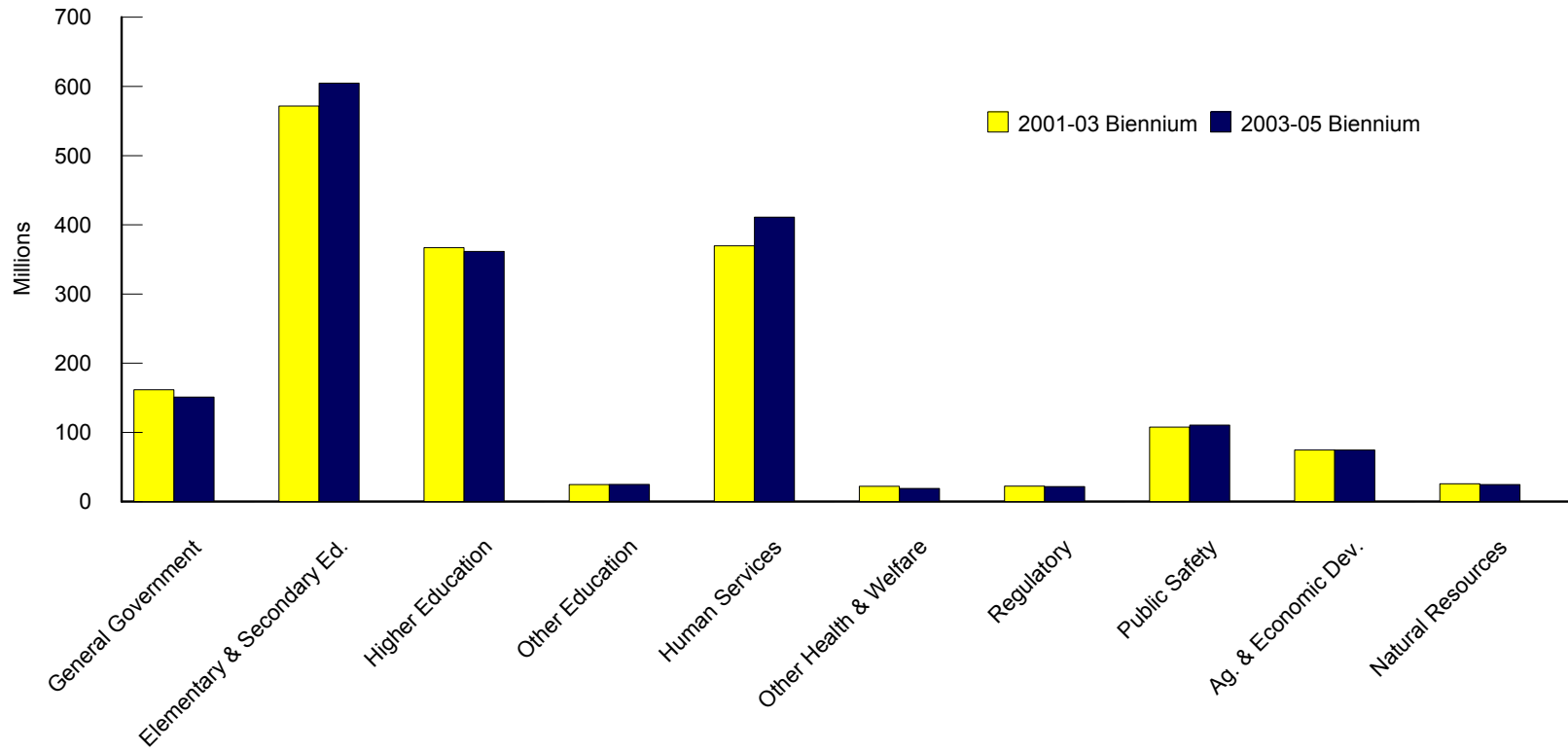
2003-05 BIENNIUM GENERAL FUND APPROPRIATIONS

Amounts shown in millions

Total 2003-05 Biennium General Fund Appropriations - \$1,803.7



COMPARISON OF 2003-05 AND 2001-03 GENERAL FUND APPROPRIATIONS
Amounts shown in millions

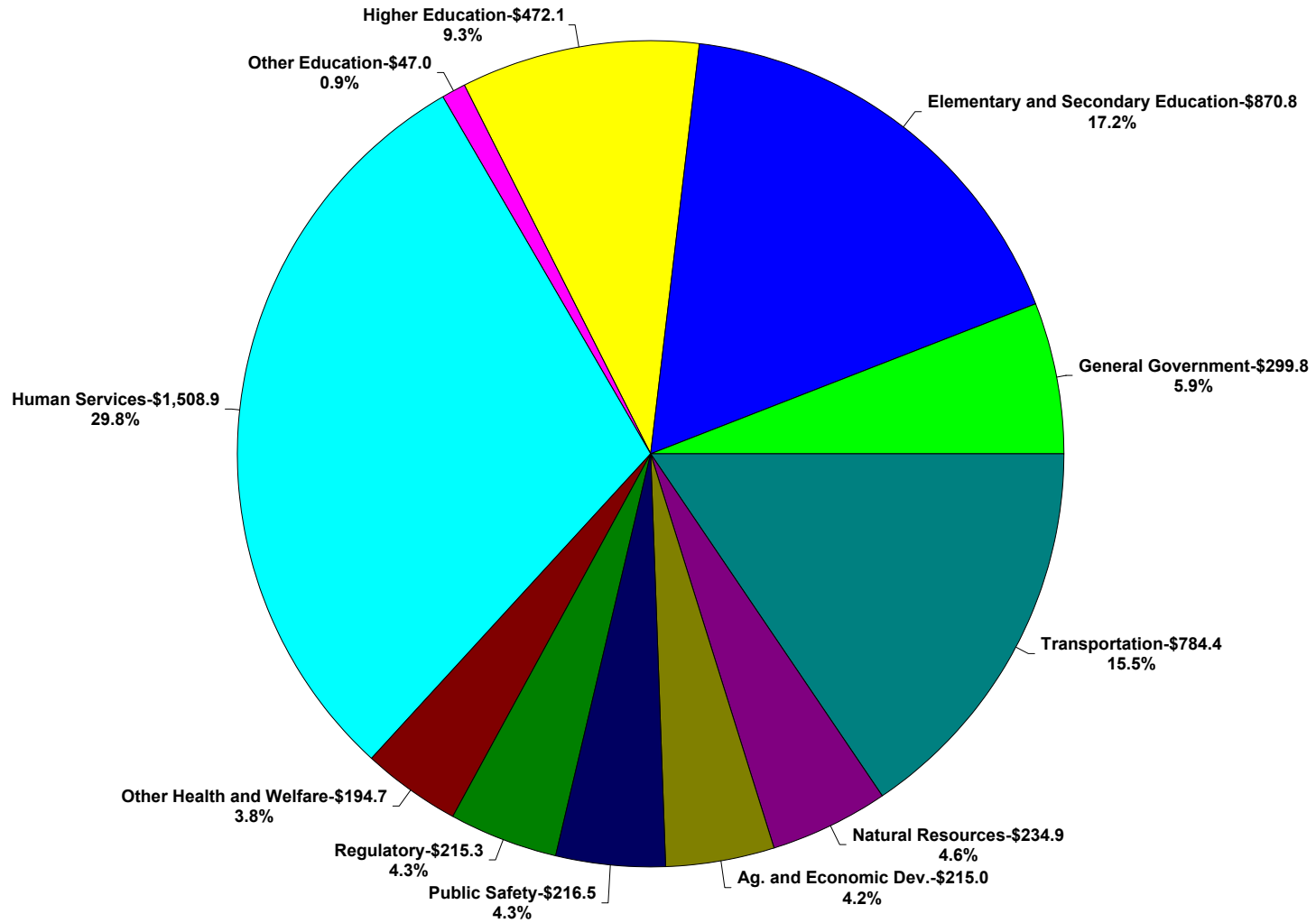


	2001-03 Biennium	2003-05 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$161,693,309	\$151,008,049	(\$10,685,260)	(6.6%)
Elementary & Secondary Education	571,763,654	604,725,006	32,961,352	5.8%
Higher Education	366,953,836	361,541,418	(5,412,418)	(1.5%)
Other Education	24,701,025	24,903,586	202,561	0.8%
Human Services	369,683,875	411,081,823	41,397,948	11.2%
Other Health & Welfare	22,048,835	19,015,928	(3,032,907)	(13.8%)
Regulatory	22,271,705	21,593,990	(677,715)	(3.0%)
Public Safety	107,555,257	110,488,151	2,932,894	2.7%
Ag. & Economic Dev.	74,594,917	74,596,964	2,047	0.0%
Natural Resources	25,717,300	24,706,246	(1,011,054)	(3.9%)
Grand Total	\$1,746,983,713	\$1,803,661,161	\$56,677,448	3.2%

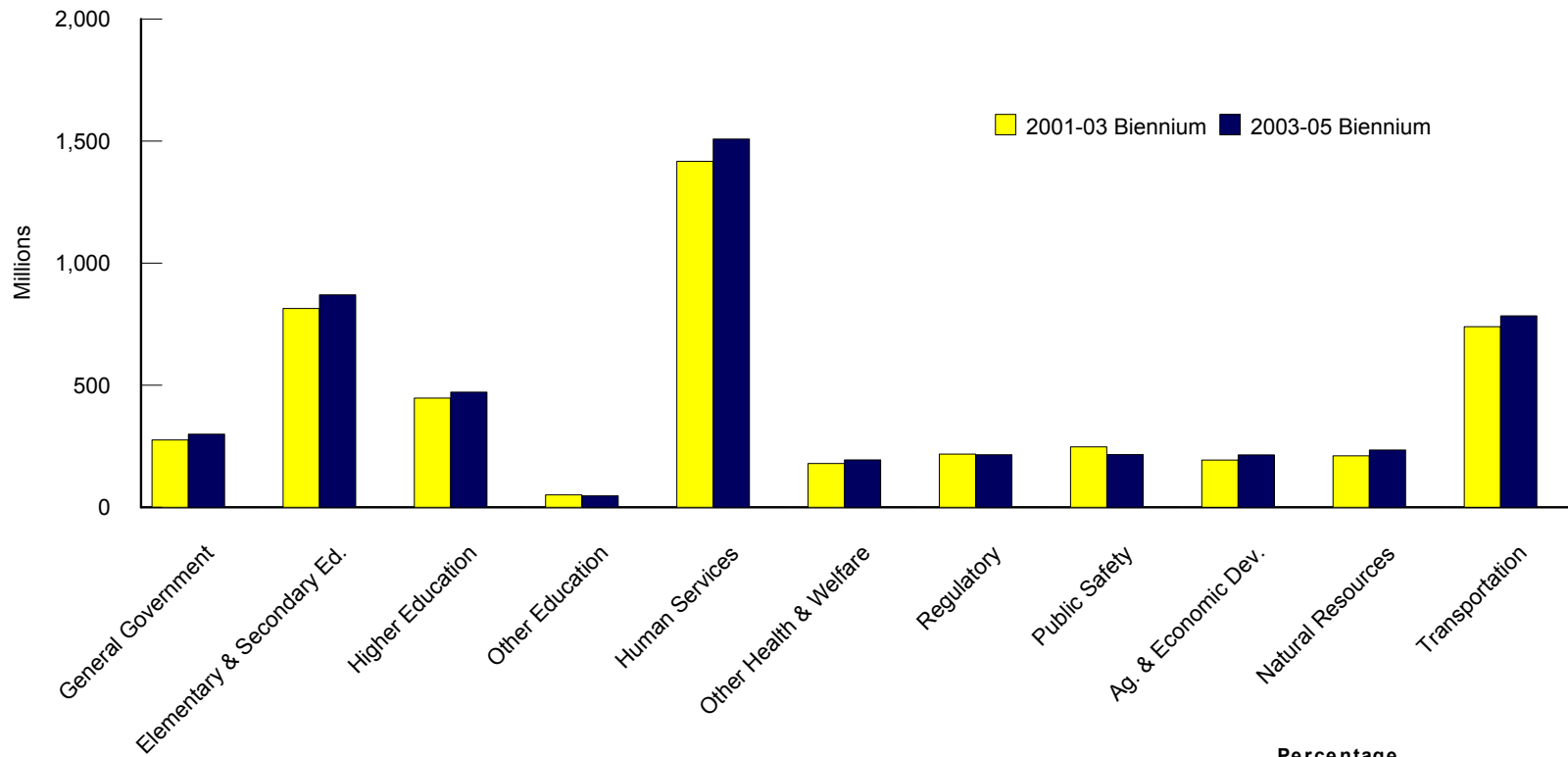
2003-05 BIENNIUM ALL FUNDS APPROPRIATIONS

Amounts shown in millions

Total 2003-05 Biennium All Funds Appropriations - \$5,059.4



COMPARISON OF 2003-05 AND 2001-03 ALL FUNDS APPROPRIATIONS
Amounts shown in millions



	2001-03 Biennium	2003-05 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$276,258,963	\$299,857,664	\$23,598,701	8.5%
Elementary & Secondary Education	814,537,213	870,783,809	56,246,596	6.9%
Higher Education	447,321,037	472,088,193	24,767,156	5.5%
Other Education	51,164,398	47,020,731	(4,143,667)	(8.1%)
Human Services	1,417,105,847	1,508,883,755	91,777,908	6.5%
Other Health & Welfare	179,633,067	194,675,050	15,041,983	8.4%
Regulatory	218,016,734	215,333,036	(2,683,698)	(1.2%)
Public Safety	248,059,244	216,485,182	(31,574,062)	(12.7%)
Ag. & Economic Dev.	193,759,252	214,995,227	21,235,975	11.0%
Natural Resources	210,828,303	234,930,831	24,102,528	11.4%
Transportation	740,296,638	784,385,918	44,089,280	6.0%
Grand Total	\$4,796,980,696	\$5,059,439,396	\$262,458,700	5.5%

Agriculture Department
Senate Bill Nos. 2009, 2015, 2026, 2319

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	57.00	\$4,267,848	\$8,386,778	\$12,654,626
2003-05 legislative appropriations	57.00	4,233,525	8,318,849	12,552,374¹
Legislative increase (decrease) to executive budget	0.00	(\$34,323)	(\$67,929)	(\$102,252)
Legislative increase (decrease) to 2001-03 appropriations	1.50	(\$163,210)	\$800,556	\$637,346

¹ The Legislative Assembly added funding for the Crop Protection Product Harmonization and Registration Board to the budget for the Agriculture Department (Senate Bill No. 2009). The 2003-05 appropriation for the Crop Protection Product Harmonization and Registration Board is \$25,000 from the environment and rangeland protection fund. The amounts in the schedule above reflect the executive budget recommendation for the board of \$50,000 for the environment and rangeland protection fund and the 2001-03 appropriation of \$450,000 (\$250,000 from the environment and rangeland protection fund and \$200,000 from grants or donations) for the Crop Protection Product Harmonization and Registration Board, which was funded under a separate appropriations bill (2001 House Bill No. 1328).

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Agriculture Department is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:					
Removed funding recommended in the executive budget for state employee salary increases			(\$32,488)	(\$27,064)	(\$59,552)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(2,971)	(2,911)	(5,882)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)			(7,518)	(1,329)	(8,847)
Increased funding and changed funding source for wildlife services. The Legislative Assembly approved \$800,000 of funding for the wildlife services program, \$550,000 from the game and fish fund and \$250,000 from the general fund.			(138,209)	150,000	11,791

Changed the funding source for anhydrous ammonia regulating duties from the anhydrous ammonia storage inspection fund to the general fund	101,863	(101,863)	0
Reduced funding from the environment and rangeland protection fund for Project Safe Send by \$309,762, to provide a total appropriation of \$308,870 (See Other Sections in Bill and Related Legislation sections below)		(309,762)	(309,762)
Reduced funding from the environment and rangeland protection fund for the Crop Protection Product Harmonization and Registration Board. The executive recommendation included a \$50,000 appropriation from the environment and rangeland protection fund for the Crop Protection Product Harmonization and Registration Board in Senate Bill No. 2026, which was defeated by the Legislative Assembly and provisions incorporated into Senate Bill No. 2009.		(25,000)	(25,000)
Senate Bill No. 2015 appropriates \$45,000 for the agriculture in the classroom program (See Other Sections in Bill section below)	45,000		45,000
Senate Bill No. 2319 appropriates \$250,000 from the environment and rangeland protection fund for the control and eradication of saltcedar (See Related Legislation section below)		250,000	250,000
Total	<u>0.00</u>	<u>(\$34,323)</u>	<u>(\$102,252)</u>

FTE Changes

The 2003-05 biennium appropriation includes funding for 57 FTE positions, 1.5 FTE more than the 2001-03 authorized level of 55.5 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1.5 FTE positions as follows:

- 1 FTE veterinarian position within the Board of Animal Health
- .5 FTE program specialist (inspector) position for the state meat inspection program

Other Sections in Bill

Environment and rangeland protection fund - Section 2 authorizes \$2,264,453 from the environment and rangeland protection fund for the purpose of defraying the expenses of various Agriculture Department programs.

Anhydrous ammonia storage inspection fund - Section 3 authorizes \$54,496 from the anhydrous ammonia storage inspection fund for the purpose of defraying the expenses of regulating anhydrous ammonia storage facilities.

Game and fish fund - Section 4 authorizes \$700,000 from the game and fish fund to the Agriculture Department for wildlife services (\$550,000) and the Board of Animal Health (\$150,000).

Pesticide disposal project - Sections 5, 6, 7, and 14 continue the agricultural pesticide and pesticide container disposal program (Safe Send) through July 31, 2007. (See **Related Legislation** section below)

Agriculture in the classroom - Sections 8, 9, and 12 provide for the agriculture in the classroom program to be contracted with individuals and organizations that conduct an agriculture in the classroom program. The total appropriation for the agriculture in the classroom program is \$216,000; consisting of \$50,000 from the environment and rangeland protection fund, \$5,000 carryover authority from the Attorney General refund fund, \$45,000 from the general fund (provided in Senate Bill No. 2015), and \$116,000 of special funds spending authority from gifts, grants, and donations. The Agriculture Department is to provide a minimum of \$100,000 in contracts for the agriculture in the classroom program, and shall use existing operating appropriation authority if unable to generate the needed funds.

Pet food registration fees - Section 10 provides for an increase in the two-year pet food and specialty pet food registration fee from \$50 to \$100 per product. This increase is estimated to generate an additional \$152,500 in general fund revenues during the 2003-05 biennium.

Livestock medicine registration fees - Section 11 provides for an increase in the two-year livestock medicine registration fee from \$20 to \$40 per product. This increase is estimated to generate an additional \$28,000 in general fund revenues during the 2003-05 biennium.

Minor use pesticide fund - Section 13 provides for \$200,000 to be transferred from the environment and rangeland protection fund to the minor use pesticide fund during the 2003-05 biennium.

Related Legislation

Saltcedar control and eradication - Senate Bill No. 2319 provides a \$250,000 appropriation from the environment and rangeland protection fund to the Agriculture Department for controlling and eradicating saltcedar.

Pesticide registration fees - Senate Bill No. 2319 delays the sunset clause on the \$350 pesticide product registration fee from June 30, 2003, until June 30, 2005. The additional amount collected, estimated to be \$450,000 for the 2003-05 biennium, will be deposited in the environment and rangeland protection fund. The pesticide product registration fee will revert to \$300 on July 1, 2005.

Pesticide disposal project - House Bill No. 1066, which was enacted prior to Senate Bill No. 2009, continues the agricultural pesticide and pesticide disposal program (Safe Send) through July 31, 2005. (See **Other Sections in Bill** section above)

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$1,329 of special funds reduced from the Agriculture Department's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

**Attorney General
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	171.00	\$16,467,405	\$17,349,237	\$33,816,642
2003-05 legislative appropriations	182.00	17,054,217	17,429,474	34,483,691
Legislative increase (decrease) to executive budget	11.00	\$586,812	\$80,237	\$667,049
Legislative increase (decrease) to 2001-03 appropriations	21.50	\$2,174,486	(\$205,548)	\$1,968,938

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Attorney General is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$172,694)	(\$20,084)	(\$192,778)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(15,576)	(2,174)	(17,750)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)		(98,453)	(12,929)	(111,382)
Added funding for salary equity increases for attorneys to provide a total of \$241,024 of special funds			41,024	41,024
Removed a vacant BCI research analyst II (\$75,402) and a vacant BCI research analyst III (\$89,723)	(2.00)		(165,125)	(165,125)
Restored funding removed in the executive budget for BCI agent overtime		21,980		21,980
Restored funding removed in the executive budget for two law enforcement training positions	2.00	275,572		275,572
Added funding for an additional BCI agent	1.00	155,983		155,983

Added funding for two identification technician positions for conducting additional criminal background checks	2.00	180,000		180,000
Added 2 FTE positions associated with enforcing provisions of Senate Bill No. 2255 relating to telephone solicitations. (See Related Legislation section below) Funding was not added because Section 4 of the bill, which was added, allows the Attorney General to retain \$394,984 of the June 30, 2003, estimated balance in the refund fund to pay for these costs during the 2003-05 biennium.	2.00			
Added 6 FTE positions for administering the North Dakota Lottery pursuant to provisions of House Bill No. 1243. Funding was not added for the positions or for other operating costs of the lottery because funding for these costs are appropriated to the Attorney General pursuant to a continuing appropriation in House Bill No. 1243. (See Related Legislation section below)	6.00			
Added funding from the counties for grants to reimburse rural response teams for tactical assistance provided to local law enforcement pursuant to provisions of House Bill No. 1350 (See Related Legislation section below)			50,000	50,000
Added federal funding to improve Crime Laboratory operations in cases with no suspects			189,525	189,525
Added a contingent appropriation for defending the state's school finance system if a lawsuit is filed during the 2003-05 biennium		240,000		240,000
Total	<u>11.00</u>	<u>\$586,812</u>	<u>\$80,237</u>	<u>\$667,049</u>

FTE Changes

The Legislative Assembly deleted 2 FTE vacant BCI research analyst positions; restored 2 FTE law enforcement training positions removed in the executive budget; and added 1 FTE BCI agent position, 2 FTE identification technician positions, 2 FTE positions associated with enforcing provisions of Senate Bill No. 2255 relating to telephone solicitations, and 6 FTE positions for administering the North Dakota Lottery. The Legislative Assembly did not change the executive recommendation to transfer 14.5 FTE positions from the State Department of Health for the State Crime Laboratory; to add 1 FTE position for the State Crime Laboratory and 1 FTE criminal investigator position; and to delete 2 FTE administrative assistant positions, 1 FTE public information specialist position, and 1 FTE criminal investigator position.

State Crime Laboratory

The Legislative Assembly did not change the executive recommendation to transfer the State Crime Laboratory from the State Department of Health to the Attorney General's office pursuant to provisions of Senate Bill No. 2151. The executive budget included \$3,058,388, of which \$1,541,575 is from the general fund for the Crime Laboratory, including 15.5 FTE positions.

Local Gaming Enforcement Grants

The Legislative Assembly did not change the executive budget which provided \$617,000 from the gaming and excise tax allocation fund for local gaming enforcement grants. Funding for local gaming enforcement grants for recent bienniums is listed below.

Biennium	General Fund	Special Funds	Total
1995-97	\$1,045,216		\$1,045,216
1997-99	\$1,014,155		\$1,014,155
1999-2001	\$419,591 ¹		\$419,591 ¹
2001-03		\$629,000	\$629,000
2003-05		\$617,000	\$617,000

¹ This amount includes a \$197,714 general fund deficiency appropriation approved by the 2001 Legislative Assembly in Section 11 of House Bill No. 1003.

Racing Commission

The Legislative Assembly did not change the executive budget which provided \$298,694, of which \$148,694 is from the general fund, \$50,000 is from the breeders fund, \$50,000 is from the promotion fund, and \$50,000 is from the purse fund for operating costs of the Racing Commission.

The Legislative Assembly approved Senate Bill No. 2285 which reduces the state tax rate on parimutuel racing from either 2 percent on win, place, or show wagers or 2.5 percent on exotic wagers to a rate schedule based on the total amounts wagered annually as follows:

	State Tax Rate
Win, Place, or Show Wagers	
Up to \$35,500,000 in wagers per year	2 %
Over \$35,500,000 in wagers per year	.5 %
Exotic Wagers	
Up to \$102,400,000 in wagers per year	2.5 %
Over \$102,400,000 in wagers per year	.25 %

The percentage of the wagers that is deposited in the breeders', promotion, and purse funds were not changed and remain at .5 percent for the breeders fund, .5 percent for the promotion fund, and .5 percent for the purse fund.

Other Sections in Bill

Carryover - Section 3 of the bill allows the Attorney General to continue up to \$66,000 of the Attorney General's unspent 2001-03 biennium general fund appropriation for the purpose of defraying the expenses associated with conducting additional criminal background checks during the 2003-05 biennium.

Refund fund exemption - Section 4 of the bill allows the Attorney General to retain the June 30, 2003, balance in the Attorney General refund fund estimated at \$594,984 rather than transferring the balance to the general fund. The March 2003 general fund revenue forecast did not anticipate any funds being transferred from the refund fund on June 30, 2003. The Attorney General anticipates using \$394,984 of the funding to hire two additional FTE positions and for other costs associated with enforcing provisions of Senate Bill No. 2255 relating to telephone solicitations and \$200,000 for legal services relating to the State Water Commission. The Attorney General's 2003-05 biennium appropriation is not changed because the funds in the refund fund may be spent by the Attorney General pursuant to a continuing appropriation.

Gaming stamp collections - Section 9 of the bill allows the Attorney General to use a portion of revenues from gaming stamps for costs of issuing and administering the gaming stamps.

Related Legislation

North Dakota Lottery - House Bill No. 1243 establishes a North Dakota Lottery and creates a Lottery Division in the Attorney General's office. Lottery collections are deposited into a special fund and may be spent by the lottery director pursuant to a continuing appropriation for lottery-related expenses, including administrative costs of the division in the Attorney General's office.

Special operations team services - House Bill No. 1350 establishes a special operations team reimbursement fund of up to \$250,000 and allows the Attorney General to spend money in the fund pursuant to a continuing appropriation for reimbursing a city or county that provides special operations team services to rural areas.

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$12,929 of special funds reduced from the Attorney General's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

State Crime Laboratory - Senate Bill No. 2151 provided for the transfer of the State Crime Laboratory from the Department of Health to the Attorney General's office.

Telephone solicitations - Senate Bill No. 2255 provides that the Attorney General establish and maintain a list of residents who object to telephone solicitations and establish rules and regulations for telemarketers.

**State Auditor
Senate Bill No. 2004**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	52.00	\$4,475,219	\$2,140,958	\$6,616,177
2003-05 legislative appropriations	55.00	4,581,232	2,117,976	6,699,208
Legislative increase (decrease) to executive budget	3.00	\$106,013	(\$22,982)	\$83,031
Legislative increase (decrease) to 2001-03 appropriations	0.00	(\$9,911)	(\$39,664)	(\$49,575)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Auditor is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$43,148)	(\$19,763)	(\$62,911)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(3,612)	(1,754)	(5,366)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)		(14,344)	(1,465)	(15,809)
Restored funding for 3 FTE auditor positions removed in the agency budget request to meet the Governor's 95 percent budget guideline	3.00	294,917		294,917
Removed funding for consulting services to assist with performance audits		(100,000)		(100,000)
Removed funding for a new copier		(28,800)		(28,800)
Added funding for copier repairs		1,000		1,000
Total	3.00	\$106,013	(\$22,982)	\$83,031

FTE Changes

The Legislative Assembly restored three auditor positions removed in the agency's budget request in order to meet the 95 percent budget requested by the Governor. The number of FTE positions for the State Auditor for the 2003-05 biennium remains at 55 FTE, the same as the 2001-03 biennium.

Other Sections in Bill

Other funds collections - Section 2 provides that the other funds appropriation in Section 1 of the bill includes up to \$1,264,865 from political subdivision audit fees. Any collections in excess of \$1,264,865 must be retained in the State Auditor operating account to be appropriated after June 30, 2005.

Performance audits - Section 3 amends Section 54-10-01(4) of the North Dakota Century Code relating to performance audits, providing that the state auditor may not hire a consultant to assist with conducting a performance audit of a state agency without prior approval of the Legislative Audit and Fiscal Review Committee (LAFRC), that the State Auditor shall notify an agency of the need for a consultant before requesting approval by LAFRC, and that the agency which is audited shall pay for the cost of any consultant approved.

Related Legislation

Information technology responsibilities - House Bill No. 1505 creates a new section to North Dakota Century Code Chapter 54-10 to provide for information technology responsibilities of the State Auditor.

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$1,465 of special funds reduced from the State Auditor's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

**Governor
Senate Bill No. 2001**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	16.30	\$2,360,441	\$780,000	\$3,140,441
2003-05 legislative appropriations	18.00	2,331,886	780,000	3,111,886
Legislative increase (decrease) to executive budget	1.70	(\$28,555)	\$0	(\$28,555)
Legislative increase (decrease) to 2001-03 appropriations	0.00	(\$87,759)	\$780,000	\$692,241

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Governor's office is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$22,593)		(\$22,593)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(1,754)		(1,754)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(4,208)		(4,208)
Total	0.00	(\$28,555)	\$0	(\$28,555)

FTE Changes

The Legislative Assembly restored 1 FTE policy advisor position, a .5 FTE administrative position, and a .2 FTE administrative position removed in the executive budget, but did not restore the related funding for the positions.

**Insurance Commissioner, including Insurance Tax Payments to Fire Departments
Senate Bill No. 2010, House Bill No. 1399**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	45.50	\$0	\$11,642,337	\$11,642,337 ¹
2003-05 legislative appropriations	45.50	100,000	11,790,779²	11,890,779^{1,2}
Legislative increase (decrease) to executive budget	0.00	\$100,000	\$148,442	\$248,442
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$100,000	(\$107,994)	(\$7,994)

¹ This amount includes the appropriation of \$5,304,000 from the insurance tax distribution fund of which \$5.2 million is for insurance tax payments to fire departments and \$104,000 is for two equal payments to the North Dakota Firefighter's Association, the same level of funding provided for the 2001-03 biennium.

² Section 3 of House Bill No. 1505 requires the Office of Management and Budget to reduce the special funds appropriation authority for the Insurance Commissioner for the 2003-05 biennium by \$37,368 relating to an information technology reduction. The Office of Management and Budget is to transfer \$37,368 of special funds reduced from the Insurance Commissioner's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Insurance Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$51,708)	(\$51,708)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(4,850)	(4,850)
Increased funding for operating expenses for marketing efforts associated with the Insurance Commissioner's fraud unit established in House Bill No. 1231 (See Related Legislation section below)			150,000	150,000
Increased funding for operating expenses relating to the payment of cost-benefit analyses of 2005 Legislative Assembly measures mandating health insurance coverage (North Dakota Century Code (NDCC) Section 54-03-28 requires these analyses)			55,000	55,000

Provided funding for the purpose of implementing a pharmaceutical manufacturers drug access program as provided in House Bill No. 1399 (See Related Legislation section below)	\$100,000	100,000
Total	0.00	\$100,000
		\$148,442
		\$248,442

FTE Changes

The 2003-05 biennium appropriation includes funding for 45.5 FTE positions, the same as the 2001-03 biennium authorized level.

Administrative Costs of Special Funds

The Legislative Assembly did not change the executive recommendation for administrative costs allocated to the bonding fund, fire and tornado fund, unsatisfied judgment fund, and the petroleum tank release compensation fund. The following schedule provides information regarding the administrative costs allocated to each special fund. The decreases from the 2001-03 biennium will result in an increase of \$75,000 of Insurance Department administrative costs being provided from the insurance regulatory trust fund.

	2001-03 Biennium	2003-05 Biennium	Increase (Decrease)
Bonding fund	\$67,431	\$35,000	(\$32,431)
Fire and tornado fund	\$831,145	\$813,576	(\$17,569)
Unsatisfied judgment fund	\$60,000	\$35,000	(\$25,000)
Petroleum tank release compensation fund	\$80,000	\$80,000	\$0

Other Sections in Bill

Anhydrous tank inspections - Section 7 provides that \$175,000 is available from the anhydrous ammonia storage facility inspection fund to pay for anhydrous tank inspections done by the Insurance Commissioner. This represents an increase of funding available from the anhydrous ammonia storage facility inspection fund of \$100,000 from the amount made available during the 2001-03 biennium of \$75,000.

Bonding fund - Section 8 of Senate Bill No. 2015 authorizes the transfer of \$2,800,000 from the bonding fund to the state general fund for the 2003-05 biennium. In addition, Section 16 of Senate Bill No. 2015 amends NDCC Section 26.1-21-09 to change the fund balance threshold for charging premiums for bond coverage from \$2.5 million to \$2 million.

Related Legislation

Insurance fraud unit - House Bill No. 1231 authorizes the Insurance Commissioner to establish an insurance fraud unit.

Pharmaceutical manufacturers drug access program - House Bill No. 1399 provides the Insurance Commissioner a general fund appropriation of \$100,000 for the purpose of establishing a program to assist individuals of low income to gain access to prescription medications through prescription drug assistance programs offered by pharmaceutical manufacturers, including free discount and coverage programs.

**Public Service Commission
House Bill No. 2008**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	41.00	\$4,003,600	\$6,084,744	\$10,088,344
2003-05 legislative appropriations	41.00	3,911,494	6,072,767	9,984,261
Legislative increase (decrease) to executive budget	0.00	(\$92,106)	(\$11,977)	(\$104,083)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$45,115	\$343,282	\$388,397

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Public Service Commission is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$34,287)	(\$18,565)	(\$52,852)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(2,819)	(1,412)	(4,231)
Changed funding source related to indirect cost recoveries		(8,000)	8,000	0
Reduced funding for information technology equipment purchases		(10,200)		(10,200)
Reduced funding for legal reference materials		(5,000)		(5,000)
Reduced funding for professional development		(2,000)		(2,000)
Reduced funding for information technology programming and support costs		(12,800)		(12,800)
Reduced funding for salaries and wages		(2,000)		(2,000)
Reduced funding for information technology and related travel and copier-related printing costs		(15,000)		(15,000)
Total	0.00	(\$92,106)	(\$11,977)	(\$104,083)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 41 FTE positions, the same as the 2001-03 biennium.

Other Sections in Bill

Legislative Council studies - The Legislative Assembly provided for two Legislative Council studies. The first study relates to examining the possibility of consolidating inspection and standards functions performed by various state agencies within the Public Service Commission. The second study relates to feasibility and desirability of making the Public Service Commission a special funded agency.

Rail rate complaint case - The Legislative Assembly approved \$250,000 for the initial stage of a rail rate complaint case, \$225,000 of which is from the state rail fund and \$25,000 from other interested parties and other sources. The Public Service Commission may not spend the \$225,000 from the state rail fund until receiving commitments for the \$25,000 of other funds. The Public Service Commission is to repay the state rail fund from any proceeds realized from a successful outcome of the rail rate complaint case.

Information technology reduction - The Legislative Assembly did not make a specific 5 percent information technology reduction for the Public Service Commission which would have totaled \$22,014 from the general fund. The Legislative Assembly made other information technology-related reductions which totaled \$38,000.

Related Legislation

Performance assurance fund - House Bill No. 1052 creates a performance assurance fund, which is a component of Qwest's performance assurance plan to provide long-distance telephone service. The Public Service Commission is to deposit payments received under the performance assurance plan in the performance assurance fund until deposits during a biennium equal \$100,000. All money deposited in the fund is appropriated on a continuing basis to the commission to monitor the operation and effect of the performance assurance plan. All payments received by the commission in excess of the \$100,000 deposited in the performance assurance fund must be deposited in the general fund.

Fees for testing, weighing, and measuring devices - Senate Bill No. 2112 increases the statutory fees charged to test and certify weights and measuring equipment used in commercial service. General fund revenues are anticipated to increase by \$127,000 per biennium as a result of the statutory fee changes in this bill.

**Secretary of State
Senate Bill No. 2002**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	26.00	\$4,238,866	\$5,399,913	\$9,638,779
2003-05 legislative appropriations	27.00	4,142,844	9,880,363	14,023,207
Legislative increase (decrease) to executive budget	1.00	(\$96,022)	\$4,480,450	\$4,384,428
Legislative increase (decrease) to 2001-03 appropriations	1.00	(\$275,146)	\$9,489,363	\$9,214,217

NOTE: The amounts on the schedule above include funding for public printing. The 2003-05 executive budget recommended and the Legislative Assembly appropriated \$336,000 from the general fund for public printing, \$172,000 less than the 2001-03 biennium general fund appropriation of \$508,000.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Secretary of State is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$21,981)		(\$21,981)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(2,683)		(2,683)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)		(67,358)	(\$19,550)	(86,908)
Reduced funding for petition review from \$12,000 to \$8,000		(4,000)		(4,000)
Increased federal funding for election reform from \$5 million, included in the executive budget, to \$9.5 million	1.00		4,500,000	4,500,000
Total	1.00	(\$96,022)	\$4,480,450	\$4,384,428

FTE Changes

The Legislative Assembly added 1 FTE office assistant III position to assist with election reform activities. The position is authorized only for the period of time that federal funds are available to provide for the cost of the position.

Other Sections in Bill

Carryover - Section 2 allows the Secretary of State to continue up to \$105,000 of the Secretary of State's 2001-03 biennium general fund appropriation for the purpose of providing state matching funds for federal election reform funding during the 2003-05 biennium. The Secretary of State's 2001-03 biennium unspent general fund appropriation authority is anticipated to total \$55,000 after this adjustment and excluding unspent appropriation authority relating to public printing.

Election reform - Section 3 provides that the election reform line item is an emergency measure which allows the Secretary of State to begin spending funds for election reform prior to July 1, 2003.

Related Legislation

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$19,550 of special funds reduced from the Secretary of State's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

**State Tax Commissioner
Senate Bill No. 2006**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	137.00	\$21,628,647	\$115,044	\$21,743,691
2003-05 legislative appropriations	137.00	21,154,695	115,044	21,269,739¹
Legislative increase (decrease) to executive budget	0.00	(\$473,952)	\$0	(\$473,952)
Legislative increase (decrease) to 2001-03 appropriations	(6.00)	(\$1,188,966)	(\$594,685)	(\$1,783,651)

¹ The amounts on the schedule above include funding for the homestead tax credit. The 2003-05 executive budget recommended and the Legislative Assembly appropriated \$4,000,000 from the general fund for the homestead tax credit, \$540,813 less than the 2001-03 biennium general fund appropriation of \$4,540,813.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Tax Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$135,185)		(\$135,185)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(14,138)		(14,138)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(26,486)		(26,486)
Reduced funding for salaries and wages to remove funding relating to an employee called to active military duty		(118,143)		(118,143)
Reduced funding for operating expenses		(180,000)		(180,000)
Total	0.00	(\$473,952)	\$0	(\$473,952)

FTE Changes

The 2003-05 biennium appropriation includes funding for 137 FTE positions, six fewer than the 2001-03 authorized level of 143 FTE positions. The Legislative Assembly did not change the executive recommendation to remove 6 FTE positions as follows:

- 1 FTE compliance officer (Sales and Special Tax Division)
- 1 FTE income tax director (Income Tax Division)
- 1 FTE audit technician (Income Tax Division)
- 1 FTE information system administrator (Operations Division)
- 1 FTE document specialist (Operations Division)
- 1 FTE data input operator (Operations Division)

Other Sections in Bill

Carryover authority - Section 3 authorizes the Tax Commissioner to continue up to \$110,000 of unspent 2001-03 general fund appropriation authority for a sales tax WebFile rewrite information technology project. A 2001-03 biennium appropriation was provided for this project; however, the Information Technology Department was unable to schedule this project before the end of the biennium.

Related Legislation

Tax amnesty program - Senate Bill No. 2015 authorizes the Tax Commissioner to conduct a one-time tax amnesty program beginning before December 31, 2003.

State aid distribution - House Bill No. 1025 revises the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 census.

Corporate income taxes - House Bill No. 1471 reduces the corporate income tax rates and changes the corporate income tax structure, including repeal of the federal tax deduction and net operating loss carryback provisions.

Information technology position transfer - House Bill No. 1505 provides for 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced from the Tax Commissioner's office and transferred to the Information Technology Department.

Streamlined sales and use tax agreement - Senate Bill No. 2095 provides for the adoption of the streamlined sales and use tax agreement as adopted by member states of the streamlined sales tax project and would become effective for tax years beginning after December 31, 2005. Senate Bill No. 2096 provides for the implementation of the streamlined sales and use tax agreement.

**State Treasurer
Senate Bill No. 2005**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	6.00	\$2,612,085	\$0	\$2,612,085
2003-05 legislative appropriations	6.00	2,626,384		2,626,384
Legislative increase (decrease) to executive budget	0.00	\$14,299	\$0	\$14,299
Legislative increase (decrease) to 2001-03 appropriations	0.00	(\$5,604)	\$0	(\$5,604)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Treasurer is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$6,480)		(\$6,480)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(619)		(619)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(2,102)		(2,102)
Provided funding for file storage units compatible with the new check design		5,000		5,000
Provided funding for repairs and upgrades to computer programs		18,500		18,500
Total	0.00	\$14,299	\$0	\$14,299

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 6 FTE positions, the same as the 2001-03 biennium.

ELEMENTARY AND SECONDARY EDUCATION - OVERVIEW

PER STUDENT, TRANSPORTATION AID, AND LIMITED ENGLISH PROFICIENCY PAYMENTS

The Legislative Assembly provided a general fund appropriation of \$489,379,990 for per student, transportation aid, and limited English proficiency payments, an increase of \$15,408,342, or 3.3 percent, from the 2001-03 appropriation of \$473,971,648. The per student payment amounts are \$2,509 the first year of the biennium and \$2,623 the second year, which compares to past payment levels as follows:

Fiscal Year	Appropriated Per Student Payment	Increase From Prior Year	Percentage Increase From Prior Year
1997-98	\$1,954	\$92	4.9%
1998-99	\$2,032	\$78	4.0%
1999-2000	\$2,145	\$113	5.6%
2000-01	\$2,230	\$85	4.0%
2001-02	\$2,287	\$57	2.6%
2002-03	\$2,347	\$60	2.6%
2003-04	\$2,509	\$162	6.9%
2004-05	\$2,623	\$114	4.5%

TUITION FUND

The Legislative Assembly appropriated \$69,495,371 from the state tuition fund for distribution to school districts during the 2003-05 biennium, an increase of \$2,256,346, or 3.4 percent, from the 2001-03 appropriation of \$67,239,025. The appropriation will provide payments of approximately \$335 per census unit, an increase of \$25, or 8.1 percent, from the 2000-01 and 2002-03 payment of \$310. The 2003-05 appropriation is an increase of \$35 per census unit, or 11.7 percent, from the 2000-01 and 2002-03 appropriated payment of \$300.

SPECIAL EDUCATION

The Legislative Assembly appropriated \$49,898,695 for general fund special education grants, the same amount appropriated for the 2001-03 biennium. Section 7 of 2003 Senate Bill No. 2013 provides legislative intent that the special education appropriation be distributed as follows:

1. \$13,000,000 to reimburse school districts or special education units for excess costs incurred relating to contracts for students with disabilities (\$335,000 more than the amount appropriated for the 2001-03 biennium).
2. \$400,000 to reimburse school districts or special education units for gifted and talented programs (no change from the amount appropriated for the 2001-03 biennium).

3. \$36,498,695 distributed on a per student basis as required by North Dakota Century Code (NDCC) Section 15.1-27-10 (\$335,000 less than the amount appropriated for the 2001-03 biennium).

TEACHER COMPENSATION PAYMENTS

The Legislative Assembly provided a general fund appropriation of \$51,854,000 to continue the current level of teacher compensation payments of \$1,000 for first-year teachers and \$3,000 per second-year returning teachers. The Legislative Assembly did not adopt the executive recommendation to provide an additional \$500 per third-year returning teacher in the first year of the 2003-05 biennium and additional \$1,000 per fourth-year returning teacher in the second year of the biennium. The 2003-05 appropriation is an increase of \$16,818,000 from the 2001-03 biennium appropriation of \$35,036,000. Section 38 of Senate Bill No. 2421 provides that each school district shall use an amount equal to at least 70 percent of all new money received for per student payments and tuition apportionment for the purpose of increasing the compensation paid to teachers. School districts may be exempted from the requirement if the board of the school district determines by an affirmative vote of two-thirds of its members that complying with the provisions would place the school district in the position of having insufficient fiscal resources to meet its other obligations.

OTHER APPROPRIATIONS

The legislative appropriation also provides the following:

1. **Revenue supplement payments** - The Legislative Assembly appropriated \$5 million from the general fund for supplemental payments to school districts pursuant to NDCC Section 15.1-27-11, an increase of \$2.8 million compared to the 2001-03 biennium appropriation of \$2.2 million.
2. **Reorganization bonus payments** - The Legislative Assembly provided a general fund appropriation of \$500,000 for reorganization bonus payments pursuant to NDCC Section 15.1-12-11.1.
3. **Contingent distributions - Per student payments and transportation aid** - The Legislative Assembly (Senate Bill No. 2421) provided for the following contingent distributions if any amount appropriated for per student and transportation state aid remains unspent at the end of the 2003-05 biennium:
 - a. The first \$250,000 for providing reimbursements to the chief administrators of joint powers agreements.
 - b. The next \$1 million for providing reorganization bonuses, pursuant to NDCC Section 15.1-12-11.1, to school districts having reorganizations effective after July 1, 2003, and before July 1, 2005.

- c. Any remaining amount as additional per student payments on a prorated basis according to the average daily membership of school districts during the 2004-05 school year.
4. **Contingent distributions - Teacher compensation payments** - The Legislative Assembly (Senate Bill No. 2421) provided that if any funds appropriated for teacher compensation payments remain unspent, the department shall distribute contingent "hold harmless" payments to school districts based on the difference between the following:
- a. The total payments the district will receive during the 2003-05 biennium for per student payments at the rates of \$2,509 and

- \$2,623 and teacher compensation payments, as appropriated by the Legislative Assembly.
- b. The total payments the district would have received during the 2003-05 biennium for per student payments if the rates had included the total amount appropriated for teacher compensation payments.
- Any remaining amounts shall be used to provide additional per student payments on a prorated basis according to the average daily membership of school districts during the 2004-05 school year.

**Department of Public Instruction
Senate Bill Nos. 2013, 2032, 2421**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	93.25	\$608,165,035	\$265,980,642	\$874,145,677
2003-05 legislative appropriations	93.25	604,725,006	266,058,803	870,783,809
Legislative increase (decrease) to executive budget	0.00	(\$3,440,029)	\$78,161	(\$3,361,868)
Legislative increase (decrease) to 2001-03 appropriations	(2.00)	\$32,961,352	\$23,285,244 ¹	\$56,246,596 ¹

¹ This amount reflects the appropriation of \$10 million from federal funds to the Department of Public Instruction for the purpose of providing grants to school districts authorized in Section 2 of Senate Bill No. 2013.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Public Instruction is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$36,013)	(\$65,110)	(\$101,123)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(3,178)	(6,729)	(9,907)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(44,851)		(44,851)
Decreased funding for salaries and wages		(163,987)		(163,987)
Decreased funding for temporary salaries and wages		(20,000)		(20,000)
Decreased funding for operating expenses including reductions in travel (\$100,000), postage (\$10,000), dues and professional development (\$40,000), printing (\$50,000) and miscellaneous operating expenses (\$100,000)		(300,000)		(300,000)
Removed funding for hold harmless payments to school districts. (The Legislative Assembly did not adopt the executive budget		(1,200,000)		(1,200,000)

recommendation to provide additional teacher compensation payments for the 2003-05 biennium and, therefore, the Legislative Assembly removed funding proposed for hold harmless payments to school districts.)

Removed funding for state cost-sharing assistance to school districts entering into joint powers agreements	(500,000)	(500,000)
Increased funding for state school aid, including payments for limited English proficient students and transportation aid from \$478,056,990 to \$489,379,990. (The 2003-05 biennium appropriation is an increase of \$15,408,342 compared to the 2001-03 biennium appropriation of \$473,971,648.)	11,323,000	11,323,000
Reduced funding for teacher compensation payments. (The Legislative Assembly continued the current level of teacher compensation payments of \$1,000 for first-year teachers and \$3,000 for second-year returning teachers, but the Legislative Assembly did not adopt the executive budget recommendation to provide an additional \$500 per third-year returning teacher in the first year of the 2003-05 biennium and an additional \$1,000 per fourth-year returning teacher in the second year of the biennium.)	(14,423,000)	(14,423,000)
Increased funding for revenue supplement payments from \$3.2 million to \$5 million. (The 2003-05 biennium appropriation is an increase of \$2.8 million compared to the 2001-03 biennium appropriation of \$2.2 million.)	1,800,000	1,800,000
Provided funding for the Northern Plains Writing Project (\$28,000) and the Red River Writing Project (\$20,000)	48,000	48,000
Increased funding for grants to teacher centers from \$220,000 to \$230,000	10,000	10,000
Increased funding for the adult education program from \$900,000 to \$920,000. (The additional funding is to be allocated as determined by the department to address salary concerns for the teachers in the adult education program who have not received teacher compensation payments.)	20,000	20,000
Provided special funds authority for other grants. (The funding is to be used by the department in conjunction with \$105,000 of general fund carryover from the 2001-03 biennium for providing a grant for the purpose of funding the North Central Council of School Televisions licensing of educational television programs for classroom use by North Dakota elementary and secondary		150,000

schools. The funding of \$105,000 may be used as a match for grants in amounts up to \$150,000.)

Provided funding for completing the data envelopment analysis project (Senate Bill No. 2032)		50,000		50,000
Total	0.00	(\$3,440,029)	\$78,161	(\$3,361,868)

FTE Changes

The 2003-05 biennium appropriation includes funding for 93.25 FTE positions, 2 FTE positions less than authorized for the 2001-03 biennium. The Legislative Assembly did not change the executive recommendation to remove 1 FTE administrative staff officer position and 1 FTE Native American education program director position.

State Aid - Per Student, Transportation Aid, and Limited English Proficiency Payments

The Legislative Assembly provided a general fund appropriation of \$489,379,990 for per student, transportation aid, and limited English proficiency payments for the 2003-05 biennium. The 2003-05 biennium appropriation is \$15,408,342 more than the 2001-03 biennium appropriation of \$473,971,648 and \$11,323,000 more than the executive budget recommendation of \$478,056,990. The legislative appropriation increases per student payments from \$2,347 in 2002-03 to \$2,509 in 2003-04 and \$2,623 in 2004-05. See the schedules following this section for a comparison of state school aid and other grants for the 2001-03 and 2003-05 bienniums.

Transportation Aid Payments

The Legislative Assembly did not change the executive budget recommendation to provide a general fund appropriation of \$34.8 million (included in the state school aid line item) for transportation aid, a decrease of \$1.2 million from the amount appropriated for the 2001-03 biennium of \$36 million and \$400,000 less than the executive budget recommendation of \$35.2 million. Section 31 of Senate Bill No. 2421 provides that the Department of Public Instruction distribute transportation aid to each school district in the state in an amount equal to the transportation aid payments received by the school district during the 2001-03 biennium.

Limited English Proficiency Payments

The Legislative Assembly provided a general fund appropriation of \$650,000 (included in the state school aid line item) for payments to school districts educating students with limited English proficiency, the same amount of funding appropriated for the 2001-03 biennium. House Bill No. 1383 amends North Dakota Century Code (NDCC) Section 15.1-27-12 to create a four-tiered payment system. Under current law, schools receive payments of \$425 for each Level I student, \$325 for each Level II student, and \$225 for each Level III student. Effective August 1, 2003, the department shall calculate the total weighted number of students eligible for payment for each year by determining the sum of all English language learner students weighted as follows: 10 times the number of Level I students, 8 times the number of Level II students, 4 times the number of Level III students, and the number of Level IV students. The department shall determine the per student amount used to calculate payments for the first year of the biennium by dividing the total weighted number of students eligible for payment into 49 percent of the total amount appropriated for the biennium and the per student amount used to calculate payments for the second year of the biennium by dividing the total weighted number of students eligible for payments into 51 percent of the total amount appropriated.

Teacher Compensation Payments

The Legislative Assembly provided a general fund appropriation of \$51,854,000 to continue the current level of teacher compensation payments of \$1,000 for first-year teachers and \$3,000 for second-year returning teachers. The Legislative Assembly did not adopt the executive budget recommendation to provide an additional \$500 per third-year returning teacher in the first year of the 2003-05 biennium and an additional \$1,000 per fourth-year returning teacher in the second year of the biennium. The funding of \$51,854,000 is \$16,818,000 more than the 2001-03 biennium appropriation of \$35,036,000 and \$14,423,000 less than the executive budget recommendation of \$66,277,000. Section 38 of Senate Bill No. 2421 provides that each school district shall use an amount equal to at least 70 percent of all new money received for per student payments and tuition apportionment payments for the purpose of increasing the compensation paid to teachers. School districts may be exempted from the requirement if the board of the school district determines by an affirmative vote of two-thirds of its members that complying with the provisions would place the school district in the position of having insufficient fiscal resources to meet its other obligations.

Revenue Supplement Payments

The Legislative Assembly provided a general fund appropriation of \$5 million for revenue supplement payments to school districts below the state average taxable valuation per student and below the state average educational expenditure per student, as defined in NDCC Section 15.1-27-11. The 2003-05 legislative appropriation is \$1.8 million more than the 2003-05 executive recommendation of \$3.2 million and \$2.8 million more than the 2001-03 biennium appropriation of \$2.2 million for revenue supplement payments.

Special Education Aid

The Legislative Assembly provided a general fund appropriation of \$49,898,695 for special education aid, the same amount as included in the executive budget recommendation and the same amount provided for in the 2001-03 biennium. Section 7 of Senate Bill No. 2013 provides legislative intent that the appropriation for special education be distributed as follows:

1. \$13 million to reimburse school districts or special education units for excess costs incurred relating to contracts for students with disabilities (\$335,000 more than the 2001-03 biennium appropriation).
2. \$400,000 to reimburse school districts or special education units for gifted and talented programs (no change from the amount appropriated for the 2001-03 biennium).
3. \$36,498,695 distributed on a per student basis as required by NDCC Section 15.1-27-10 (\$335,000 less than the 2001-03 biennium appropriation).

Reorganization Bonus Payments

Senate Bill No. 2421 provides a general fund appropriation of \$500,000 for reorganization bonus payments pursuant to NDCC Section 15.1-12-11.1. Section 15.1-12-11.1 provides that if a newly reorganized district consists of at least 800 square miles or consists of at least 500 square miles, has a student population of at least 520, and had no practical reorganization alternatives to allow it to meet the 800 square mill criteria, the district is entitled to a reorganization bonus. The bonus amount is based on the number of students, the number of square miles included in the reorganized district, and the number of districts reorganizing.

Contingent Distributions - Per Student and Transportation Aid Payments

Section 37 of Senate Bill No. 2421 provides that if any funds appropriated for per student and transportation aid payments remain unspent after all statutory obligations are met, the Department of Public Instruction shall distribute the funds as follows:

1. The first \$250,000 for providing reimbursements to the chief administrators of joint powers agreements.
2. The next \$1 million for providing reorganization bonuses, pursuant to NDCC Section 15.1-12-11.1, to school districts having reorganizations effective after July 1, 2003, and before July 1, 2005.
3. Any remaining amounts as additional per student payments on a prorated basis according to the average daily membership of school districts during the 2004-05 school year.

Contingent Distributions - Teacher Compensation

Section 36 of Senate Bill No. 2421 provides that if any funds appropriated for teacher compensation payments remain unspent after all statutory obligations are met, the Department of Public Instruction shall distribute "hold harmless" payments to school districts. The payments will be calculated as follows:

1. The department must calculate the difference between the following:
 - a. The total payments the district will receive during the 2003-05 biennium for per student payments at the rates of \$2,509 and \$2,623 and teacher compensation payments, as appropriated by the Legislative Assembly.
 - b. The total payments the district would have received during the 2003-05 biennium for per student payments if the rates had included the total amount appropriated for teacher compensation payments.
2. If the amount a district would have received under Option "b" above exceeds the amount a district is estimated to receive under Option "a," the department must calculate the difference and pay that amount to the district on or before June 30, 2005. If insufficient funds are available to make all of the payments required by this section, the department shall prorate the available amount among the eligible districts.

3. If any money remains after completing the payment requirements of subsections 1 and 2, the department shall use the remaining money to provide additional per student payments on a prorated basis according to the average daily membership of school districts during the 2004-05 school year.

Other Sections in Bill

Tuition apportionment - Section 3 provides that any money available in the state tuition fund in excess of the \$69,495,371 appropriated in Section 1 of the bill is appropriated to the Department of Public Instruction for distribution to school districts.

2001-03 biennium carryover - Section 4 authorizes the Department of Public Instruction to continue \$105,000 of the department's unspent 2001-03 biennium appropriation to be used in conjunction with special funds received by the department for the purpose of providing a grant to fund the North Central Council of School Television's licensing of educational television programs for classroom use by North Dakota elementary and secondary schools. The funding may be used as a match for other grants to fund the North Central Council of School Television.

Adult education program - Section 5 provides legislative intent that the additional \$20,000 of funding from the general fund provided for the department's adult education program is to be distributed by the department to address salary concerns for those teachers who have not received teacher compensation payments.

Payments for 2001-03 biennium educational services - Section 6 provides that the Department of Public Instruction may use money appropriated for state school aid and special education aid for the 2003-05 biennium to pay claims due but not filed with the department during the 2001-03 biennium.

Distribution of special education aid - Section 7 provides legislative intent regarding the distribution of special education aid, as follows:

1. \$13 million to reimburse school districts or special education units for excess costs incurred relating to contracts for students with disabilities.
2. \$400,000 to reimburse school districts or special education units for gifted and talented programs.
3. \$36,498,695 distributed on a per student basis as required by NDCC Section 15.1-27-10.

Payments for limited English proficiency - Section 8 indicates that \$650,000 of the amount appropriated for state school aid must be used for payments to school districts educating limited English proficient students pursuant to NDCC Section 15.1-27-12. This represents the same amount provided for payments for limited English proficiency in the 2001-03 biennium.

Indirect cost allocation - Section 9 provides that notwithstanding NDCC Section 54-44.1-15, the department may deposit indirect cost recoveries in its operating account. Section 54-44.1-15 provides that indirect cost recoveries must be deposited in the general fund, as determined by the Office of Management and Budget.

Displaced homemaker fund - Section 10 provides that \$251,747 of the amount appropriated in Section 1 of the bill is from the displaced homemaker fund and is for the purpose of providing services to displaced homemakers.

No Child Left Behind Act - Section 13 provides legislative intent that the Department of Public Instruction focus on being an advocate and facilitator for those schools having difficulty complying or those not in compliance with the federal mandates contained in the federal No Child Left Behind Act, and that the department seek to promulgate the most flexible interpretation of the No Child Left Behind Act to assist public schools in the state.

Nonteaching employees' retirement - Sections 14 through 18 amend the North Dakota Century Code to provide that nonteaching employees of the Department of Public Instruction may transfer from the Teachers' Fund for Retirement to the Public Employees Retirement System.

Appropriation for the Public Employees Retirement System - Section 19 provides a special funds appropriation of \$3,000 to the Public Employees Retirement System for the purpose of implementing the changes necessary to allow for nonteaching employees of the Department of Public Instruction to transfer from the Teachers' Fund for Retirement to the Public Employees Retirement System.

Related Legislation

Data envelopment analysis project - Senate Bill No. 2032 provides a \$50,000 general fund appropriation to the Department of Public Instruction for completing the department's data envelopment analysis project. The project involves an analysis of comparable operating units for measuring and encouraging efficiency. An initial general fund appropriation of \$50,000 was provided for the project by the 1997 Legislative Assembly, but the project received no further funding.

Education Standards and Practices Board - Senate Bill No. 2135 provides a \$40,000 general fund appropriation to the Education Standards and Practices Board for procuring federal matching grants to provide for the national board certification of teachers.

Per student payments, weighting factors, and teacher compensation - Senate Bill No. 2421:

Increases per student payments from \$2,347 in 2002-03 to \$2,509 in 2003-04 and \$2,623 in 2004-05.

Increases the mill deduct from 32 mills in 2002-03 to 34 mills in 2003-04 and 36 mills in 2004-05.

Adjusts the weighting factors used to distribute state school aid payments to 85 percent of the difference between the statutory factor and the factor representing the five-year average cost of education for the first year of the 2003-05 biennium and the five-year average cost of education for the second year of the 2003-05 biennium.

Provides for minimum teacher salaries of \$21,000 for the 2003-04 school year and \$21,500 for the 2004-05 school year.

Provides for distribution of transportation aid payments.

Provides for a Legislative Council study of the manner in which elementary and secondary education is funded in the state and the feasibility and desirability of instituting alternative funding methods.

Provides for the distribution of contingent per student and transportation payments and teacher compensation payments.

Provides that each school district shall use an amount equal to at least 70 percent of all new money received for per student payments and tuition apportionment payments for the purpose of increasing the compensation paid to teachers. School districts may be exempted from the requirement if the board of the school district determines by an affirmative vote of two-thirds of its members that complying with the provisions would place the school district in the position of having insufficient fiscal resources to meet its other obligations.

Provides a general fund appropriation of \$500,000 to the Department of Public Instruction for reorganization bonus payments.

Provides a general fund appropriation of \$5 million to the Department of Public Instruction for revenue supplement payments.

Limited English proficiency payments - House Bill No. 1383 changes the formula for the distribution of limited English proficiency payments.

Transfer of state agency information technology FTE positions - Section 10 of House Bill No. 1505 authorizes the reduction and transfer of 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services, from the Department of Public Instruction to the Information Technology Department. The Department of Public Instruction is to establish an information technology services accounting code consisting of funding related to the salaries and wages for the identified position and related funding for equipment, training, office rent, travel, contracted services, or other related costs. The Department of Public Instruction is to use the funding contained in the information technology services account to purchase information technology services from the Information Technology Department. The Department of Public Instruction is entitled to receive from the Information Technology Department the equivalent in services that would have been performed by the employee in the transferred position at a cost not exceeding the amounts transferred to the agency's information technology services account.

**STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION
COMPARISON OF 2001-03 APPROPRIATION AND ESTIMATED EXPENDITURES TO 2003-05 EXECUTIVE BUDGET AND LEGISLATIVE VERSIONS**

	2001-03 Appropriation 11	2001-03 Estimated Expenditures 12	2003-05 Executive Budget	2003-05 Appropriation	2003-05 Appropriation Increase (Decrease) Compared to 2001-03 Appropriation	2003-05 Appropriation Increase (Decrease) Compared to 2001-03 Estimated Expenditures	2003-05 Appropriation Increase (Decrease) Compared to 2003-05 Executive Budget
State school aid							
Statutory per student payments	\$522,264,541	\$521,908,813	\$534,667,340	\$555,800,961	\$33,536,420	\$33,892,148	\$21,133,621
Less mill deduct and excess fund balance deduct	84,942,893	84,775,142	92,460,350	101,870,971	16,928,078	17,095,829	9,410,621
General fund per student payments	<u>\$437,321,648</u>	<u>\$437,133,671</u>	<u>\$442,206,990</u>	<u>\$453,929,990</u>	<u>\$16,608,342</u>	<u>\$16,796,319</u>	<u>\$11,723,000</u>
Limited English proficient student payments	650,000	586,765	650,000	650,000		63,235	
Transportation payments	<u>36,000,000</u>	<u>34,972,560</u>	<u>35,200,000</u>	<u>34,800,000</u>	<u>(1,200,000)</u>	<u>(172,560)</u>	<u>(400,000)</u>
Total state school aid regular distributions - General fund	<u>\$473,971,648</u>	<u>\$472,692,996</u>	<u>\$478,056,990</u>	<u>\$489,379,990</u>	<u>\$15,408,342</u>	<u>\$16,686,994</u>	<u>\$11,323,000</u>
State school aid contingent distributions		1,278,652 13				<u>(1,278,652)</u>	
Total state school aid - General fund	<u>\$473,971,648</u>	<u>\$473,971,648</u> 14	<u>\$478,056,990</u>	<u>\$489,379,990</u>	<u>\$15,408,342</u>	<u>\$15,408,342</u>	<u>\$11,323,000</u>
Other grants - General fund							
Teacher compensation payments	\$35,036,000	\$34,790,970	\$66,277,000	\$51,854,000	\$16,818,000	\$17,063,030	(\$14,423,000)
Teacher compensation contingent distributions		245,030 15				<u>(245,030)</u>	
Special education	49,898,695	49,898,695 14	49,898,695	49,898,695			
Revenue supplement payments	2,200,000	2,200,000	3,200,000	5,000,000	2,800,000	2,800,000	1,800,000
Reorganization bonuses and joint powers incentives	1,665,000	1,314,000	1,000,000	500,000	<u>(1,165,000)</u>	<u>(814,000)</u>	<u>(500,000)</u>
Hold harmless payments			1,200,000				<u>(1,200,000)</u>
Teacher center network	220,000	217,690	220,000	230,000	10,000	12,310	10,000
School food services	1,080,000	1,080,000	1,080,000	1,080,000			
Adult education grants	900,000	900,000	900,000	920,000	20,000	20,000	20,000
Leadership in educational administration development consortium	215,000	212,742	215,000	215,000		2,258	
Governor's School	205,000	205,000	225,000	225,000	20,000	20,000	
Geographic education	100,000	100,000			<u>(100,000)</u>	<u>(100,000)</u>	
National board certification	41,500	23,000			<u>(41,500)</u>	<u>(23,000)</u>	
National writing project				48,000	48,000	48,000	48,000
Rural art outreach project				125,000	125,000	125,000	125,000
FINDET	33,117	32,770	33,117	33,117		347	
Total other grants - General fund	<u>\$91,594,312</u>	<u>\$91,219,897</u>	<u>\$124,248,812</u>	<u>\$110,128,812</u>	<u>\$18,534,500</u>	<u>\$18,908,915</u>	<u>(\$14,120,000)</u>
Total state school aid and other grants - General fund	\$565,565,960	\$565,191,545	\$602,305,802	\$599,508,802	\$33,942,842	\$34,317,257	(\$2,797,000)
Other grants - Other funds							
Federal grants	\$156,527,146	\$151,956,058	\$178,989,127	\$179,139,127	\$22,611,981	\$27,183,069	\$150,000
State tuition fund	67,239,025	67,239,025	69,495,371	69,495,371	2,256,346	2,256,346	
Displaced homemaker program	240,000	240,000	240,000	240,000			
Total other grants - Other funds	<u>\$224,006,171</u>	<u>\$219,435,083</u>	<u>\$248,724,498</u>	<u>\$248,874,498</u>	<u>\$24,868,327</u>	<u>\$29,439,415</u>	<u>\$150,000</u>
Total other grants - All funds	<u>\$315,600,483</u>	<u>\$310,654,980</u>	<u>\$372,973,310</u>	<u>\$359,003,310</u>	<u>\$43,402,827</u>	<u>\$48,348,330</u>	<u>(\$13,970,000)</u>
Total state school aid and other grants - All funds	\$789,572,131	\$784,626,628	\$851,030,300	\$848,383,300	\$58,811,169	\$63,756,672	(\$2,647,000)

Agency administration (excluding Division of Independent Study)

Administration (salaries, operating, equipment) - General fund	\$6,197,694	\$6,069,230	\$5,859,233	\$5,216,204	(\$981,490)	(\$853,026)	(\$643,029)
Administration (salaries, operating, equipment) - Other funds	18,767,388	18,822,226	17,256,144	17,184,305	(1,583,083)	(1,637,921)	(71,839)
Total agency administration - All funds	<u>\$24,965,082</u>	<u>\$24,891,456</u>	<u>\$23,115,377</u>	<u>\$22,400,509</u>	<u>(\$2,564,573)</u>	<u>(\$2,490,947)</u>	<u>(\$714,868)</u>

Total Department of Public Instruction - All funds

	<u>\$814,537,213</u>	<u>\$809,518,084</u>	<u>\$874,145,677</u>	<u>\$870,783,809</u>	<u>\$56,246,596</u>	<u>\$61,265,725</u>	<u>(\$3,361,868)</u>
General fund	\$571,763,654	\$571,260,775	\$608,165,035	\$604,725,006	\$32,961,352	\$33,464,231	(\$3,440,029)
Other funds	242,773,559	238,257,309	265,980,642	266,058,803	23,285,244	27,801,494	78,161
Total	<u>\$814,537,213</u>	<u>\$809,518,084</u>	<u>\$874,145,677</u>	<u>\$870,783,809</u>	<u>\$56,246,596</u>	<u>\$61,265,725</u>	<u>(\$3,361,868)</u>

FTE	95.25	95.25	93.25	93.25	(2.00)	(2.00)	
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- 11 2001-03 appropriation - The 2001-03 appropriation amounts include \$125,714, of which \$43,860 is from the general fund, for the agency's share of the \$5 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees, and \$10,000,000 of federal funds authorized by the 2003 Legislative Assembly for the 2001-03 biennium.
- The 2001-03 appropriation amounts do not include a reduction of \$6,003,518 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002. Pursuant to Article X, Section 24, of the Constitution of North Dakota, the portion of the budget allotment relating to state school aid and special education payments, \$5,500,639, was restored from the foundation aid stabilization fund. In addition, the 2001-03 appropriation amounts do not include additional other funds spending authority of \$5,483,750 authorized by the Emergency Commission through March 2002.
- 12 2001-03 estimated expenditures - The amounts shown have been adjusted to reflect:
A reduction of \$6,003,518 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002. Due to the budget allotment, the general fund support for state school aid and special education payments was reduced by \$5,500,639; however, the funding was replaced with money available in the foundation aid stabilization fund pursuant to Article X, Section 24, of the Constitution of North Dakota, and is reflected as general fund expenditures on this schedule for comparative purposes. An additional \$5,483,750 of other funds spending authority for salaries and wages, operating expenses, and other grants are authorized by the Emergency Commission through March 2002.
- 13 Contingent state school aid distributions - House Bill No. 1344 (2001) provides that if any of the funds appropriated by the 2001 Legislative Assembly for per student state school aid and transportation aid remain unspent after all statutory obligations have been met, the remaining funds shall be distributed as follows:
The first \$2 million as payments for declining enrollment experienced during the period 1997-98 to 2000-01.
The second \$2 million as "hold harmless" payments to districts that receive less during the 2001-03 biennium in state aid and teacher compensation payments than they would have received if the amount appropriated for teacher compensation payments had been added to the state aid appropriation.
Any remaining amount as additional per student payments.
- 14 State school aid and special education - The estimated total state school aid and special education payments for the 2001-03 biennium are \$523,870,343, of which approximately \$5,500,639 will be paid from the foundation aid stabilization fund. The general fund support for state school aid and special education payments was reduced by \$5,500,639 through the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002; however, the funding was replaced with money available in the foundation aid stabilization fund pursuant to Article X, Section 24, of the Constitution of North Dakota.
- 15 Teacher compensation contingent distributions - House Bill No. 1344 (2001) provides that any end-of-biennium undistributed balance in the teacher compensation payments appropriation will be distributed as additional per student payments.

**PER STUDENT STATE AID AND TUITION FUND PAYMENTS, WEIGHTED STUDENT UNITS, TEACHER
COMPENSATION PAYMENTS, AND MILL DEDUCTS FOR THE 2001-03 AND 2003-05 BIENNIUMS**

	2001-03 Legislative Appropriation	2001-03 Actual	2003-05 Executive Budget	2003-05 Legislative Appropriation
First-Year Payments				
Per student state aid payments	\$2,287	\$2,287	\$2,430	\$2,509
Tuition fund distributions	300	310	335	335
Total first-year payments	<u>\$2,587</u>	<u>\$2,597</u>	<u>\$2,765</u>	<u>\$2,844</u>
Second-Year Payments				
Per student state aid payments	\$2,347	\$2,347	\$2,528	\$2,623
Tuition fund distributions	300	310	335	335
Total second-year payments	<u>\$2,647</u>	<u>\$2,657</u>	<u>\$2,863</u>	<u>\$2,958</u>
Weighted Student Units				
First year	113,075	113,172	108,176	108,381
Second year	110,791	110,465 ¹	105,826	106,258
Teacher Compensation Payments				
First-year teachers	\$1,000	\$1,000	\$1,000	\$1,000
Second-year returning teachers	\$3,000	\$3,000	\$3,000	\$3,000
Third-year returning teachers			\$3,500	
Fourth-year returning teachers			\$4,500	
Qualifying teacher FTE positions	8,883.82	8,768.61	8,809	8,809
Mill Levy Deducts				
First year	32 mills	32 mills	32 mills	34 mills
Second year	32 mills	32 mills	32 mills	36 mills

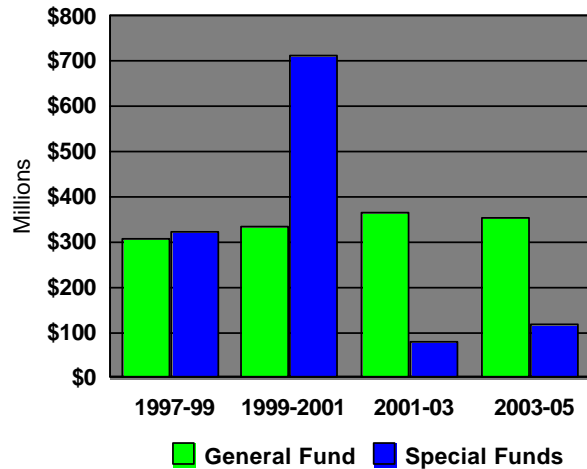
¹ Estimated

HIGHER EDUCATION - OVERVIEW

The 2003 Legislative Assembly made the following higher education funding changes for the 2003-05 biennium compared to 2001-03 legislative appropriations for higher education:

1. Decreased **general fund** support by \$5,412,418, or 1.5 percent.
2. Increased support from **special funds** by \$30,179,574, or 37.6 percent, due to increasing major capital projects funded from special funds by \$31 million.
3. Adjusted the authorized number of **FTE positions** from 3,088.55 to 2,400.38 to reflect agency reductions and adjust the number of FTE positions to the level supported by the general fund.

Higher Education Appropriations



Biennium	General Fund	Special Funds	Total
1997-99	\$306,825,098	\$323,595,863	\$630,420,961
1999-2001	\$334,449,287	\$713,538,799	\$1,047,988,086
2001-03	\$366,953,836	\$80,367,201	\$447,321,037
2003-05	\$361,541,418	\$110,546,775	\$472,088,193

The special fund amounts prior to 2001-03 reflect the appropriation of tuition and local funds.

Major items include:

1. Funding of \$25,668,056 for University System pools including:
 - a. A **technology pool** of \$25,089,639 for the State Board of Higher Education to allocate to higher education institutions based on historic funding and the North Dakota University System information technology plan. The funds allocated must be used to support the Higher Education Computer Network, the Interactive Video Network, the On-line Dakota Information Network, and other technology initiatives.
 - b. An **operations pool** of \$578,417 for the State Board of Higher Education to allocate to higher education institutions.
2. Funding of \$4,750,000 from the general fund for **competitive research** matching funding, which is a \$750,000 increase from the previous biennium, and funding of \$1,550,000 from the general fund for **centers for excellence**. Of the \$4,750,000 funding for competitive research, \$100,000 is for a public private partnership for establishment of a design center at the University of North Dakota. Of the \$1,550,000 funding for centers for excellence, \$1,150,000 is for the John D. Odegard Center for Aerospace Science - Center for Excellence in Multimedia Technology and \$400,000 is for future centers for excellence.
3. Funding of \$2,930,215 for **student financial assistance grants**, which is a \$1,292,816 decrease from the previous biennium, \$1,678,300 for the **professional student exchange program**, which is a \$117,584 increase from the previous biennium, and \$816,386 for the **scholars program**, which is a \$45,656 increase from the previous biennium.
4. Funding of \$1,752,767, of which \$296,693 is from the general fund and \$1,456,074 is from the water development trust fund, is provided for **contingency and capital emergency funding**. The funding of \$296,693 from the general fund is to be used for unforeseen operations or capital asset needs and opportunities at higher education institutions. The funding of \$1,456,074 from the water development trust fund is for disaster response costs at the University of North Dakota (\$1,193,146) and North Dakota State University (\$262,928).
5. Funding of \$114,503,281 is provided for **capital improvements**, including:
 - a. \$7,034,247 for campus extraordinary repairs.
 - b. \$105,716,267 for major capital projects.
 - c. \$1,752,767 for contingency and capital emergency funding.

Of the \$114,503,281, \$7,330,940 is from the general fund and \$107,172,341 is from special funds. Please refer to the schedules under the **Capital Construction** section for additional information regarding capital improvements.

6. Funding of \$12,790,689 for capital construction lease payments. Of the \$12,790,689, \$11,448,189 is from the general fund, and \$1,342,500 is from

special and federal funds. The funding for the capital construction lease payments relates to bonds issued by the North Dakota Building Authority for building projects authorized by the Legislative Assembly.

The schedules on the following pages include information on full-time equivalent student enrollments and tuition rates.

INSTITUTIONS OF HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS¹

Institution	Actual Enrollments		Projected Enrollments	
	Fall 2001	Fall 2002	Fall 2003	Fall 2004
Bismarck State College	2,320	2,384	2,425	2,450
Lake Region State College	624	640	600	600
Williston State College	579	611	600	600
University of North Dakota	9,906	10,458	10,876	11,202
North Dakota State University	9,056	9,368	9,568	9,768
State College of Science	2,106	2,112	2,147	2,200
Dickinson State University	1,637	1,818	1,854	1,891
Mayville State University	620	616	630	645
Minot State University	2,739	2,789	2,853	2,938
Valley City State University	841	864	864	864
Minot State University - Bottineau	389	447	400	400
Total	30,817	32,107	32,817	33,558

¹ The State Board of Higher Education adopted a new enrollment reporting policy in April 2001. The policy, which is consistent with national Integrated Postsecondary Education Data Systems (IPEDS) reporting, provides for each higher education institution to report fall and spring semesters enrollments for degree credit students based on the number of students enrolled on the 15th day of the fall and spring semesters. The information presented in this schedule reflects the enrollments for degree credit students and was provided by the University System office.

HIGHER EDUCATION TUITION RATES \1

Institution	Academic Year				
	1999-2000	2000-01	2001-02	2002-03 \2	2003-04 \2
Bismarck State College \3					
Undergraduate					
Resident	\$1,592 2.6%	\$1,649 3.6%	\$1,703 3.3%	\$1,784 4.8%	\$2,016 13.0%
Minnesota resident \4	\$2,074 3.7%	\$2,193 5.7%	\$2,435 11.0%	\$2,663 9.4%	\$3,010 \11 13.0%
Contiguous state/province \5	\$1,990 2.6%	\$2,061 3.6%	\$2,129 3.3%	\$2,231 4.8%	\$2,520 13.0%
Other nonresident	\$4,251 2.6%	\$4,403 3.6%	\$4,547 3.3%	\$4,764 4.8%	\$5,383 13.0%
Dickinson State University					
Undergraduate					
Resident	\$1,906 4.0%	\$1,982 4.0%	\$2,067 4.3%	\$2,202 6.5%	\$2,554 16.0%
Minnesota resident \4	\$2,000 3.0%	\$2,120 6.0%	\$2,316 9.2%	\$2,554 10.3%	\$2,962 \11 16.0%
Contiguous state/province \5	\$2,383 4.1%	\$2,478 4.0%	\$2,584 4.3%	\$2,753 6.5%	\$3,193 16.0%
Other nonresident	\$5,089 4.0%	\$5,292 4.0%	\$5,519 4.3%	\$5,879 6.5%	\$6,820 16.0%
Lake Region State College					
Undergraduate					
Resident	\$1,592 2.6%	\$1,632 2.5%	\$1,682 3.1%	\$1,782 5.9%	\$2,040 14.5%
Minnesota resident \4	\$2,074 3.7%	\$2,168 4.5%	\$2,402 10.8%	\$2,660 10.7%	\$3,045 \11 14.5%
Contiguous state/province \5	\$1,990 2.6%	\$2,040 2.5%	\$2,103 3.1%	\$2,228 5.9%	\$2,550 14.5%

Other nonresident	\$4,251 2.6%	\$4,357 2.5%	\$4,491 3.1%	\$4,758 5.9%	\$5,447 14.5%
Mayville State University					
Undergraduate					
Resident	\$1,906 4.0%	\$1,982 4.0%	\$2,067 4.3%	\$2,202 6.5%	\$2,576 17.0%
Minnesota resident \4	\$2,000 3.0%	\$2,120 6.0%	\$2,316 9.2%	\$2,554 10.3%	\$2,988 \11 17.0%
Contiguous state/province \5	\$2,383 4.1%	\$2,478 4.0%	\$2,584 4.3%	\$2,753 6.5%	\$3,220 17.0%
Other nonresident	\$5,089 4.0%	\$5,292 4.0%	\$5,519 4.3%	\$5,879 6.5%	\$6,878 17.0%
Minot State University					
Undergraduate					
Resident	\$2,050 4.6%	\$2,144 4.6%	\$2,244 4.7%	\$2,384 \6 6.2%	\$2,730 14.5%
Minnesota resident \4	\$2,152 3.6%	\$2,294 6.6%	\$2,514 9.6%	\$2,766 \6 10.0%	\$3,168 \11 14.5%
Contiguous state/province \5	\$2,563 4.6%	\$2,680 4.6%	\$2,805 4.7%	\$2,980 \6 6.2%	\$3,413 14.5%
Other nonresident	\$5,474 4.6%	\$5,724 4.6%	\$5,991 4.7%	\$6,365 \6 6.2%	\$7,289 14.5%
Graduate					
Resident	\$2,690 4.6%	\$2,814 4.6%	\$2,964 5.3%	\$3,154 \6 6.4%	\$3,612 14.5%
Minnesota resident \4	\$3,188 3.8%	\$3,380 6.0%	\$3,766 11.4%	\$4,209 \6 11.8%	\$4,156 \11 (1.3%)
Contiguous state/province \5	\$4,035 4.6%	\$4,221 4.6%	\$4,446 5.3%	\$4,732 \6 6.4%	\$5,418 14.5%
Other nonresident	\$7,182 4.6%	\$7,513 4.6%	\$7,914 5.3%	\$8,421 \6 6.4%	\$9,644 14.5%

Minot State University - Bottineau

Undergraduate

Resident	\$1,592 2.6%	\$1,632 2.5%	\$1,682 3.1%	\$1,782 5.9%	\$2,042 14.6%
Minnesota resident \4	\$2,074 3.7%	\$2,168 4.5%	\$2,402 10.8%	\$2,660 10.7%	\$3,048 \11 14.6%
Contiguous state \5	\$1,990 2.6%	\$2,040 2.5%	\$2,103 3.1%	\$2,228 5.9%	\$2,553 14.6%
Contiguous province \5	\$1,990 2.6%	\$2,040 2.5%	\$2,103 3.1%	\$1,782 (15.3%)	\$2,042 14.6%
Other nonresident	\$4,251 2.6%	\$4,357 2.5%	\$4,491 3.1%	\$4,758 5.9%	\$5,452 14.6%

State College of Science

Undergraduate

Resident	\$1,592 2.6%	\$1,632 2.5%	\$1,682 3.1%	\$1,782 5.9%	\$2,052 15.2%
Minnesota resident \4	\$2,074 3.7%	\$2,168 4.5%	\$2,402 10.8%	\$2,660 10.7%	\$3,063 \11 15.2%
Contiguous state/province \5	\$1,990 2.6%	\$2,040 2.5%	\$2,103 3.1%	\$2,228 \7 5.9%	\$2,565 \7 15.1%
Other nonresident	\$4,251 2.6%	\$4,357 2.5%	\$4,491 3.1%	\$4,758 \7 5.9%	\$5,478 \7 15.1%
Business and Industry Partnership Program \8					
Resident			\$1,682	\$1,782 5.9%	\$2,052 15.2%
Minnesota resident \4			\$2,402	\$2,660 10.7%	\$3,063 \11 15.2%

Contiguous state/province \5			\$1,682	\$1,782 5.9%	\$2,052 15.2%
Other nonresident			\$1,682	\$1,782 5.9%	\$2,052 15.2%
North Dakota State University					
Undergraduate					
Resident	\$2,480 5.0%	\$2,604 5.0%	\$2,754 5.8%	\$2,904 5.4%	\$3,374 16.2%
Minnesota resident \4	\$2,596 3.4%	\$2,776 6.9%	\$3,074 10.7%	\$3,396 10.5%	\$3,956 \11 16.5%
Contiguous state/province \5	\$3,720 5.0%	\$3,906 5.0%	\$4,131 5.8%	\$4,356 5.4%	\$5,061 16.2%
Other nonresident	\$6,622 5.0%	\$6,953 5.0%	\$7,353 5.8%	\$7,754 5.5%	\$9,009 16.2%
Graduate					
Resident	\$2,690 4.6%	\$2,814 4.6%	\$2,964 5.3%	\$3,114 5.1%	\$3,618 16.2%
Minnesota resident \4	\$3,188 3.8%	\$3,380 6.0%	\$3,766 11.4%	\$4,156 10.4%	\$4,156 \11 0.0%
Contiguous state/province \5	\$4,035 4.6%	\$4,221 4.6%	\$4,446 5.3%	\$4,671 5.1%	\$5,427 16.2%
Other nonresident	\$7,182 4.6%	\$7,513 4.6%	\$7,914 5.3%	\$8,314 5.1%	\$9,660 16.2%
University of North Dakota					
Undergraduate					
Resident	\$2,480 5.0%	\$2,604 5.0%	\$2,754 5.8%	\$2,954 7.3%	\$3,441 16.5%
Minnesota resident \4	\$2,596	\$2,776	\$3,074	\$3,396	\$3,956 \11

		3.4%	6.9%	10.7%	10.5%	16.5%
Contiguous state/province \5	\$3,720	\$3,906	\$4,131	\$4,431	\$5,163	
	5.0%	5.0%	5.8%	7.3%	16.5%	
Other nonresident	\$6,622	\$6,953	\$7,353	\$7,887	\$9,187	
	5.0%	5.0%	5.8%	7.3%	16.5%	
Graduate						
Resident	\$2,690	\$2,814	\$2,964	\$3,179	\$3,703	
	4.6%	4.6%	5.3%	7.3%	16.5%	
Minnesota resident \4	\$3,188	\$3,380	\$3,766	\$4,156	\$4,156 \11	
	3.8%	6.0%	11.4%	10.4%	0.0%	
Contiguous state/province \5	\$4,035	\$4,221	\$4,446	\$4,769	\$5,555	
	4.6%	4.6%	5.3%	7.3%	16.5%	
Other nonresident	\$7,182	\$7,513	\$7,914	\$8,488	\$9,889	
	4.6%	4.6%	5.3%	7.3%	16.5%	
Law School						
Resident	\$2,900	\$3,024	\$3,174	\$3,472	\$4,045	
	4.2%	4.3%	5.0%	9.4%	16.5%	
Minnesota resident \4	\$3,188	\$3,380	\$3,766	\$4,156	\$4,156 \11	
	3.8%	6.0%	11.4%	10.4%	0.0%	
Contiguous state/province \5	\$4,350	\$4,536	\$4,761	\$5,208	\$6,067	
	4.2%	4.3%	5.0%	9.4%	16.5%	
Other nonresident	\$7,743	\$8,074	\$8,475	\$9,270	\$10,801	
	4.2%	4.3%	5.0%	9.4%	16.5%	
School of Medicine and Health Sciences						
Resident	\$10,955	\$11,940	\$12,537	\$13,447	\$15,343	
	9.0%	9.0%	5.0%	7.3%	14.1%	

Minnesota resident \4	\$11,502 8.0%	\$12,776 11.1%	\$14,041 9.9%	\$15,600 11.1%	\$17,799 \11 14.1%
Other nonresident	\$29,249 9.0%	\$31,880 9.0%	\$33,474 5.0%	\$35,903 7.3%	\$40,963 14.1%
Physical Therapy (students enrolled as of the 2000-01 academic year) \9					
Resident	\$4,670 2.6%	\$4,794 2.7%	\$5,070 5.8%	\$5,438 7.3%	\$7,091 30.4%
Minnesota resident \4	\$4,670 2.6%	\$4,794 2.7%	\$5,070 5.8%	\$5,438 7.3%	\$7,091 \11 30.4%
Physical Therapy (students enrolled as of the 2001-02 academic year) \9					
Resident			\$5,794	\$6,215 7.3%	\$7,091 14.1%
Minnesota resident \4			\$5,794	\$6,216 7.3%	\$7,091 \11 14.1%
Contiguous state/province \5			\$8,016	\$8,598 7.3%	\$9,811 14.1%
Other nonresident			\$8,016	\$8,598 7.3%	\$9,811 14.1%
Valley City State University					
Undergraduate					
Resident	\$1,906 4.0%	\$1,982 4.0%	\$2,067 4.3%	\$2,202 6.5%	\$2,652 20.4%
Minnesota resident \4	\$2,000 3.0%	\$2,120 6.0%	\$2,316 9.2%	\$2,554 10.3%	\$3,076 \11 20.4%
Contiguous state/province \5	\$2,383 4.1%	\$2,478 4.0%	\$2,584 4.3%	\$2,753 6.5%	\$3,315 20.4%
Other nonresident	\$5,089 4.0%	\$5,292 4.0%	\$5,519 4.3%	\$5,879 6.5%	\$7,081 20.4%

Williston State College \10

Undergraduate

Resident	\$1,592 2.6%	\$1,632 2.5%	\$1,682 3.1%	\$1,811 7.7%	\$1,920 6.0%
Minnesota resident \4	\$2,074 3.7%	\$2,168 4.5%	\$2,402 10.8%	\$2,699 12.4%	\$2,861 \11 6.0%
Contiguous state/province \5	\$1,990 2.6%	\$2,040 2.5%	\$2,103 3.1%	\$1,811 (13.9%)	\$1,920 6.0%
Other nonresident	\$4,251 2.6%	\$4,357 2.5%	\$4,491 3.1%	\$2,717 (39.5%)	\$2,880 6.0%

\1 The schedule provides information regarding tuition rates for major programs offered for academic years 1999-2000 through 2003-04. The 2001 Legislative Assembly removed tuition income from the appropriation process by providing a continuing appropriation for all special funds, including tuition. House Bill No. 1003 (2003) continues this authority through June 30, 2005. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

\2 For the 2002-03 and 2003-04 academic years, the State Board of Higher Education authorized each higher education institution president to set the final tuition rate for each campus within an approved range.

\3 Bismarck State College implemented a per credit tuition model program beginning in the 2000-01 academic year. The institution charges a per credit (part-time) tuition rate for all credit hours except for the 14th and 15th credits, which are at no charge. The tuition rates shown are based on a credit load of 15 credit hours per semester, which is the number of credit hours taken by an average full-time student.

\4 Under the current North Dakota/Minnesota reciprocity agreement, students pay the higher of the two states' rates, which allows North Dakota students attending Minnesota higher education institutions to pay the Minnesota resident rate while Minnesota students attending North Dakota higher education institutions generally pay the Minnesota rate, which is higher than the North Dakota rate.

\5 The contiguous states and provinces are South Dakota, Montana, Saskatchewan, and Manitoba. In most cases, the contiguous state/province rate is 1.5 times the resident rate for students attending the University of North Dakota, North Dakota State University, and graduate students at Minot State University, and the contiguous state/province tuition rate is 1.25 times the resident rate for undergraduate students at Minot State University and at all remaining four- and two-year institutions. Exceptions include the rate for students enrolled in the State College of Science business and industry partnership program, students enrolled in the University of North Dakota physical therapy program, and students enrolled at Minot State University - Bottineau and Williston State College for the 2002-03 and 2003-04 academic years.

\6 Minot State University instituted a tuition rate increase for both the fall and spring semesters of the 2002-03 academic year. The following is a summary of the fall and spring tuition cost per semester for the 2002-03 academic year:

	Fall 2002	Spring 2003
Undergraduate		
Resident	\$1,172	\$1,212
Minnesota resident	\$1,360	\$1,406
Contiguous state/province	\$1,465	\$1,515
Other nonresident	\$3,129	\$3,236
Graduate		
Resident	\$1,557	\$1,597
Minnesota resident	\$2,078	\$2,131
Contiguous state/province	\$2,336	\$2,396
Other nonresident	\$4,157	\$4,264

¹⁷ For academic years 2002-03 and 2003-04, the State College of Science is offering special reduced tuition rates to contiguous state/province and other nonresident students who live on campus with a meal plan. The following is a summary of the special reduced tuition rates:

	2002-03	2003-04
Undergraduate		
Contiguous state/province	\$1,782	\$2,052
Other nonresidents	\$2,673	\$3,078

¹⁸ Beginning with the 2001-02 academic year, the State College of Science charges resident tuition rates to all students enrolled in business and industry partnership programs except for students from Minnesota who are assessed tuition as specified in the reciprocity agreement between North Dakota and Minnesota.

¹⁹ Physical therapy students pay undergraduate tuition rates during the first two years. In the students' junior year, they enter the specialized program and start paying tuition based on the programs' tuition rates.

¹⁰ Williston State College implemented a per credit tuition model program beginning in the 2002-03 academic year. The institution charges a per credit (part-time) tuition rate for all credit hours except for the 14th, 15th, and 16th credits, which are at no charge. The tuition rates shown are based on a credit load of 15 credit hours per semester, which is the number of credit hours taken by an average full-time student.

¹¹ The tuition rates for Minnesota residents for the 2003-04 academic year will not be finalized until June or July 2003. The rates shown are based on the current North Dakota/Minnesota tuition rate ratio.

**North Dakota University System office
House Bill Nos. 1003, 1023**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	2,382.41	\$352,078,636	\$118,527,913	\$470,606,549
2003-05 legislative appropriations	20.00	56,618,730	3,855,507	60,474,237
Legislative increase (decrease) to executive budget	(2,362.41)	(\$295,459,906)	(\$114,672,406)	(\$410,132,312)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$2,273,892	\$138,685	\$2,412,577

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the North Dakota University System office; however, the Legislative Assembly did provide the North Dakota University System office with funding for state employee health insurance premiums.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$36,294)		(\$36,294)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(2,064)		(2,064)
Reduced funding for information technology; however, the reduction is not limited to information technology		(1,221,515)		(1,221,515)
Allocated funding from the campus operations line item to individual higher education institutions	(2,362.41)	(299,415,187)		(299,415,187)
Allocated funding from the capital assets line item to individual higher education institutions for campus extraordinary repairs and major capital projects		(8,583,815)	(\$94,278,920)	(102,862,735)
Decreased funding for capital assets		(1,310,000)	(105,326)	(1,415,326)
Adjusted funding for competitive research and centers for excellence		6,300,000	(9,000,000)	(2,700,000)
Allocated funding from the board initiatives line item to a campus initiative at Mayville State University		(50,000)		(50,000)
Provided funding for an operations pool		2,250,000		2,250,000
Allocated funding from the operations pool to individual higher education institutions for various campus initiatives		(1,500,000)		(1,500,000)

Provided funding for professional liability insurance coverage	1,850,000		1,850,000
Changed the funding source relating to student grant programs	6,258,969	(6,258,969)	0
Removed funding for the student internship program		(2,000,000)	(2,000,000)
Removed funding included in House Bill No. 1023 for state facility energy improvement projects for the University System consisting of North Dakota State University sundry projects of \$1,077,977 and University of North Dakota sundry projects of \$1,951,214		(3,029,191)	(3,029,191)
Total	<u>(2,362.41)</u>	<u>(\$295,459,906)</u>	<u>(\$114,672,406)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 20 FTE positions, the same as the 2001-03 biennium. Pursuant to Section 10 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions and entities under its control. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2005-07 budget request.

Budget Line Items

The Legislative Assembly did not adopt the executive recommendation to consolidate the University System office budget from 16 line items to nine and to consolidate the higher education institutions' budgets into two line items in the University System office budget--campus operations and capital assets.

Technology Pool

The Legislative Assembly provided funding of \$25,089,639 from the general fund for a technology pool to be allocated by the State Board of Higher Education, based on the provisions of Section 4 of House Bill No. 1003. The \$25,089,639 is \$1,048,498 less than the executive recommendation of \$26,138,137 and \$3,148,780 less than the technology pool appropriated for the 2001-03 biennium of \$28,238,419. Section 4 provides that the technology pool funding allocations are to be made based on historic funding and the North Dakota University System information technology plan. The funds allocated must be used to support the Higher Education Computer Network, the Interactive Video Network, the On-line Dakota Information Network, and other related technology initiatives as determined by the State Board of Higher Education.

Operations Pool

The Legislative Assembly provided funding of \$2,250,000 from the general fund to be allocated by the State Board of Higher Education to higher education institutions. In addition, the Legislative Assembly allocated funding of \$1,500,000 from the operations pool to higher education institutions for campus initiatives and decreased funding for the operations pool by \$171,583 relating to a reduction in information technology funding, for a total operations pool of \$578,417.

Competitive Research

The Legislative Assembly provided funding of \$4,750,000 from the general fund for the competitive research program. The \$4,750,000 is \$750,000 more than the executive recommendation for competitive research of \$4 million from the student loan trust fund and \$750,000 more than the 2001-03 appropriation of \$4 million from the general fund. Section 20 of House Bill No. 1003 provides that \$100,000 of the \$4,750,000 is for a public private partnership for establishment of a design center at the University of North Dakota. Federal and private matching funds totaling \$300,000 must be leveraged by the North Dakota University System for the design center prior to June 30, 2004, or the funding of \$100,000 is to be made available to other competitive research initiatives.

Centers for Excellence

The Legislative Assembly provided funding of \$1,550,000 from the general fund for centers for excellence. The executive recommendation included funding of \$5 million from the student loan trust fund for the State Board of Higher Education to allocate to establish centers of excellence at higher education institutions to provide support for University System instruction, research, and outreach efforts. Section 21 of House Bill No. 1003 provides that \$1,150,000 of the funding is for the

John D. Odegard Center for Aerospace Science - Center of Excellence in Multimedia Technology and \$400,000 of the funding is for future centers for excellence. Of the \$1,150,000, \$206,000 is for the Expanded Air Service Enterprise - Upper Great Plains Air Taxi Service. Federal matching funding relating to the Expanded Air Service Enterprise - Upper Great Plains Air Taxi Service must be leverage by the North Dakota University System before June 30, 2004, or the funding of \$206,000 is to be made available for other centers for excellence. The funding of \$400,000 for future centers for excellence is to be distributed by the State Board of Higher Education based on criteria established pursuant to provisions of House Bill No. 1019. The funds provided for centers for excellence may not be used to supplant funding for current operations or academic instruction or to pay indirect costs.

Board Initiatives

The Legislative Assembly provided funding of \$485,306 from the general fund for board initiatives to support University System and statewide goals linked to the State Board of Higher Education strategic plan and the Higher Education Roundtable report. The \$485,306 is \$50,000 less than the executive recommendation of \$535,306 and \$50,819 more than the 2001-03 biennium adjusted appropriation of \$434,487 from the general fund. The \$50,000 decrease from the executive recommendation is due to a legislative allocation of funding to a campus initiative at Mayville State University.

Contingency and Capital Emergency

The Legislative Assembly did not change the executive recommendation to provide \$1,752,767, of which \$296,693 is from the general fund and \$1,456,074 is from the water development trust fund, for contingencies and capital emergencies. The \$1,752,767 represents an increase in funding of \$1,508,458 from the 2001-03 biennium adjusted general fund appropriation of \$244,309. The funding of \$296,693 from the general fund is to be used for unforeseen operations or capital asset needs and opportunities at higher education institutions. The funding of \$1,456,074 from the water development trust fund is for disaster response costs at the University of North Dakota (\$1,193,146) and North Dakota State University (\$262,928).

Student Financial Assistance Grants

The Legislative Assembly provided funding of \$2,930,215, of which \$2,730,215 is from the general fund and \$200,000 is from federal funds, for student financial assistance grants. The executive recommendation included funding of \$8,458,969, of which \$8,258,969 was from the student loan trust fund, for student grant programs including the student financial assistance grant program, professional student exchange program, scholars program, Native American scholarship program, education incentive programs, and a student internship program. The \$2,930,215 is \$1,292,816 less than the 2001-03 appropriation of \$4,223,031, of which \$2,670,881 was from the general fund, \$1,338,150 was from other funds including revenues from the Minnesota reciprocal agreements, and \$214,000 was from federal funds. The \$2,930,215 will provide approximately 2,556 grants of \$600 per year, a decrease of approximately 59 grants from the number of grants provided in fiscal year 2003. To qualify, a student must be a resident undergraduate student who has graduated from a North Dakota high school and is attending a qualified postsecondary institution in North Dakota. The award of grants is based on student need. Section 17 of House Bill No. 1003 provides that 22 percent of the funds appropriated for student financial assistance grants must be allocated to students at private baccalaureate degree-granting institutions with the remaining funds allocated to students at public and Native American institutions. In addition, the Legislative Assembly provided that any funds received under the North Dakota-Minnesota reciprocity agreement during the 2003-05 biennium are appropriated to the State Board of Higher Education for reimbursement to institutions under the control of the board and for student financial assistance grants. Twenty-two percent of any additional funds must be used for student financial assistance grants for students at private baccalaureate degree-granting institutions.

Professional Student Exchange Program

The Legislative Assembly provided funding of \$1,678,300 from the general fund for the professional student exchange program. The executive recommendation included funding of \$8,458,969, of which \$8,258,969 was from the student loan trust fund, for student grant programs, including the student financial assistance grant program, professional student exchange program, scholars program, Native American scholarship program, education incentive programs, and a student internship program. The \$1,678,300 is \$117,584 more than the 2001-03 general fund appropriation of \$1,560,716. The \$1,678,300 will provide for the following new student slots:

	2001-02	2002-03	2003-04	2004-05
Veterinary medicine	6	4	4	4
Dentistry	4	4	4	4
Optometry	6	6	5	5

Scholars Program

The Legislative Assembly provided funding of \$816,386 from the general fund for the scholars program. The executive recommendation included funding of \$8,458,969, of which \$8,258,969 was from the student loan trust fund, for student grant programs, including the student financial assistance grant program, professional student exchange program, scholars program, Native American scholarship program, education incentive programs, and a student internship program. The \$816,386 is \$45,656 more than the 2001-03 general fund appropriation of \$770,730. The funding is expected to be sufficient to provide 18 new freshmen awards in each year of the 2003-05 biennium, a decrease of approximately 28 new freshmen awards from the number provided in fiscal year 2003.

Native American Scholarships

The Legislative Assembly provided funding of \$204,086 from the general fund for Native American scholarships. The executive recommendation included funding of \$8,458,969, of which \$8,258,969 was from the student loan trust fund, for student grant programs, including the student financial assistance grant program, professional student exchange program, scholars program, Native American scholarship program, education incentive programs, and a student internship program. The \$204,086 is \$4 more than the 2001-03 general fund appropriation of \$204,082. The funding is expected to be sufficient to provide approximately 145 grants of \$700 per student for each year of the biennium, the same level of grants provided in the 2001-03 biennium.

Education Incentive Programs

The Legislative Assembly provided funding of \$830,000 from the general fund for education incentive programs, the same level of funding as provided in the 2001-03 biennium. The executive recommendation included funding of \$8,458,969, of which \$8,258,969 was from the student loan trust fund, for student grant programs, including the student financial assistance grant program, professional student exchange program, scholars program, Native American scholarship program, education incentive programs, and a student internship program. Section 22 of House Bill No. 1003 provides that the funding of \$830,000 may be allocated to education incentive programs as determined by the State Board of Higher Education, including the reduction or elimination of specific programs, and the State Board of Higher Education may determine the appropriate number of years of program eligibility for each education incentive program.

Capital Construction Lease Payments

The Legislative Assembly did not change the executive recommendation to provide \$12,790,689, of which \$11,448,189 is from the general fund and \$1,342,500 is from special and federal funds, for capital construction lease payments. The funding for the capital construction lease payments relates to bonds issued by the North Dakota Building Authority for building projects authorized by the Legislative Assembly.

Capital Improvements

The following schedule presents the higher education capital improvement funding contained in the 2001-03 executive recommendation and appropriations made by the Legislative Assembly for the 2003-05 biennium:

Entity/Project	2003-05 Executive Recommendation		2003-05 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
University System office				
Capital projects pool	\$2,961,629			
Campus extraordinary repairs pool	6,932,186			
Campus energy projects		\$3,134,517		
Contingency and capital emergency	296,693	1,456,074	\$296,693	\$1,456,074
Total	\$10,190,508	\$4,590,591	\$296,693	\$1,456,074
Bismarck State College				
Student apartment construction		\$1,785,000		\$1,785,000
Extraordinary repairs			\$250,000	
Total	\$0	\$1,785,000	\$250,000	\$1,785,000

Lake Region State College				
North Hall residence hall renovation		\$375,000		\$375,000
Extraordinary repairs			\$44,831	
Total	\$0	\$375,000	\$44,831	\$375,000
Williston State College				
Extraordinary repairs			\$88,790	
Total	\$0	\$0	\$88,790	\$0
University of North Dakota				
Neuroscience research facility - Phase II		\$17,000,000		\$17,000,000
Carnegie Library renovation		3,300,000		3,300,000
Native American Center		3,500,000		3,500,000
Squires dining center renovation		1,500,000		1,500,000
Athletic complex		13,000,000		
Wellness Center renovation		8,000,000		
Wellness center and athletic complex				21,000,000
Airline security building		5,000,000		5,000,000
Airport hangar		2,000,000		2,000,000
Extraordinary repairs			\$2,362,136	
Total	\$0	\$53,300,000	\$2,362,136	\$53,300,000
North Dakota State University				
Bison sports arena renovation		\$15,000,000		\$15,000,000
Bison Court apartment building		11,000,000		11,000,000
Extraordinary repairs			\$1,737,531	
Total	\$0	\$26,000,000	\$1,737,531	\$26,000,000
State College of Science				
Student Union renovation		\$3,300,000		\$3,300,000
Blikre Activities Center		368,920		368,920
Extraordinary repairs			\$773,500	
Total	\$0	\$3,668,920	\$773,500	\$3,668,920
Dickinson State University				
Murphy Hall Phase I addition				\$5,882,047
Whitney Stadium renovation and addition		\$5,000,000		5,000,000
Extraordinary repairs			\$393,962	
Total	\$0	\$5,000,000	\$393,962	\$10,882,047
Mayville State University				
Steamline replacement Phase II				\$1,355,000
Lewy Lee Fieldhouse renovation and addition		\$4,000,000		4,000,000
East Hall remodeling		150,000		150,000
Extraordinary repairs			\$264,589	
Total	\$0	\$4,150,000	\$264,589	\$5,505,000
Minot State University				
Extraordinary repairs			\$612,850	
Total	\$0	\$0	\$612,850	\$0

Valley City State University				
Graichen Gymnasium elevator and emergency exits				\$785,300
Kolstoe Hall renovation				3,300,000
Extraordinary repairs			\$265,334	
Total	\$0	\$0	\$265,334	\$4,085,300
Minot State University - Bottineau				
Extraordinary repairs			\$209,663	
Total	\$0	\$0	\$209,663	\$0
Forest Service				
Equipment and supply storage building - Towner		\$90,000		\$90,000
Equipment and supply storage building - Bottineau		25,000		25,000
Extraordinary repairs	\$31,061		\$31,061	
Total	\$31,061	\$115,000	\$31,061	\$115,000
Total Higher Education	\$10,221,569	\$98,984,511	\$7,330,940	\$107,172,341

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 7 and 34 of House Bill No. 1003, to appropriate on a continuing basis (through June 30, 2005) all other funds received by the institutions of higher education during the 2003-05 biennium. Consequently, the legislative appropriations for all institutions of higher education do not include a specific appropriation of other funds. Section 34 of House Bill No. 1003, which was added by the Legislative Assembly, was originally a provision of House Bill No. 1039 and a recommendation from the 2001-02 interim Higher Education Committee.

Other Sections in Bill

Unspent 2001-03 appropriation authority - Section 8 provides that unspent 2001-03 general fund appropriation authority of the University System may be spent during the 2003-05 biennium.

Unspent 2003-05 appropriation authority - Section 9 provides that unspent 2003-05 general fund appropriation authority and excess income of the University System may be spent during the 2005-07 biennium.

FTE positions - Section 10 provides the State Board of Higher Education with the authority to adjust FTE positions as needed, subject to the availability of funds, for institutions of higher education. The University System is to report any adjustments to the Office of Management and Budget prior to the submission of the 2005-07 budget request.

Bond issuance authorization and appropriation - Section 13 provides the State Board of Higher Education with the authority to arrange for the issuance of revenue bonds for several higher education capital projects and provides the higher education institutions with the appropriation authority for the revenue bond proceeds.

Project authorization and appropriation - Section 14 provides the Industrial Commission with the authority to arrange for the issuance of bonds for the Murphy Hall Phase I addition project at Dickinson State University, Graichen Gymnasium elevator and emergency exits at Valley City State University, and the steamline replacement Phase II at Mayville State University. The section also provides the higher education institutions with the appropriation authority for the bond proceeds.

Bond issuance repayment responsibility - Section 15 provides that Dickinson State University is responsible for providing \$250,000 of non-general fund sources to assist with the retirement of the bonds issued for the Murphy Hall Phase I addition project in the 2005-07 biennium.

Bond issuance assistance - Section 16 provides that the North Dakota University System shall provide funding of \$830,000 from the capital bond payments line item appropriated for the 2001-03 biennium to the Industrial Commission for bond issuance buydown for the projects authorized in Section 14.

Higher education accountability measures - Section 18 provides accountability measures to be included in the State Board of Higher Education's performance and accountability report as required by North Dakota Century Code (NDCC) Section 15-10-14.2.

General fund transfer - Section 19 authorizes the Industrial Commission to transfer \$14,258,969 from the student loan trust fund to the state general fund.

Transfer authority - Section 23 allows the State Board of Higher Education to authorize higher education institutions to transfer spending authority from the operations line item to the capital assets line item.

Legislative Council study - Section 24 provides for the continuation of the Legislative Council study of higher education. If conducted, the study may include the use of the higher education roundtable format. The study should further refine the expectations of the North Dakota University System in meeting the state's needs in the twenty-first century, the funding methodology needed to meet those expectations and needs, and the accountability system and reporting methodology for the University System.

Student internship program - Section 31 provides that the State Board of Higher Education study during the 2003-04 interim the use of internships to attract students to high-growth occupations in the state and shall implement a student internship program by July 1, 2004. The board is encouraged to seek input from the Department of Commerce, Job Service North Dakota, the Higher Education Roundtable, and the North Dakota Student Association. The board may accept any public or private money to implement the program.

Compensation for members of the State Board of Higher Education - Section 33 amends NDCC Section 15-10-08 to increase the compensation for the members of the State Board of Higher Education from \$62.50 to \$100 per day plus allowable expenses.

Other income continuing appropriation - Section 34 amends NDCC Section 15-10-12 to provide a continuing appropriation of higher education institutions' special revenue funds including tuition (effective through June 30, 2005).

Budget requests and budget estimates - Section 35 amends NDCC Section 54-44.1-04 to require budget requests for the University System to include budget estimates for block grants for a base-funding component and for an initiative-funding component and a budget estimate for an asset-funding component (effective through June 30, 2005).

University System appropriation - Section 36 amends NDCC Section 54-44.1-06 to require the appropriation for the University System to include block grants to the State Board of Higher Education for a base-funding appropriation and for an initiative-funding appropriation and an appropriation for asset-funding (effective through June 30, 2005).

Appropriation authority - Section 37 amends NDCC Section 54-44.1-11 to allow higher education institutions to continue unspent general fund appropriations into the next biennium (effective through June 30, 2005).

Related Legislation

Scholars program - House Bill No. 1125 provides eligibility and award changes for the scholars program.

Technology occupations student loan program - House Bill No. 1127 changes the eligibility for the technology occupations student loan program to include students who may have a student loan at participating lenders other than the Bank of North Dakota.

**Bismarck State College
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$0	\$0	\$0
2003-05 legislative appropriations	123.30	16,362,327	1,785,000	18,147,327
Legislative increase (decrease) to executive budget	123.30	\$16,362,327	\$1,785,000	\$18,147,327
Legislative increase (decrease) to 2001-03 appropriations	(21.48)	(\$284,560)	\$1,785,000	\$1,500,440

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly approved the executive recommendation to not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the funding available to the University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	123.30	\$15,800,887		\$15,800,887
Allocated funding from the recommended University System office capital assets line item to individual higher education institutions		250,000	\$1,785,000	2,035,000
Reduced funding for campus operations		(307,849)		(307,849)
Reduced funding for information technology; however, the reduction is not limited to information technology		(30,711)		(30,711)
Provided funding from the operations pool for career and technical education programs offered through the North Dakota University System in high demand occupations and growth industries in North Dakota (\$150,000) and for matching \$1 million of private and other funds for an energy and training technology center (\$500,000)		650,000		650,000
Total	123.30	\$16,362,327	\$1,785,000	\$18,147,327

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 123.30 FTE positions, a decrease of 21.48 FTE positions from the authorized number of FTE positions for the 2001-03 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 10 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2005-07 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 7 and 34 of House Bill No. 1003, to appropriate on a continuing basis (through June 30, 2005) all other funds received by the institutions of higher education during the 2003-05 biennium. Consequently, the legislative appropriation for Bismarck State College does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of \$250,000 from the general fund for extraordinary repairs, the same amount appropriated for the 2001-03 biennium. The Legislative Assembly did not change the executive recommendation to provide \$1,785,000 of special funds for construction of student apartments.

**Dickinson State University
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$0	\$0	\$0
2003-05 legislative appropriations	114.81	13,992,793	10,882,047	24,874,840
Legislative increase (decrease) to executive budget	114.81	\$13,992,793	\$10,882,047	\$24,874,840
Legislative increase (decrease) to 2001-03 appropriations	(15.34)	(\$262,100)	\$6,882,047	\$6,619,947

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly approved the executive recommendation to not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the funding available to the University System.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	114.81	\$13,860,931		\$13,860,931
Allocated funding from the recommended University System office capital assets line item to individual higher education institutions		393,962	\$5,000,000	5,393,962
Reduced funding for campus operations		(270,053)		(270,053)
Reduced funding for information technology; however, the reduction is not limited to information technology		(17,047)		(17,047)
Provided funding (from the operations pool) for the university's international student scholars program		25,000		25,000
Provided funding from state bonding proceeds for the Murphy Hall Phase I addition major capital project			5,882,047	5,882,047
Total	114.81	\$13,992,793	\$10,882,047	\$24,874,840

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 114.81 FTE positions, a decrease of 15.34 FTE positions from the authorized number of FTE positions for the 2001-03 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 10 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2005-07 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 7 and 34 of House Bill No. 1003, to appropriate on a continuing basis (through June 30, 2005) all other funds received by the institutions of higher education during the 2003-05 biennium. Consequently, the legislative appropriation for Dickinson State University does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of \$393,962 from the general fund for extraordinary repairs, the same amount appropriated for the 2001-03 biennium. The Legislative Assembly did not change the executive recommendation to provide \$5 million of special funds for renovation and an addition to Whitney Stadium. In addition, the Legislative Assembly appropriated \$5,882,047 of special funds from state bonding proceeds for the Murphy Hall Phase I addition. Of the \$5,882,047, \$250,000 is the local fund responsibility of Dickinson State University to be paid during the 2005-07 biennium.

**Forest Service
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	17.97	\$1,825,257	\$1,090,001	\$2,915,258
2003-05 legislative appropriations	17.97	1,771,076	1,090,001	2,861,077
Legislative increase (decrease) to executive budget	0.00	(\$54,181)	\$0	(\$54,181)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$2,207	\$39,475	\$41,682

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the Forest Services; however, the Legislative Assembly did provide funding for state employee health insurance premium increases.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$18,125)		(\$18,125)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(1,961)		(1,961)
Reduced funding for operations		(33,857)		(33,857)
Reduced funding for information technology; however the reduction is not limited to information technology		(238)		(238)
Total	0.00	(\$54,181)	\$0	(\$54,181)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 17.97 FTE positions, the same as the 2001-03 biennium. Pursuant to Section 10 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and budget prior to submission of the 2005-07 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 7 and 34 of House Bill No. 1003, to appropriate on a continuing basis (through June 30, 2005) all other funds received by the institutions of higher education during the 2003-05 biennium. Consequently, the legislative appropriation for the Forest Service does not include a specific appropriation of local funds. The Legislative Assembly did appropriate special funds of \$1,090,001, including \$247,486 from the trees for North Dakota program; \$727,515 from nursery tree sales; and \$115,000 from the State Forester reserve account.

Capital Improvements

The Legislative Assembly approved the executive recommendation to provide capital improvements funding of \$146,061, of which \$31,061 is from the general fund, to the Forest Service. Of the \$146,061, \$31,061 is for extraordinary repairs, \$90,000 is for an equipment and supply storage building at the Towner nursery, and \$25,000 is for an equipment and supply storage building at the Bottineau facility. Section 11 of House Bill No. 1003 allows the Forest Service, upon approval from the Budget Section, to obtain and utilize any available funds in addition to the \$115,000 of special funds appropriated from the State Forester reserve account to assist in the construction of the equipment and supply storage buildings.

**Lake Region State College
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$0	\$0	\$0
2003-05 legislative appropriations	36.85	5,077,513	375,000	5,452,513
Legislative increase (decrease) to executive budget	36.85	\$5,077,513	\$375,000	\$5,452,513
Legislative increase (decrease) to 2001-03 appropriations	(4.49)	(\$29,774)	\$50,000	\$20,226

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly approved the executive recommendation to not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the funding available to the University System.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	36.85	\$5,062,456		\$5,062,456
Allocated funding from the recommended University System office capital assets line item to individual higher education institutions		44,831	\$375,000	419,831
Reduced funding for campus operations		(98,632)		(98,632)
Reduced funding for information technology; however, the reduction is not limited to information technology		(6,142)		(6,142)
Provided funding from the operations pool for career and technical education programs offered through the North Dakota University System in high demand occupations and growth industries in North Dakota		75,000		75,000
Total	36.85	\$5,077,513	\$375,000	\$5,452,513

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 36.85 FTE positions, a decrease of 4.49 FTE positions from the authorized number of FTE positions for the 2001-03 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 10 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2005-07 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 7 and 34 of House Bill No. 1003, to appropriate on a continuing basis (through June 30, 2005) all other funds received by the institutions of higher education during the 2003-05 biennium. Consequently, the legislative appropriation for Lake Region State College does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of \$44,831 from the general fund for extraordinary repairs, a decrease of \$30,000 from the amount appropriated for the 2001-03 biennium. The Legislative Assembly did not change the executive recommendation to provide \$375,000 of special funds for renovation of North Hall residence hall.

**Mayville State University
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$0	\$0	\$0
2003-05 legislative appropriations	69.97	8,866,924	5,505,000	14,371,924
Legislative increase (decrease) to executive budget	69.97	\$8,866,924	\$5,505,000	\$14,371,924
Legislative increase (decrease) to 2001-03 appropriations	(11.50)	(\$373,413)	\$1,505,000	\$1,131,587

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly approved the executive recommendation to not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the funding available to the University System.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	69.97	\$8,515,748		\$8,515,748
Allocated funding from the recommended University System office capital assets line item to individual higher education institutions		214,589	\$4,150,000	4,364,589
Reduced funding for campus operations		(165,913)		(165,913)
Reduced funding for information technology; however, the reduction is not limited to information technology		(22,500)		(22,500)
Provided funding from the operations pool for funding the second year of the salaries and wages and operating expenses for the president		175,000		175,000
Provided funding for costs associated with the institution's high-tech laptop computer initiative		100,000		100,000
Provided funding for improvement of the sound system in Old Main		50,000		50,000
Provided funding from state bonding proceeds for the steamline replacement Phase II			1,355,000	1,355,000
Total	69.97	\$8,866,924	\$5,505,000	\$14,371,924

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 69.97 FTE positions, a decrease of 11.50 FTE positions from the authorized number of FTE positions for the 2001-03 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 10 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2005-07 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 7 and 34 of House Bill No. 1003, to appropriate on a continuing basis (through June 30, 2005) all other funds received by the institutions of higher education during the 2003-05 biennium. Consequently, the legislative appropriation for Mayville State University does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of \$264,589 from the general fund for extraordinary repairs, an increase of \$50,000 from the amount appropriated for the 2001-03 biennium of \$214,589. The Legislative Assembly did not change the executive recommendation to provide \$4,150,000 of special funds for renovation and an addition to Lewy Lee Fieldhouse (\$4,000,000) and East Hall remodeling (\$150,000). In addition, the Legislative Assembly appropriated \$1,355,000 of special funds from state bonding proceeds for the university's steamline replacement Phase II project.

**Minot State University
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$0	\$0	\$0
2003-05 legislative appropriations	217.49	26,382,428		26,382,428
Legislative increase (decrease) to executive budget	217.49	\$26,382,428	\$0	\$26,382,428
Legislative increase (decrease) to 2001-03 appropriations	(48.72)	(\$292,329)	(\$7,850,000)	(\$8,142,329)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly approved the executive recommendation to not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the funding available to the University System.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	217.49	\$26,061,907		\$26,061,907
Allocated funding from the recommended University System office capital assets line item to individual higher education institutions		612,850		612,850
Reduced funding for campus operations		(507,765)		(507,765)
Reduced funding for information technology; however, the reduction is not limited to information technology		(34,564)		(34,564)
Provided funding (from the operations pool) for the university's Center for Persons with Disabilities		250,000		250,000
Total	217.49	\$26,382,428	\$0	\$26,382,428

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 217.49 FTE positions, a decrease of 48.72 FTE positions from the authorized number of FTE positions for the 2001-03 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 10 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2005-07 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 7 and 34 of House Bill No. 1003, to appropriate on a continuing basis (through June 30, 2005) all other funds received by the institutions of higher education during the 2003-05 biennium. Consequently, the legislative appropriation for Minot State University does not include a specific appropriation of other funds.

Capital Improvements

The Legislative Assembly provided funding of \$612,850 from the general fund for extraordinary repairs, the same amount appropriated for the 2001-03 biennium.

**Minot State University - Bottineau
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$0	\$0	\$0
2003-05 legislative appropriations	36.08	4,312,519		4,312,519
Legislative increase (decrease) to executive budget	36.08	\$4,312,519	\$0	\$4,312,519
Legislative increase (decrease) to 2001-03 appropriations	(11.36)	(\$12,758)	\$0	(\$12,758)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly approved the executive recommendation to not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the funding available to the University System.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	36.08	\$4,137,614		\$4,137,614
Allocated funding from the recommended University System office capital assets line item to individual higher education institutions		112,663		112,663
Reduced funding for campus operations		(80,613)		(80,613)
Reduced funding for information technology; however, the reduction is not limited to information technology		(4,145)		(4,145)
Provided funding (from the operations pool) for operations-related expenses		50,000		50,000
Increased funding for capital assets for air conditioning-related extraordinary repairs		97,000		97,000
Total	36.08	\$4,312,519	\$0	\$4,312,519

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 36.08 FTE positions, a decrease of 11.36 FTE positions from the authorized number of FTE positions for the 2001-03 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 10 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2005-07 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 7 and 34 of House Bill No. 1003, to appropriate on a continuing basis (through June 30, 2005) all other funds received by the institutions of higher education during the 2003-05 biennium. Consequently, the legislative appropriation for Minot State University - Bottineau does not include a specific appropriation of other funds.

Capital Improvements

The Legislative Assembly provided funding of \$209,663 from the general fund for extraordinary repairs, an increase of \$97,000 from the 2001-03 biennium appropriation of \$112,663.

**North Dakota State University
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$0	\$0	\$0
2003-05 legislative appropriations	<u>545.02</u>	<u>69,314,490</u>	<u>26,000,000</u>	<u>95,314,490</u>
Legislative increase (decrease) to executive budget	545.02	\$69,314,490	\$26,000,000	\$95,314,490
Legislative increase (decrease) to 2001-03 appropriations	(260.47)	(\$835,906)	(\$9,366,348)	(\$10,202,254)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly approved the executive recommendation to not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the funding available to the University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	545.02	\$68,204,819		\$68,204,819
Allocated funding from the recommended University System office capital assets line item to individual higher education institutions		1,737,531	\$26,000,000	27,737,531
Reduced funding for campus operations		(1,328,836)		(1,328,836)
Reduced funding for information technology; however, the reduction is not limited to information technology		(49,024)		(49,024)
Provided funding for the Center for Genetic Research, including public private research efforts related to biotechnology's ability to have a positive impact on the state's economy and gross state product		750,000		750,000
Total	<u>545.02</u>	<u>\$69,314,490</u>	<u>\$26,000,000</u>	<u>\$95,314,490</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 545.02 FTE positions, a decrease of 260.47 FTE positions from the authorized number of FTE positions for the 2001-03 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 10 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2005-07 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 7 and 34 of House Bill No. 1003, to appropriate on a continuing basis (through June 30, 2005) all other funds received by the institutions of higher education during the 2003-05 biennium. Consequently, the legislative appropriation for North Dakota State University does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly authorized the following projects:

	General Fund	Other Funds	Total
Bison sports arena renovation (HB 1003)		\$15,000,000	\$15,000,000
Bison Court apartment building (HB 1003) (Bonding)		11,000,000	11,000,000
Extraordinary repairs (HB 1003)	\$1,737,531		1,737,531
Total	\$1,737,531	\$26,000,000	\$27,737,531

Water Development Trust Fund

The Legislative Assembly approved the executive recommendation, as provided in Section 12 of House Bill No. 1003, for an appropriation of \$262,928 from the water development trust fund for repayment during the 2003-05 biennium of 2001-03 biennium loans used for the state's matching share of federal flood disaster relief funding.

Centers of Excellence

House Bill No. 1019 provides for the State Board of Higher Education to establish a centers of excellence program relating to economic development. The Department of Commerce is to provide a \$1,250,000 grant from the development fund to the North Dakota State University Center for Technology Enterprise on October 1, 2003.

**State College of Science
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$0	\$0	\$0
2003-05 legislative appropriations	174.95	24,710,324	3,668,920	28,379,244
Legislative increase (decrease) to executive budget	174.95	\$24,710,324	\$3,668,920	\$28,379,244
Legislative increase (decrease) to 2001-03 appropriations	(54.95)	(\$2,420,478)	(\$1,547,800)	(\$3,968,278)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly approved the executive recommendation to not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the funding available to the University System.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	174.95	\$24,247,302		\$24,247,302
Allocated funding from the recommended University System office capital assets line item to individual higher education institutions		773,500	\$3,668,920	4,442,420
Reduced funding for campus operations		(472,411)		(472,411)
Reduced funding for information technology; however, the reduction is not limited to information technology		(38,067)		(38,067)
Provided funding from the operations pool for career and technical education programs offered through the North Dakota University System in high demand occupations and growth industries in North Dakota		200,000		200,000
Total	174.95	\$24,710,324	\$3,668,920	\$28,379,244

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 174.95 FTE positions, a decrease of 54.95 FTE positions from the authorized number of FTE positions for the 2001-03 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 10 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2005-07 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 7 and 34 of House Bill No. 1003, to appropriate on a continuing basis (through June 30, 2005) all other funds received by the institutions of higher education during the 2003-05 biennium. Consequently, the legislative appropriation for the State College of Science does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of \$773,500 from the general fund for extraordinary repairs, the same amount appropriated for the 2001-03 biennium. The Legislative Assembly did not change the executive recommendation to provide \$3,668,920 of special funds for renovation of the Student Union (\$3,300,000), and the Blikre Activities Center (\$368,920).

**University of North Dakota
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$0	\$0	\$0
2003-05 legislative appropriations	<u>706.74</u>	<u>86,920,262</u>	<u>53,300,000</u>	<u>140,220,262</u> ¹
Legislative increase (decrease) to executive budget	706.74	\$86,920,262	\$53,300,000	\$140,220,262
Legislative increase (decrease) to 2001-03 appropriations	(210.43)	(\$2,182,210)	\$34,458,215	\$32,276,005

¹ The Legislative Assembly approved separate 2003-05 biennium appropriations within House Bill No. 1003 for the University of North Dakota and the University of North Dakota School of Medicine and Health Sciences.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly approved the executive recommendation to not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the funding available to the University System.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	706.74	\$86,345,626		\$86,345,626
Allocated funding from the recommended University System office capital assets line item to individual higher education institutions		2,362,136	\$53,300,000	55,662,136
Reduced funding for campus operations		(1,685,683)		(1,685,683)
Reduced funding for information technology; however, the reduction is not limited to information technology		(101,817)		(101,817)
Total	<u>706.74</u>	<u>\$86,920,262</u>	<u>\$53,300,000</u>	<u>\$140,220,262</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 706.74 FTE positions, a decrease of 210.43 FTE positions from the authorized number of FTE positions for the 2001-03 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 10 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2005-07 budget request.

Other income

The Legislative Assembly approved the executive recommendation, as provided in Sections 7 and 34 of House Bill No. 1003, to appropriate on a continuing basis (through June 30, 2005) all other funds received by the institutions of higher education during the 2003-05 biennium. Consequently, the legislative appropriation for the University of North Dakota does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly authorized the following projects:

	General Fund	Other Funds	Total
Neuroscience research facility - Phase I (HB 1003)		\$17,000,000	\$17,000,000
Carnegie Library renovation (HB 1003)		3,300,000	3,300,000
Native American Center (HB 1003)		3,500,000	3,500,000
Squires dining center renovation (HB 1003)		1,500,000	1,500,000
Wellness Center and athletic complex (HB 1003) (Bonding)		21,000,000	21,000,000
Airline security building (HB 1003)		5,000,000	5,000,000
Airport hanger (HB 1003) (Bonding)		2,000,000	2,000,000
Extraordinary repairs (HB 1003)	\$2,362,136		2,362,136
Total	\$2,362,136	\$53,300,000	\$55,662,136

Winter Sports Facility

The Legislative Assembly authorized in Section 25 of House Bill No. 1003, the State Board of Higher Education to approve amendments to terms of the agreement entered under chapter 159 of the 1999 Session Laws relating to construction of a winter sports facility (basketball arena) on the site authorized under that legislation for the University of North Dakota to be financed with private funds.

Purchase of Hotel

Section 26 of House Bill No. 1003 provides for the State Board of Higher Education to authorize the University of North Dakota to purchase a hotel and land upon which the hotel is located within the city of Grand Forks for use as a student residence facility for a sum not to exceed \$1.2 million. The University of North Dakota may utilize available housing reserve funds for the purchase.

Water Development Trust Fund

The Legislative Assembly appropriated \$1,193,146 from the water development trust fund for repayment during the 2003-05 biennium of 2001-03 biennium loans used for the state's matching share of federal flood disaster relief funding, the same as the executive recommendation.

Centers of Excellence

House Bill No. 1019 provides for the State Board of Higher Education to establish a centers of excellence program relating to economic development. The Department of Commerce will provide an \$800,000 grant from the development fund to the University of North Dakota Center for Innovation on October 1, 2003. In addition, the Legislative Assembly appropriated in Section 21 of House Bill No. 1003, \$1,150,000 to the North Dakota University System for the John D. Odegard Center for Aerospace Science - Center of Excellence in Multimedia Technology. Of the \$1,150,000, \$206,000 is for the Expanded Air Service Enterprise - Upper Great Plains Air Taxi Service. Federal matching funding relating to the Expanded Air Service Enterprise - Upper Great Plains Air Taxi Service must be available before June 30, 2004, or the funding is to be made available to other centers of excellence.

Competitive Research Initiatives

Section 20 of House Bill No. 1003 provides \$100,000 from the competitive research line item under the North Dakota University System appropriation to be used for public private partnership for establishment of a design center at the University of North Dakota. Federal and private matching funds totaling \$300,000 must be available prior to June 30, 2004, or the funding is to be made available to other competitive research initiatives.

Related Legislation

City flood control special assessment exemption - Senate Bill No. 2052 provides that the city flood control special assessment exemption for state property does not apply to any privately owned structure, fixture, or improvement located on state-owned land unless it is used primarily for athletic or educational purposes at a state institution of higher education.

Ralph Engelstad Arena - House Bill No. 1393 provides that the hockey arena constructed on the campus of the University of North Dakota which was constructed with funds donated by Ralph and Betty Engelstad is officially named the Ralph Engelstad Arena.

**UND School of Medicine and Health Sciences
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$0	\$0	\$0
2003-05 legislative appropriations	198.91	30,165,865		30,165,865
Legislative increase (decrease) to executive budget	198.91	\$30,165,865	\$0	\$30,165,865
Legislative increase (decrease) to 2001-03 appropriations	(28.46)	(\$46,645)	\$0	(\$46,645)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly approved the executive recommendation to not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the funding available to the University System.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	198.91	\$30,387,510		\$30,387,510
Reduced funding for campus operations		(588,631)		(588,631)
Provided one-time funding related to the Fargo Family HealthCare Center debt forgiveness (See School of Medicine - One-Time Funding section below)		395,000		395,000
Reduced funding for information technology; however, the reduction is not limited to information technology		(28,014)		(28,014)
Total	198.91	\$30,165,865	\$0	\$30,165,865

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 198.91 FTE positions, a decrease of 28.46 FTE positions from the authorized number of FTE positions for the 2001-03 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 10 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2005-07 budget request.

Other income

The Legislative Assembly approved the executive recommendation, as provided in Sections 7 and 34 of House Bill No. 1003, to appropriate on a continuing basis (through June 30, 2005) all other funds received by the institutions of higher education during the 2003-05 biennium. Consequently, the legislative appropriation for the UND School of Medicine and Health Sciences does not include a specific appropriation of other funds, except for capital projects.

School of Medicine - One-Time Funding

Section 28 of House Bill No. 1003 provides legislative intent that funding of \$395,000 included in the UND School of Medicine and Health Sciences operating line item is considered one-time funding and is not to be included in the base funding for determination of funding requests for the 2005-07 biennium.

**Valley City State University
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$0	\$0	\$0
2003-05 legislative appropriations	92.12	11,570,006	4,085,300	15,655,306
Legislative increase (decrease) to executive budget	92.12	\$11,570,006	\$4,085,300	\$15,655,306
Legislative increase (decrease) to 2001-03 appropriations	(16.91)	(\$910,841)	\$4,085,300	\$3,174,459

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly approved the executive recommendation to not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the funding available to the University System.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	92.12	\$11,365,513		\$11,365,513
Allocated funding from the recommended University System office capital assets line item to individual higher education institutions		265,334		265,334
Reduced funding for campus operations		(221,435)		(221,435)
Reduced funding for information technology; however, the reduction is not limited to information technology		(39,406)		(39,406)
Provided funding for costs associated with the institution's high-tech laptop computer initiative		200,000		200,000
Provided funding from state bonding proceeds for the Graichen Gymnasium elevator and emergency exits			\$785,300	785,300
Provided funding from revenue bond proceeds for renovation of Kolstoe Hall			3,300,000	3,300,000
Total	92.12	\$11,570,006	\$4,085,300	\$15,655,306

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 92.12 FTE positions, a decrease of 16.91 FTE positions from the authorized number of FTE positions for the 2001-03 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to

the level supported by the general fund. Pursuant to Section 10 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2005-07 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 7 and 34 of House Bill No. 1003, to appropriate on a continuing basis (through June 30, 2005) all other funds received by the institutions of higher education during the 2003-05 biennium. Consequently, the legislative appropriation for Valley City State University does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of \$265,334 from the general fund for extraordinary repairs, the same amount appropriated for the 2001-03 biennium. In addition, the Legislative Assembly appropriated \$4,085,300 of special funds, \$785,300 from state bonding proceeds and \$3,300,000 from revenue bond proceeds, for an elevator and emergency exit for Graichen Gymnasium (\$785,300) and renovation of Kolstoe Hall (\$3,300,000).

**Williston State College
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$0	\$0	\$0
2003-05 legislative appropriations	46.17	5,476,161		5,476,161
Legislative increase (decrease) to executive budget	46.17	\$5,476,161	\$0	\$5,476,161
Legislative increase (decrease) to 2001-03 appropriations	(4.06)	(\$37,503)	\$0	(\$37,503)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly approved the executive recommendation to not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the funding available to the University System.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	46.17	\$5,424,874		\$5,424,874
Allocated funding from the recommended University System office capital assets line item to individual higher education institutions		88,790		88,790
Reduced funding for campus operations		(105,693)		(105,693)
Reduced funding for information technology; however, the reduction is not limited to information technology		(6,810)		(6,810)
Provided funding from the operations pool for career and technical education programs offered through the North Dakota University System in high demand occupations and growth industries in North Dakota		75,000		75,000
Total	46.17	\$5,476,161	\$0	\$5,476,161

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 46.17 FTE positions, a decrease of 4.06 FTE positions from the authorized number of FTE positions for the 2001-03 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 10 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2005-07 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 7 and 34 of House Bill No. 1003, to appropriate on a continuing basis (through June 30, 2005) all other funds received by the institutions of higher education during the 2003-05 biennium. Consequently, the legislative appropriation for Williston State College does not include a specific appropriation of other funds.

Capital Improvements

The Legislative Assembly provided funding of \$88,790 from the general fund for extraordinary repairs, the same amount appropriated for the 2001-03 biennium.

DEPARTMENT OF HUMAN SERVICES - SUMMARY

DEPARTMENTWIDE

FTE positions - The Department of Human Services is authorized a total of 2,057.42 full-time equivalent (FTE) positions for the 2003-05 biennium, an increase of 16.3 FTE positions compared to the executive budget and a decrease of 186.15 compared to the 2001-03 biennium. The executive budget recommendation included the elimination of 202.45 FTE positions. The Legislative Assembly approved eliminating 189.15 FTE positions but restored 13.3 FTE positions relating to the Ruth Meiers Adolescent Treatment Center in Grand Forks (see **Human Service Centers** section below). The Legislative Assembly also added 4 FTE positions and removed 1 FTE position at the human service centers.

Health care trust fund - The executive budget recommended appropriations of \$37,335,878 from the health care trust fund for Department of Human Services programs. The Legislative Assembly appropriated funding for these Department of Human Services' programs directly from the general fund and authorized a \$38,911,035 transfer from the health care trust fund to the general fund during the 2003-05 biennium.

Funding flexibility - The Legislative Assembly authorized the department to transfer appropriation authority between line items within each subdivision of the department and between subdivisions of the department for the 2003-05 biennium. The department is to report to the Budget Section after June 30, 2004, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 2005 Legislative Assembly regarding any transfers made.

Health and medical funding pool - The Legislative Assembly appropriated \$3,125,000, of which \$1 million is from the general fund to the department for supplementing other appropriations provided to the department for medical assistance, the Developmental Center, State Hospital, and home and community-based services programs.

MANAGEMENT

Funding source change - The Legislative Assembly reduced general fund support and increased other funds from special or federal funds, if available, by \$1.5 million for the department's administration support and information technology programs.

Transfer of information technology positions - The Legislative Assembly provided for the reduction and transfer of 5 FTE positions relating to

information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services, from the Department of Human Services to the Information Technology Department. The Department of Human Services is to establish an information technology services accounting code consisting of funding related to the salaries and wages for the identified employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs. The Department of Human Services is to use the funding contained in the information technology services account to purchase information technology services from the Information Technology Department. The department is entitled to receive from the Information Technology Department the equivalent in services that would have been performed by the employees in the transferred positions at a cost not to exceed the amounts transferred to the agency's information technology services account.

PROGRAM AND POLICY

Funding source change - The Legislative Assembly reduced general fund support and increased other funds from special or federal funds, if available, by \$3,150,000 for the programs included under the program/policy management subdivision.

Operating expense reduction - The Legislative Assembly reduced the operating expenses line item of the program/policy management subdivision by \$1 million. The department may determine the specific areas to reduce.

TANF - Funding for temporary assistance for needy families (TANF) benefits is provided at \$29,507,940 of federal funds, the same as the executive budget and \$3,881,884 more than the 2001-03 legislative appropriation of \$25,626,056.

Indian county allocation - Subsection 3 of North Dakota Century Code Section 50-01.2-03.2 provides for grant payments to Indian counties for their economic assistance program administrative costs that are in excess of the statewide average. The section provides that the grants be distributed at 90 percent of the excess costs. The Legislative Assembly provided \$2,614,166 for these grants, of which \$649,559 is from the general fund and \$1,964,607 is from "retained funds," the same as the executive budget and \$89,166 more than the 2001-03 biennium appropriation. Compared to the 2001-03 biennium general fund appropriation, the 2003-05 biennium general fund appropriation is \$192,566 more.

Basic care assistance - The schedule below provides a comparison of funding for basic care assistance. The Legislative Assembly did not change

the executive recommendation to provide a 1.2 percent annual inflationary increase for basic care assistance providers

	2001-03 Biennium	2003-05 Executive Budget	2003-05 Legislative Appropriation	2003-05 Legislative Increase (Decrease) to 2003-05 Executive Budget	2003-05 Legislative Increase (Decrease) to 2001-03
Total basic care assistance	\$8,864,258	\$8,395,725	\$8,395,725	\$0	(\$468,533)
General fund		\$365,777	\$747,857	\$382,080	\$747,857
Health care trust fund	\$382,080	\$382,080		(\$382,080)	(\$382,080)
"Retained funds"	\$2,400,992	\$2,284,362	\$2,284,362	\$0	(\$116,630)
Federal funds	\$6,081,186	\$5,363,506	\$5,363,506	\$0	(\$717,680)

Medical assistance - The Legislative Assembly provided total funding of \$95,207,239 for **prescription drug costs** under the medical assistance program, \$5,878,000 less than the executive budget recommendation but \$16,091,517 more than the 2001-03 biennium appropriation of \$79,115,722. The Legislative Assembly approved House Bill No. 1399 which appropriates \$100,000 from the general fund to the Insurance Department for implementing a pharmaceutical manufacturers drug access program and House Bill No. 1430 which requires the Department of Human Services to implement drug utilization review and drug prior authorization for the medical assistance program.

The budget reflects the **federal medical assistance percentage (FMAP)** for North Dakota to be 69.87 percent in federal fiscal year 2002, 68.36 percent in federal fiscal year 2003, 68.31 percent in federal fiscal year 2004, and a projected 67.47 percent in federal fiscal year 2005.

The Legislative Assembly approved the executive recommendation to change a number of **medical assistance policies and eligibility requirements**, including limiting capital costs that hospitals may charge (total estimated savings of \$1.8 million), limiting allowable charges to the Medicaid maximum allowable charge when medical assistance is the secondary payer to Medicare (total estimated savings of \$6.1 million), allowing individuals to apply only up to \$15 per month toward their recipient liability for previous medical charges (total estimated savings of \$2.2 million), and determining

adult family members ineligible if the primary family wage earner works more than 100 hours per month (total estimated savings of \$12.9 million). The Legislative Assembly required the department to establish a **\$6 copayment** for medical assistance recipients for each emergency room visit that is not designated an emergency service by the medical services provider and to **establish other copayments or limits and make other programmatic changes** within the medical services program to operate the program within the funding levels appropriated for the 2003-05 biennium.

The Legislative Assembly approved **Senate Bill No. 2194** which allows certain eligible individuals receiving **personal care services** under the service payments for elderly and disabled (SPED), expanded SPED, and other programs to receive those services under the medical assistance program. As a result, the Legislative Assembly increased funding for medical assistance by \$2,800,273, \$897,208 of which is from the general fund and \$1,903,065 of federal funds. Funding for SPED and expanded SPED was reduced by \$2,161,313. The bill also establishes a **medical assistance buy-in program** for individuals with disabilities. As a result of this program, funding for medical assistance grants was increased by \$1,314,335, \$421,113 of which is from the general fund and \$893,222 of federal funds.

The schedule below provides a comparison of funding for medical assistance, excluding funding relating to nursing facility care and other long-term care services, the intergovernmental transfer program, developmental disabilities grants, and Healthy Steps program.

	2001-03 Biennium	2003-05 Executive Budget	2003-05 Legislative Appropriation	2003-05 Legislative Increase (Decrease) to 2003-05 Executive Budget	2003-05 Legislative Increase (Decrease) to 2001-03
Total medical assistance	\$439,420,726	\$509,664,407	\$505,714,774	(\$3,949,633)	\$66,294,048
General fund	\$121,735,059	\$144,756,171	\$143,484,131	(\$1,272,040)	\$21,749,072
Federal funds	\$307,299,670	\$352,323,436	\$349,645,843	(\$2,677,593)	\$42,346,173
Community health trust fund	\$114,755	\$114,755	\$114,755	\$0	\$0
Estate collections	\$4,251,632	\$1,818,408	\$1,818,408	\$0	(\$2,433,224)
Other funds	\$6,019,610	\$10,651,637	\$10,651,637	\$0	\$4,632,027

Intergovernmental transfer program - The schedule below provides a comparison of the funding for the intergovernmental transfer program. This funding is used by the department for making the government nursing facility funding pool payments to the government nursing facilities in Dunseith and

McVille. The general fund amounts are returned to the general fund, and the federal funds are deposited in the health care trust fund for use as appropriated by the Legislative Assembly.

	2001-03 Biennium	2003-05 Executive Budget	2003-05 Legislative Appropriation	2003-05 Legislative Increase (Decrease) to 2003-05 Executive Budget	2003-05 Legislative Increase (Decrease) to 2001-03
Total intergovernmental transfer program	\$38,750,000	\$27,495,655	\$27,495,655	\$0	(\$11,254,345)
General fund	\$11,650,000	\$8,682,211	\$8,682,211	\$0	(\$2,967,789)
Federal funds	\$27,100,000	\$18,813,444	\$18,813,444	\$0	(\$8,286,556)

Healthy Steps - The Legislative Assembly approved the executive recommendation to provide total funding of \$9,486,384 for Healthy Steps (children's health insurance program). Of this amount, \$2,127,162 is from the general fund, and \$7,359,222 is federal funds. Compared to the 2001-03 biennium projected expenditures, this is a \$2,272,515 increase, \$579,692 of which is from the general fund and \$1,692,823 of federal funds. The Legislative Assembly continued eligibility requirements for the program at 140 percent of poverty and anticipated an insurance premium rate of \$154.22 per child per month, an increase of 22 percent compared to the 2001-03 premium rate of \$126.40. The Legislative Assembly provided funding to serve 2,563 children for each month of the 2003-05 biennium.

The Legislative Assembly approved Senate Bill No. 2074 which continues the removal of the asset test for children and families coverage groups and pregnant women to be eligible for medical assistance. The change was made by the 2001 Legislative Assembly but only for the 2001-03 biennium.

Developmental disabilities grants - The schedule below provides a comparison of funding for developmental disabilities (DD) grants. The Legislative Assembly did not change the executive recommendation which did

not provide any inflationary increases for the 2003-05 biennium. The Legislative Assembly added \$13,596,833, of which \$4,486,051 is from the general fund for **increasing the average wage** for employees of developmental disabilities services providers by **87 cents per hour** and additional funding of \$3,498,839, of which \$1,119,628 is from the general fund to **increase the allowable fringe benefit percentage** for employees of developmental disabilities services providers **from 30 to 33 percent** of salary. The Legislative Assembly did not change the executive recommendation which added \$5,833,248, of which \$1,850,326 is from the general fund for increasing developmental disability provider rates to allow for payment of a **provider tax** on intermediate care facilities for the mentally retarded (ICF/MR), including the Developmental Center, pursuant to provisions of Senate Bill No. 2153. The Legislative Assembly also approved the executive recommendation to **require individuals** with developmental disabilities to be **Medicaid-eligible** in order to receive developmental disability services which results in estimated general fund savings of \$2 million for the 2003-05 biennium.

	2001-03 Biennium	2003-05 Executive Budget	2003-05 Legislative Appropriation	2003-05 Legislative Increase (Decrease) to 2003-05 Executive Budget	2003-05 Legislative Increase (Decrease) to 2001-03
Total DD grants	\$164,174,966	\$173,460,455	\$190,556,127	\$17,095,672	\$26,381,161
General fund	\$53,705,370	\$56,219,529	\$61,852,208	\$5,632,679	\$8,146,838
Health care trust fund	\$43,200	\$27,000		(\$27,000)	(\$43,200)
Federal funds	\$110,426,396	\$117,213,926	\$128,703,919	\$11,489,993	\$18,277,523

Nursing facilities - The Legislative Assembly appropriated \$318,444,621, of which \$102,073,218 is from the general fund for nursing facility payments under the medical assistance program. The schedule below compares the funding appropriated to the executive budget and the 2001-03 legislative appropriation. The funding level provides for a 3.66 percent annual inflationary increase and anticipates that an average

of 3,664 nursing facility beds will be occupied by Medicaid recipients during the 2003-05 biennium. The Legislative Assembly provided that the nursing facility direct care limit be set at \$85 per day adjusted for inflation for the 2003-05 biennium rather than at the 85th percentile as recommended in the executive budget. The direct care limit is set by statute and for the 2001-03 biennium was at the 99th percentile.

	2001-03 Biennium	2003-05 Executive Budget	2003-05 Legislative Appropriation	2003-05 Legislative Increase (Decrease) to 2003-05 Executive Budget	2003-05 Legislative Increase (Decrease) to 2001-03
Total nursing facilities	\$295,051,613	\$306,559,827	\$318,444,621	\$11,884,794	\$23,393,008
General fund	\$79,696,081	\$69,149,274	\$102,073,218	\$32,923,944	\$22,377,137
Health care trust fund	\$9,137,300	\$29,137,300		(\$29,137,300)	(\$9,137,300)
Federal funds	\$206,218,232	\$208,273,253	\$216,371,403	\$8,098,150	\$10,153,171

SPED - The schedule below provides a comparison of funding for SPED. The Legislative Assembly approved Senate Bill No. 2083, which provides legislative intent that the department reduce the income levels used to determine an eligible individual's share of the cost of SPED services which will result in those with higher incomes and assets paying a greater share for the cost of the services being received. As a result, the Legislative Assembly reduced funding for SPED by \$2,770,579,

\$2,632,049 of which is from the general fund and \$138,530 of county funds. The Legislative Assembly also approved Senate Bill No. 2194 which allows certain eligible individuals receiving personal care services under the SPED program to receive those services under the medical assistance program. As a result, the Legislative Assembly reduced funding for SPED by \$1,515,260, \$1,439,497 of which is from the general fund and \$75,763 of county funds because these costs will be charged to Medicaid.

	2001-03 Biennium	2003-05 Executive Budget	2003-05 Legislative Appropriation	2003-05 Legislative Increase (Decrease) to 2003-05 Executive Budget	2003-05 Legislative Increase (Decrease) to 2001-03
Total SPED	\$13,415,595	\$18,839,037	\$14,553,198	(\$4,285,839)	\$1,137,603
General fund	\$5,835,142	\$10,773,063	\$13,599,819	\$2,826,756	\$7,764,677
Health care trust fund	\$6,898,302	\$6,898,302		(\$6,898,302)	(\$6,898,302)
County funds	\$682,151	\$941,952	\$727,659	(\$214,293)	\$45,508
Federal funds		\$225,720	\$225,720	\$0	\$225,720

Expanded SPED - The schedule below provides a comparison of funding for expanded SPED. The Legislative Assembly reduced funding for expanded SPED by \$300,000 from the general fund and approved Senate Bill No. 2194 which allows certain eligible individuals receiving personal care services under the expanded SPED program to receive

those services under the medical assistance program. As a result, the Legislative Assembly reduced funding for expanded SPED by an additional \$646,053 from the general fund because these cost will be charged to Medicaid.

	2001-03 Biennium	2003-05 Executive Budget	2003-05 Legislative Appropriation	2003-05 Legislative Increase (Decrease) to 2003-05 Executive Budget	2003-05 Legislative Increase (Decrease) to 2001-03
Total expanded SPED	\$1,203,280	\$1,780,594	\$834,541	(\$946,053)	(\$368,739)
General fund	\$1,203,280	\$1,780,594	\$834,541	(\$946,053)	(\$368,739)

Senior citizen mill levy match - The Legislative Assembly provided funding of \$1,662,945 from the general fund for the senior citizen mill levy matching grant program, the same total level as recommended in the executive budget and as the 2001-03 biennium; however, the executive budget and the 2001-03 appropriation included \$1,412,945 from the general fund and \$250,000 from the health care trust fund. The funding provided is estimated to match counties at 54.1 percent for all mills levied for senior citizen programs in tax year 2002. Counties may levy up to 2 mills for these programs.

Independent living center grants - The Legislative Assembly provided \$1,094,539, of which \$292,345 is from the general fund and \$802,194 is federal funds for independent living center grants, a reduction of \$2,160 compared to the 2001-03 biennium appropriation of \$1,096,699, of which \$418,992 was from the general fund, \$100,000 from the health care trust fund, and \$577,707 from federal funds. The executive budget recommended funding for independent living centers of \$1,094,539, \$192,345 of which is from the general fund, \$100,000 from the health care trust fund, and \$802,194 of federal funds.

STATE HOSPITAL

Food service and laundry facilities - The Legislative Assembly approved the executive recommendation providing for the transfer of the State Hospital's food service and laundry facilities to the Department of Corrections and Rehabilitation. The change results in the reduction of \$2,439,427 from the general fund and 34 FTE positions from the State Hospital, of which \$2,185,862 and 30 FTE positions relate to the food service and \$253,565 and 4 FTE positions to the laundry. The Department of Corrections and Rehabilitation budget includes 15 FTE positions as transfers from the State Hospital.

Sale of LaHaug Building - The executive budget recommended the sale of the State Hospital's LaHaug Building to the Department of Corrections and

Rehabilitation for use as a women's prison. The executive budget included \$400,000 of income from the sale of the building in the State Hospital budget for remodeling other State Hospital buildings to house State Hospital programs and services previously located in the LaHaug Building. The Legislative Assembly did not approve the sale of the LaHaug Building to the Department of Corrections and Rehabilitation but did not remove the \$400,000 of income relating to the sale of the building from the State Hospital budget. The State Hospital will not be receiving or spending any of these funds.

Treatment services to inmates - The Legislative Assembly did not change the executive recommendation which included \$2,595,848 of income from the Department of Corrections and Rehabilitation for providing treatment services to inmates of the James River Correctional Center.

Unspecified general fund reduction - The Legislative Assembly reduced the general fund support for the State Hospital by \$2 million. The Department of Human Services may determine the specific areas to reduce within the State Hospital budget.

DEVELOPMENTAL CENTER

Provider tax - The Legislative Assembly approved the executive recommendation to add \$1,665,810, of which \$528,062 is from the general fund, for the Developmental Center to pay the provider tax on intermediate care facilities for the mentally retarded pursuant to provisions of Senate Bill No. 2153.

Unspecified general fund reduction - The Legislative Assembly reduced the general fund support for the Developmental Center by \$1 million. The Department of Human Services may determine the specific areas to reduce within the Developmental Center budget.

HUMAN SERVICE CENTERS

Mental health funding pool - The Legislative Assembly approved the executive recommendation to provide \$250,000 from the general fund for a

funding pool to be distributed to human service centers for mental health and substance abuse services based on the needs of the regions.

Adolescent treatment centers - The executive budget recommended privatizing the operations of the Ruth Meiers Adolescent Treatment Center in Grand Forks and the Manchester House Adolescent Treatment Center in Bismarck. The department distributed requests for proposals for organizations to operate the centers. The department accepted the proposal of Pride, Inc., to operate the Manchester House in Bismarck, but did not receive any proposals from organizations to operate the Ruth Meiers

Adolescent Treatment Center in Grand Forks. The Legislative Assembly approved the executive recommendation to privatize the operations of the Manchester House in Bismarck which reduced the West Central Human Service Center budget by \$2,019,351, of which \$604,377 is from the general fund, and removed 20 FTE positions. The Legislative Assembly restored funding to the Northeast Human Service Center budget to continue operating the Ruth Meiers Adolescent Treatment Center of \$1,945,433, \$545,016 of which is from the general fund, including 13.3 FTE positions.

Department of Human Services
Senate Bill No. 2012, House Bill No. 1007

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	2,041.12	\$378,572,046	\$1,110,494,419	\$1,489,066,465
2003-05 legislative appropriations	<u>2,057.42</u>	<u>411,081,823</u>	<u>1,097,801,932</u>	<u>1,508,883,755</u>
Legislative increase (decrease) to executive budget	16.30	\$32,509,777	(\$12,692,487)	\$19,817,290
Legislative increase (decrease) to 2001-03 appropriations	(186.15)	\$41,397,948	\$50,379,960 ¹	\$91,777,908 ¹

¹ The 2001-03 appropriations reflect \$16.3 million of special funds deficiency appropriations approved by the 2003 Legislative Assembly in House Bill No. 1200 and Senate Bill No. 2025.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Human Services is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

Major Items and FTE Changes

	FTE Positions	General Fund	Other Funds	Total
Management				
Executive budget recommendation	<u>113.80</u>	<u>\$16,050,143</u>	<u>\$31,912,324</u>	<u>\$47,962,467</u>
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(74,782)	(45,521)	(120,303)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(6,688)	(4,458)	(11,146)
Replaced general fund support with special or federal funds, if available		(1,500,000)	1,500,000	0
Administration Support				
Reduced funding for postage to a total of \$1,208,184		(160,709)	(241,064)	(401,773)
Increased funding from the lands and minerals trust fund to accommodate any loan prepayments by developmental disabilities services providers during the 2003-05 biennium			1,000,000	1,000,000
Information Technology Division				
Reduced funding for information technology contractual services		(100,000)		(100,000)

Removed funding for the computer system changes relating to the prescription drug assistance program for senior citizens recommended in the executive budget		(116,174)	(116,174)	(232,348)
Added funding for computer system changes relating to the medical assistance buy-in program authorized in Senate Bill No. 2194		125,000	125,000	250,000
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(499,174)		(499,174)
Total legislative adjustments - Management	0	(\$2,332,527)	\$2,217,783	(\$114,744)
Total Management	113.80	\$13,717,616	\$34,130,107	\$47,847,723
Program and Policy				
Executive budget recommendation	234.80	\$272,175,155	\$974,986,069	\$1,247,161,224
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(68,008)	(165,603)	(233,611)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(7,087)	(16,752)	(23,839)
Added funding in a separate section for providing grants to community entities to assist in applying for federal health center grants		50,000		50,000
Reduced operating expenses. The department may determine the specific areas to reduce.		(1,000,000)		(1,000,000)
Replaced general fund support with special or federal funds, if available		(3,150,000)	3,150,000	0
Economic Assistance Policy				
No changes were made				
Child Support				
Restored funding removed in the executive budget for the Devils Lake child support enforcement unit reservation project		215,016		215,016
Medical Services				
Removed funding recommended in the executive budget for a prescription drug assistance program for senior citizens		(3,099,061)	(6,637,060)	(9,736,121)

Added funding for a medical assistance buy-in program and to expand personal care option services under Medicaid as authorized in Senate Bill No. 2194	1,318,321	2,796,287	4,114,608
Restored funding removed in the executive budget for the following optional medical assistance services for adults:			
• Chiropractic	84,905	182,702	267,607
• Dental	2,317,751	4,987,568	7,305,319
• Hospice	409,784	881,816	1,291,600
• Private duty nursing	465	994	1,459
Reduced funding for the following medical assistance services - Durable medical equipment, optometric, and psychological	(430,928)	(910,844)	(1,341,772)
Reduced funding for prescription drugs in the medical assistance program to provide a total of \$95.2 million	(1,880,000)	(3,995,000)	(5,875,000)
Added funding for medical assistance grants with the priority for use of the funding designated for increasing payments for inpatient, outpatient, and physician services	500,000	1,062,500	1,562,500
Removed funding for rehabilitation services relating to the Ruth Meiers Adolescent Treatment Center because the center will continue to be operated by the Northeast Human Service Center rather than by a private organization as anticipated in the executive budget. The funding removed was added to the Northeast Human Service Center.	(493,277)	(1,046,556)	(1,539,833)
Replaced funding from the health care trust fund with general fund support for administrative costs of the medical services program	62,666	(62,666)	0
Added funding to provide an 87 cents per hour salary increase to employees of developmental disabilities services providers	4,486,051	9,110,782	13,596,833
Added funding to increase the allowable fringe benefit percentage for employees of developmental disabilities services providers from 30 to 33 percent of salary	1,119,628	2,379,211	3,498,839
Replaced funding from the health care trust fund with general fund support for developmental disability grants	27,000	(27,000)	0
Long-Term Care Services			
Reduced funding as a result of the department's December 2002 reprojection of anticipated nursing facility costs for the 2003-05 biennium	(1,600,000)	(3,400,000)	(5,000,000)

Restored funding removed in the executive budget for the 3 percent nursing facility operating margin	1,932,211	4,156,667	6,088,878
Restored funding removed in the executive budget for nursing facility incentives	432,302	931,245	1,363,547
Provided that the nursing facility direct care limit be set at \$85 per day for the 2003-05 biennium rather than the 85th percentile as recommended in the executive budget	2,925,207	6,204,652	9,129,859
Replaced funding from the health care trust fund with general fund support for nursing facility payments in the medical assistance program	29,137,300	(29,137,300)	0
Replaced funding from the health care trust fund with general fund support for targeted case management services	338,530	(338,530)	0
Added funding in House Bill No. 1007 to provide for Medicaid reimbursement for the additional skilled nursing care beds authorized for the Veterans Home	96,924	205,586	302,510
Reduced funding for service payments for the elderly and disabled (SPED) relating to income and asset eligibility changes included in Senate Bill No. 2083	(2,632,049)	(138,530)	(2,770,579)
Reduced funding for the SPED program due to provisions of Senate Bill No. 2194 which allow personal care services to be covered under the medical assistance program for certain eligible individuals who were receiving those services under the SPED program	(1,439,497)	(75,763)	(1,515,260)
Replaced funding from the health care trust fund with general fund support for the SPED program	6,898,302	(6,898,302)	0
Reduced funding for expanded SPED	(300,000)		(300,000)
Reduced funding for expanded SPED due to provisions of Senate Bill No. 2194 which allow personal care services to be covered under the medical assistance program for certain eligible individuals who were receiving those services under the expanded SPED program	(646,053)		(646,053)
Added funding for increasing home and community-based services case management fees	150,000		150,000
Replaced funding from the health care trust fund with general fund support for the basic care assistance program	382,080	(382,080)	0

Aging Services			
Replaced funding from the health care trust fund with general fund support for the senior citizen mill levy matching grant program	250,000	(250,000)	0
Replaced funding from the health care trust fund with general fund support for qualified service provider training grants and reduced funding for the grants from \$140,000 to \$40,000	40,000	(140,000)	(100,000)
Children and Family Services			
Removed funding for eligibility determination costs relating to the prescription drug assistance program for senior citizens recommended in the executive budget	(158,500)	(158,500)	(317,000)
Restored funding removed in the executive budget for special needs adoption contract workers	200,000	118,725	318,725
Changed the source of funding to reflect additional general funds anticipated to be available from "refinancing" activities of the Children's Services Coordinating Committee during the 2003-05 biennium	(43,331)	43,331	0
Removed funding for foster care room and board costs relating to the Ruth Meiers Adolescent Treatment Center because the center will continue to be operated by the Northeast Human Service Center rather than by a private organization as anticipated in the executive budget. The funding removed was added to the Northeast Human Service Center.	(51,739)	(353,861)	(405,600)
Provided funding to maintain county reimbursements for child abuse and neglect assessments at \$400 per assessment	225,375		225,375
Restored funding removed in the executive budget for family preservation services to provide for a 90/10 state/county match rather than 80/20 as recommended in the executive budget	475,147		475,147
Mental Health and Substance Abuse Services			
Reduced funding for gambling addiction treatment services from \$225,000 to \$150,000	(75,000)		(75,000)
Developmental Disabilities Council			
Changed the source of funding for operating costs from the general fund to federal funds	(3,294)	3,294	0
Disabilities Services			
Added funding for corporate guardianship services relating to an anticipated increase in caseload and to increase the rate paid from \$3.20 to \$3.92 per day	275,383		275,383

Added funding for supported living arrangement services. The funds may be spent only if local or private matching funds of 1 to 1 are provided for the services. The department is to allocate the funds to each region based on each region's share of individuals with developmental disabilities who are seeking these services.		200,000		200,000
Changed the source of funding for independent living center grants from the health care trust fund to the general fund		100,000	(100,000)	0
Total legislative adjustments - Program and Policy	0.00	\$37,572,524	(\$18,018,987)	\$19,553,537
Total Program and Policy	<u>234.80</u>	<u>\$309,747,679</u>	<u>\$956,967,082</u>	<u>\$1,266,714,761</u>
State Hospital				
Executive budget recommendation	416.90	\$27,907,339	\$16,405,360	\$44,312,699
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(381,651)		(381,651)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(41,487)		(41,487)
Reduced funding for the State Hospital. The department may determine the specific areas to reduce.		(2,000,000)		(2,000,000)
Total legislative adjustments - State Hospital	0.00	(\$2,423,138)	\$0	(\$2,423,138)
Total State Hospital	<u>416.90</u>	<u>\$25,484,201</u>	<u>\$16,405,360</u>	<u>\$41,889,561</u>
Developmental Center				
Executive budget recommendation	458.04	\$9,913,773	\$32,234,480	\$42,148,253
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(90,309)	(249,828)	(340,137)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(12,235)	(34,824)	(47,059)

Reduced funding for the Developmental Center. The department may determine the specific areas to reduce.		(1,000,000)		(1,000,000)
Total legislative adjustments - Developmental Center	0.00	(\$1,102,544)	(\$284,652)	(\$1,387,196)
Total Developmental Center	458.04	\$8,811,229	\$31,949,828	\$40,761,057
Northwest Human Service Center				
Executive budget recommendation	51.00	\$3,684,311	\$3,647,636	\$7,331,947
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(49,167)	(1,838)	(51,005)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(5,105)	(158)	(5,263)
Total legislative adjustments - Northwest Human Service Center	0.00	(\$54,272)	(\$1,996)	(\$56,268)
Total Northwest Human Service Center	51.00	\$3,630,039	\$3,645,640	\$7,275,679
North Central Human Service Center				
Executive budget recommendation	112.78	\$7,948,212	\$6,735,850	\$14,684,062
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(96,270)	(10,848)	(107,118)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(10,746)	(1,328)	(12,074)
Added one activity therapist II and one administrative assistant I. Federal funding for the positions was included in the executive budget.	2.00			
Total legislative adjustments - North Central Human Service Center	2.00	(\$107,016)	(\$12,176)	(\$119,192)
Total North Central Human Service Center	114.78	\$7,841,196	\$6,723,674	\$14,564,870
Lake Region Human Service Center				
Executive budget recommendation	64.00	\$4,699,565	\$3,790,662	\$8,490,227
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(55,883)	(6,909)	(62,792)

Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(5,722)	(780)	(6,502)
Removed one vacant FTE administrative position (no funding was included in the executive budget for the position)	(1.00)			
Total legislative adjustments - Lake Region Human Service Center	(1.00)	(\$61,605)	(\$7,689)	(\$69,294)
Total Lake Region Human Service Center	63.00	\$4,637,960	\$3,782,973	\$8,420,933
Northeast Human Service Center				
Executive budget recommendation	123.60	\$7,529,216	\$10,099,083	\$17,628,299
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(70,661)	(48,782)	(119,443)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(7,208)	(5,898)	(13,106)
Added funding to continue operating the Ruth Meiers Adolescent Treatment Center. The executive budget anticipated the center would be operated by a private organization. The funding added was reduced from medical services and children and family services programs.	13.30	545,016	1,400,417	1,945,433
Total legislative adjustments - Northeast Human Service Center	13.30	\$467,147	\$1,345,737	\$1,812,884
Total Northeast Human Service Center	136.90	\$7,996,363	\$11,444,820	\$19,441,183
Southeast Human Service Center				
Executive budget recommendation	183.20	\$9,690,147	\$11,233,890	\$20,924,037
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(164,016)	(16,800)	(180,816)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(16,811)	(1,868)	(18,679)

Added one activity therapist I. Federal funding for the position was included in the executive budget.	1.00			
Total legislative adjustments - Southeast Human Service Center	1.00	(\$180,827)	(\$18,668)	(\$199,495)
Total Southeast Human Service Center	184.20	\$9,509,320	\$11,215,222	\$20,724,542
South Central Human Service Center				
Executive budget recommendation	86.00	\$5,713,073	\$5,741,308	\$11,454,381
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(78,067)	(8,464)	(86,531)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(7,899)	(976)	(8,875)
Total legislative adjustments - South Central Human Service Center	0.00	(\$85,966)	(\$9,440)	(\$95,406)
Total South Central Human Service Center	86.00	\$5,627,107	\$5,731,868	\$11,358,975
West Central Human Service Center				
Executive budget recommendation	119.00	\$8,575,947	\$9,137,950	\$17,713,897
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(102,620)	(14,668)	(117,288)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(10,118)	(1,647)	(11,765)
Added one office assistant I. Federal funding for the position was included in the executive budget.	1.00			
Total legislative adjustments - West Central Human Service Center	1.00	(\$112,738)	(\$16,315)	(\$129,053)
Total West Central Human Service Center	120.00	\$8,463,209	\$9,121,635	\$17,584,844
Badlands Human Service Center				
Executive budget recommendation	78.00	\$4,435,165	\$4,569,807	\$9,004,972
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(62,331)	(9,861)	(72,192)

Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(6,930)	(1,223)	(8,153)
Total legislative adjustments - Badlands Human Service Center	0.00	(\$69,261)	(\$11,084)	(\$80,345)
Total Badlands Human Service Center	78.00	\$4,365,904	\$4,558,723	\$8,924,627
Mental Health Contingency Pool				
Executive budget recommendation	0.00	\$250,000		\$250,000
Total legislative adjustments - Mental health contingency pool	0.00	\$0	\$0	\$0
Total Mental Health Contingency Pool	0.00	\$250,000	\$0	\$250,000
Health and Medical Funding Pool				
Executive budget recommendation	0.00	\$0	\$0	\$0
The legislative action:				
Added funding to supplement other funding provided for medical assistance, the Developmental Center, the State Hospital, and home and community-based services programs		1,000,000	2,125,000	3,125,000
Total legislative adjustments - Health and medical funding pool	0.00	\$1,000,000	\$2,125,000	\$3,125,000
Total Health and Medical Funding Pool	0.00	\$1,000,000	\$2,125,000	\$3,125,000
Total Department of Human Services				
Executive budget recommendation	2,041.12	\$378,572,046	\$1,110,494,419	\$1,489,066,465
Total legislative adjustments	16.30	\$32,509,777	(\$12,692,487)	\$19,817,290
Legislative appropriation	2,057.42	\$411,081,823	\$1,097,801,932	\$1,508,883,755

Other Sections in Bill

Health center grants - Section 2 was added appropriating \$50,000 from the general fund for grants to community entities to support community development and grant writing services for the purpose of health center grant application submission. The department may not award an individual grant of more than \$10,000. The \$50,000 appropriation is reflected in the legislative changes shown above under **Program and Policy**.

Health and medical funding pool - Section 3 was added appropriating \$3,125,000, of which \$1 million is from the general fund for a health and medical funding pool for supplementing other appropriations provided for medical assistance, the Developmental Center, State Hospital, and home and community-based services programs. The section includes legislative intent that whenever possible, the department use the general fund moneys appropriated in the section to maximize federal funding. This appropriation is reflected in the legislative changes shown above under **Health and Medical Funding Pool**.

Devils Lake Child Support Enforcement Unit - Section 4 was added providing legislative intent that the 2005 Legislative Assembly consider removing general fund support for the Devils Lake Child Support Enforcement Unit Reservation Project if the project's performance results do not improve during the 2003-05 biennium.

Developmental disability facility loan payments - Section 5 provides that \$3,261,556 appropriated from the lands and minerals trust fund under **Administration Support** is for making principal and interest payments to the common schools trust fund on DD loans from fund Nos. 2 and 3.

Health care trust fund transfer to the general fund - Section 6 was added transferring \$35,911,035 from the health care trust fund to the general fund during the 2003-05 biennium.

Department of Human Services funding transfers - Section 7 was added authorizing the Department of Human Services to transfer appropriation authority between line items within each subdivision of the department and between subdivisions of the department. The department is to report to the Budget Section after June 30, 2004, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 2005 Legislative Assembly regarding any transfers made.

Federal TANF block grant programs expenditures - Section 8 was added requiring the department to make the changes necessary to programs utilizing funding from the TANF block grant to provide that by the end of the 2003-05 biennium, the total anticipated spending on these programs for each fiscal year does not exceed North Dakota's annual federal TANF block grant allocation.

Medical services copayments and limits - Section 9 was added requiring the department to establish a \$6 copayment for medical assistance recipients for each emergency room visit that is not designated an emergency service by the medical services provider and to establish other copayments or limits and make other programmatic changes within the medical services program to operate the program within the funding levels appropriated for the 2003-05 biennium.

Nursing facility direct care limit - Section 10 was added establishing for the 2003-05 biennium an \$85 direct care limit, adjusted for inflation, for determining nursing facility payment rates.

DD supported living arrangements - Section 11 was added requiring a 50/50 state/local match for the \$200,000 general fund appropriation provided for supported living arrangement services. The section also requires the department to allocate the \$200,000 appropriation proportionately to each human service region of the state based on the number of individuals with developmental disabilities seeking supported living arrangement services in each region.

Vocational rehabilitation surveys - Section 12 was added providing legislative intent that the department only survey vocational rehabilitation clients who become employed regarding job retention and job satisfaction after three months of employment if allowed under federal regulations for the 2003-05 biennium.

Compulsive gambling treatment services - Section 13 was added limiting the department's expenditures for compulsive gambling treatment services to no more than \$400,000 for the 2003-05 biennium.

Legislative Council studies - The following sections were added providing for Legislative Council studies:

Section 14 - Study human services administrative costs (prioritized by Legislative Council).

Section 15 - Study the needs and the services available for children with special health needs.

Section 16 - Study the feasibility and desirability of establishing a Medicaid advisory council (prioritized by Legislative Council).

Section 17 - Study North Dakota's long-term care continuum of services.

Related Legislation

Lottery - Compulsive gambling treatment services - House Bill No. 1243 provides a continuing appropriation of up to \$400,000 per biennium from a portion of the funds generated by the North Dakota Lottery for the Department of Human Services to provide compulsive gambling treatment services.

Prescription drug access program - House Bill No. 1399 appropriates \$100,000 from the general fund to the Insurance Department for implementing a pharmaceutical manufacturers' drug access program.

Medical assistance drug utilization review and prior authorization - House Bill No. 1430 provides for drug utilization review and drug prior authorization for the medical assistance program.

Transfer of information technology positions - Section 10 of House Bill No. 1505 authorizes the reduction and transfer of 5 FTE positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services, from the Department of Human Services to the Information Technology Department. The Department of Human Services is to establish an information technology services accounting code consisting of funding related to the salaries and wages for the identified employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs. The Department of Human Services is to use the funding contained in the information technology services account to purchase information technology services from the Information Technology Department. The department is entitled to receive from the Information Technology Department the equivalent in services that would have been performed by the employees in the transferred positions at a cost not to exceed the amounts transferred to the agency's information technology services account.

Medical assistance eligibility - Senate Bill No. 2074 continues provisions allowing children and family coverage groups and pregnant women to be eligible for medical assistance without considering assets. This change was made by the 2001 Legislative Assembly only for the 2001-03 biennium.

SPED eligibility - Senate Bill No. 2083 provides legislative intent that the Department of Human Services reduce the income levels used to determine an eligible individual's share of the cost of SPED services which will result in those with higher incomes and assets paying a greater share for the cost of the services being received. The bill also provides legislative intent that the department verify income levels and gather information on income-producing and other assets of individuals receiving services.

Targeted case management - Senate Bill No. 2085 continues indefinitely targeted case management and assessment services for eligible elderly and disabled individuals who are at risk of requiring long-term care services. These services were authorized by the 2001 Legislative Assembly only for the 2001-03 biennium.

DD services provider reimbursement system - Senate Bill No. 2086 requires the Department of Human Services to implement by July 1, 2005, a new fee-for-service payment system for providers of services to individuals with developmental disabilities. The department is to report to the Legislative Council on its progress in developing the new system during the 2003-04 interim.

Breast and cervical cancer treatment services - Senate Bill No. 2089 continues medical assistance coverage for breast and cervical cancer treatment. This coverage was added by the 2001 Legislative Assembly only for the 2001-03 biennium.

DD services provider tax - Senate Bill No. 2153 assesses each ICF/MR (intermediate care facility for the mentally retarded) a quarterly fee equal to 1.5 percent of all facilities' gross revenues for the previous year based on each facility's licensed beds.

Medical assistance buy-in and personal care services - Senate Bill No. 2194 establishes a medical assistance buy-in program for individuals with disabilities and allows certain eligible individuals, primarily those now receiving certain SPED and expanded SPED services, to receive personal care services under the medical assistance program.

**Adjutant General/National Guard
Senate Bill No. 2017**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	139.00	\$9,222,228	\$20,824,132	\$30,046,360
2003-05 legislative appropriations	139.00	9,170,983	20,718,716	29,889,699
Legislative increase (decrease) to executive budget	0.00	(\$51,245)	(\$105,416)	(\$156,661)
Legislative increase (decrease) to 2001-03 appropriations	3.00	(\$291,291)	(\$10,578,935)	(\$10,870,226)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Adjutant General is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$42,773)	(\$95,383)	(\$138,156)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(4,312)	(10,033)	(14,345)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(4,160)		(4,160)
Total	0.00	(\$51,245)	(\$105,416)	(\$156,661)

FTE Changes

The 2003-05 biennium appropriation includes funding for 139 FTE positions, an increase of 3 FTE positions from the 2001-03 biennium authorized level of 136 FTE positions. The legislative action did not change the executive recommendation to add 1 FTE geographic information systems specialist II position, 1 FTE security officer II position, and 1 FTE other nonclassified position.

Tuition and Enlistment Compensation Program

The Legislative Assembly did not change the executive recommendation to provide \$1,007,500 from the general fund for the tuition and enlistment compensation program, the same level provided in the 2001-03 biennium. The tuition and enlistment compensation program is a scholarship program providing \$500 per semester for eligible students taking 12 or more credits. Students taking fewer than 12 credits receive a lower payment. In addition, under North Dakota Century Code Section

37-07.1-03, the participating college or university, which includes all state institutions and three private institutions, waives 25 percent of the total tuition cost for each eligible student.

Veterans Cemetery

The Legislative Assembly provided funding of \$275,146, of which \$204,376 is from the general fund and \$70,770 is from the Veterans Cemetery maintenance fund, for the operation of the Veterans Cemetery. This represents an increase in funding of \$75,146 from the 2001-03 general fund appropriation of \$200,000.

Other Sections in Bill

Line item transfer authority - Section 3 provides that the Adjutant General may transfer up to \$800,000 from various line items into the operating expenses and capital assets line items for the maintenance and repair of state-owned armories during the 2003-05 biennium.

Unexpended general fund appropriation - Section 4 provides that the Adjutant General may transfer any unspent general fund appropriations from the 2001-03 biennium into the Adjutant General's emergency fund at the end of the 2001-03 biennium.

**Office of Administrative Hearings
House Bill No. 1018**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	8.00	\$0	\$1,263,589	\$1,263,589
2003-05 legislative appropriations	8.00		1,242,958	1,242,958
Legislative increase (decrease) to executive budget	0.00	\$0	(\$20,631)	(\$20,631)
Legislative increase (decrease) to 2001-03 appropriations	2.00	\$0	(\$131,862)	(\$131,862)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Office of Administrative Hearings is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$10,494)	(\$10,494)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(826)	(826)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)			(4,311)	(4,311)
Reduced funding for computer maintenance contracts			(5,000)	(5,000)
Total	0.00	\$0	(\$20,631)	(\$20,631)

FTE Changes

The 2003-05 appropriation includes funding for 8 FTE positions, an increase of 2 FTE positions from the 2001-03 biennium authorized level of 6 FTE positions. The Legislative Assembly did not change the executive recommendation to replace funding for temporary administrative law judges with 2 FTE administrative law judge positions primarily to conduct Workers Compensation Bureau hearings.

Related Legislation

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$4,311 of special funds reduced from the Office of Administrative Hearings information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

**Aeronautics Commission
House Bill No. 1006**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	6.00	\$522,500	\$8,644,986	\$9,167,486
2003-05 legislative appropriations	6.00	522,500	8,637,292¹	9,159,792¹
Legislative increase (decrease) to executive budget	0.00	\$0	(\$7,694)	(\$7,694)
Legislative increase (decrease) to 2001-03 appropriations	0.00	(\$27,500)	(\$5,942,210)	(\$5,969,710)

¹ Section 3 of House Bill No. 1505 requires the Office of Management and Budget to reduce the special funds appropriation authority for the Aeronautics Commission for the 2003-05 biennium by \$6,942 relating to an information technology reduction. The Office of Management and Budget is to transfer \$6,942 of special funds reduced from the Aeronautics Commission's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Aeronautics Commission is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$7,075)	(\$7,075)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(619)	(619)
Total	0.00	\$0	(\$7,694)	(\$7,694)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 6 FTE positions, the same as the 2001-03 biennium.

Air Carrier Airport Grants

The legislative action did not change the executive recommendation to provide funding of \$3,500,000, of which \$522,500 is from the general fund, for air carrier airport grants. This is a decrease of \$3,438,000 from the funding provided for the 2001-03 biennium of \$6,938,000, which included \$550,000 from the general fund and \$6,388,000 from special funds. The \$3,438,000 decrease consists of \$27,500 from the general fund and \$3,410,500 of special funds including funds collected from aviation fuel taxes and federal funds.

General Aviation (Secondary Airport) Grant Program

The legislative action did not change the executive recommendation to provide funding of \$2,985,000 of special funds for general aviation airport grants. This is a decrease of \$2,485,000 from the funding provided for the 2001-03 biennium of \$5,470,000 from special funds.

**Agricultural Experiment Station
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	435.07	\$36,099,888	\$42,558,300	\$78,658,188
2003-05 legislative appropriations	425.71	35,678,419	42,440,481	78,118,900
Legislative increase (decrease) to executive budget	(9.36)	(\$421,469)	(\$117,819)	(\$539,288)
Legislative increase (decrease) to 2001-03 appropriations	(25.43)	(\$505,226)	\$7,345,244	\$6,840,018

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the Agricultural Experiment Station; however, the Legislative Assembly did provide the Agricultural Experiment Station with funding for state employee health insurance premiums.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	73.65	\$7,547,944	\$8,983,676	\$16,531,694
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$69,670)	(\$15,560)	(\$85,230)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(6,704)	(1,449)	(8,153)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(3,891)		(3,891)
Removed vacant professional position at the Hettinger Research Center and related funding	(1.00)		(83,669)	(83,669)
Transferred 1 FTE Extension Service position and funding from the Bismarck extension office to the Dickinson Research Center	1.00		84,405	84,405
Total legislative changes	0.00	(\$80,265)	(\$16,273)	(\$96,538)
Legislative appropriation - Branch research centers	73.65	\$7,467,679	\$8,967,403	\$16,435,082
Main Research Center				
Executive recommendation	358.55	\$28,551,944	\$32,404,239	\$60,956,183
The legislative action:				

Removed funding recommended in the executive budget for state employee salary increases		(\$314,140)	(\$144,467)	(\$458,607)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(25,640)	(13,380)	(39,020)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(21,424)		(21,424)
Removed vacant FTE positions and funding	(9.36)		(739,918)	(739,918)
Provided funding to the Main Research Center to be distributed to branch research centers to assist in offsetting Interactive Video Network costs in remote areas		20,000		20,000
Provided funding from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal and Range Science, pursuant to the provisions of Senate Bill No. 2334			800,000	800,000
Total legislative changes	<u>(9.36)</u>	<u>(\$341,204)</u>	<u>(\$97,765)</u>	<u>(\$438,969)</u>
Legislative appropriation - Main Research Center	<u>349.19</u>	<u>\$28,210,740</u>	<u>\$32,306,474</u>	<u>\$60,517,214</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.87</u>	<u>\$0</u>	<u>\$1,170,385</u>	<u>\$1,170,385</u>
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$3,471)	(\$3,471)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(310)	(310)
Total legislative changes	<u>0.00</u>	<u>\$0</u>	<u>(\$3,781)</u>	<u>(\$3,781)</u>
Legislative appropriation - Agronomy Seed Farm	<u>2.87</u>	<u>\$0</u>	<u>\$1,166,604</u>	<u>\$1,166,604</u>
Total Agricultural Experiment Station				
Executive recommendation	435.07	\$36,099,888	\$42,558,300	\$78,658,188
The legislative action	<u>(9.36)</u>	<u>(421,469)</u>	<u>(117,819)</u>	<u>(539,288)</u>
Total legislative appropriation - Agricultural Experiment Station	<u>425.71</u>	<u>\$35,678,419</u>	<u>\$42,440,481</u>	<u>\$78,118,900</u>

FTE Changes

	2001-03 Authorized Positions	2003-05 Executive Budget	2003-05 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.94	14.94	15.94	1.00
Central Grasslands Research Extension Center	6.45	6.45	6.45	0.00
Hettinger Research Extension Center	10.65	9.65	8.65	(1.00) ²
Langdon Research Extension Center	7.94	7.44	7.44	0.00
North Central Research Extension Center	9.78	9.20	9.20	0.00
Williston Research Extension Center	7.78	7.41	7.41	0.00
Carrington Research Extension Center	19.56	18.56	18.56	0.00
Total branch research centers	78.10	73.65	73.65	0.00
Main Research Center	370.17	358.55	349.19	(9.36) ³
Agronomy Seed Farm	2.87	2.87	2.87	0.00
Total Agricultural Experiment Station	451.14	435.07	425.71	(9.36)

¹The Legislative Assembly removed a vacant professional position at the Hettinger Research Center.

²The Legislative Assembly transferred a position relating to the beefline program from the Bismarck extension office to the Dickinson Research Center.

³The Legislative Assembly removed the following 9.36 FTE vacant positions from the Main Research Center:

- 4 FTE academic staff positions
- 3 FTE professional positions
- 1 FTE research assistant position
- .71 FTE associate professor position
- .65 FTE acting chair position

Capital Projects

The Legislative Assembly appropriated \$1,120,000 of special funds to the Main Research Center for construction of an insulated and heated building to house a buhler semi-industrial research mill donated by the Nestle' Research and Development Center (\$1 million from gifts, grants, and contracts) and for construction of pesticide handling facilities (\$120,000 from the environment and rangeland protection fund). The Legislative Assembly also authorized construction of a new Dickinson Research Center headquarters office and multipurpose room building (phase 1) funded from oil revenues at the center (\$1 million) and local contributions (\$400,000). Revenues from oil royalties are anticipated to be \$2.4 million during the 2003-05 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2003-05 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate branch research directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, the branch research centers, and the Main Research Center.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2003-05 biennium.

Carryover authority - Section 5 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2003-05 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2003-05 biennium.

Environment and rangeland protection fund - Section 6 identifies \$120,000 of the estimated income line item of the Main Research Center as being from the environment and rangeland protection fund for the purpose of constructing chemical handling facilities at select research centers.

Minor use pesticide fund - Section 7 identifies \$250,000 of the estimated income line item of the Main Research Center as being from the minor use pesticide fund for the purpose of defraying the expenses of minor use pesticide research programs. These funds are to be transferred upon approval of the Crop Protection Product Harmonization and Registration Board.

Beef systems center of excellence - Sections 8 and 9 authorize the Main Research Center to receive \$800,000 from the Ag PACE fund for the establishment of a beef systems center of excellence by the department of animal and range science. The Main Research Center is to collect \$1 million in federal funds and \$1 million in special funds prior to spending the \$800,000 of funding from the Ag PACE fund.

**Agricultural Experiment Station
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	435.07	\$36,099,888	\$42,558,300	\$78,658,188
2003-05 legislative appropriations	425.71	35,678,419	42,440,481	78,118,900
Legislative increase (decrease) to executive budget	(9.36)	(\$421,469)	(\$117,819)	(\$539,288)
Legislative increase (decrease) to 2001-03 appropriations	(25.43)	(\$505,226)	\$7,345,244	\$6,840,018

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the Agricultural Experiment Station; however, the Legislative Assembly did provide the Agricultural Experiment Station with funding for state employee health insurance premiums.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	73.65	\$7,547,944	\$8,983,676	\$16,531,694
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$69,670)	(\$15,560)	(\$85,230)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(6,704)	(1,449)	(8,153)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(3,891)		(3,891)
Removed vacant professional position at the Hettinger Research Center and related funding	(1.00)		(83,669)	(83,669)
Transferred 1 FTE Extension Service position and funding from the Bismarck extension office to the Dickinson Research Center	1.00		84,405	84,405
Total legislative changes	0.00	(\$80,265)	(\$16,273)	(\$96,538)
Legislative appropriation - Branch research centers	73.65	\$7,467,679	\$8,967,403	\$16,435,082
Main Research Center				
Executive recommendation	358.55	\$28,551,944	\$32,404,239	\$60,956,183
The legislative action:				

Other Sections in Bill

Oil and gas development impact grants - Section 2 provides that \$5 million of the special funds appropriation contained in the bill is from the oil and gas impact grant fund and may be used for the purpose of providing oil and gas development impact grants and for the administration of the oil and gas development impact grant program.

Carryover of appropriations for oil and gas impact grants - Section 3 provides that North Dakota Century Code (NDCC) Section 54-44.1-11 does not apply to appropriations for oil impact grants, and consequently, the 2003-05 appropriation authority may be continued into the 2005-07 biennium.

Contingencies line item appropriation transfers - Section 4 provides that upon approval of the Board of University and School Lands, the commissioner of the Board of University and School Lands may transfer appropriation authority from the contingencies line item to all other line items, except the capital assets line item.

Trust fund distributions to state entities - Section 5 was added specifying the amounts to be distributed to various state entities from state trust funds managed by the Land Department and providing that NDCC Section 15-03-05.2 does not apply to distributions during the 2003-05 biennium. Section 15-03-05.2 provides the trust fund income may not be retained if distributions to a trust fund beneficiary will be reduced from the amount distributed during the preceding year.

Property claims by state agencies - Section 6 creates a new section to NDCC Chapter 47-30.1 to require the administrator to notify an agency by certified mail of unclaimed property within one year of receipt of the state agency property, requires the commissioner of the Board of University and School Lands to present a report to the Budget Section identifying every state agency that has not submitted a claim for property belonging to that agency within one year of the date of the certified mail receipt, and provides that the agency relinquishes its right to recover its property upon Budget Section approval.

Notice and publication of lists of abandoned property - Section 7 amends NDCC Section 47-30.1-18 to provide that one of the annual notices for abandoned property must be a display advertisement, that the administrator may not publish in the notice any property clearly identified as belonging to a state agency, and that property presumed to be state agency property which cannot be clearly identified as belonging to a specific agency is also exempt from public notice requirements.

Crediting of dividends or increments on stock to owner's account - Section 8 amends NDCC Section 47-30.1-21.1 to provide that the owner of unclaimed property is entitled to receive any dividends or other increments realized or accruing on the stock for as long as the stock is held by the administrator, provided the total amount of cash due the owner exceeds \$5.

Exemption from open records law - Section 9 amends NDCC Section 47-30.1-24 to provide that documentation and information submitted by a claimant for the purpose of proving ownership of the property is exempt from the open records law under Section 44-04-18.

Payment of compensation to recover or assist in recovery of property - Section 10 amends NDCC Section 47-30.1-35(1) to provide that all agreements to pay compensation to recover or assist in the recovery of property reported under Section 47-30.1-17, made within 24 months after the date payment or delivery is made to the administrator, are unenforceable.

Related Legislation

Continuing appropriations - House Bill No. 1103 provides continuing appropriations for the payment of certain expenses of the Board of University and School Lands relating to investments and repeals NDCC Section 15-03-01.3 relating to the apportionment of the Board of University and School Lands maintenance fund balances.

Indian cultural education trust - House Bill No. 1119 establishes the Indian cultural education trust for the purpose of generating income to benefit Indian culture and provides a continuing appropriation.

Securities held by the permanent funds - Senate Bill No. 2094 allows the Board of University and School Lands to lend securities held by permanent funds, including the authority to pledge a security interest in the securities in the possession of a custodian agent.

Removed funding recommended in the executive budget for state employee salary increases		(\$314,140)	(\$144,467)	(\$458,607)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(25,640)	(13,380)	(39,020)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(21,424)		(21,424)
Removed vacant FTE positions and funding	(9.36)		(739,918)	(739,918)
Provided funding to the Main Research Center to be distributed to branch research centers to assist in offsetting Interactive Video Network costs in remote areas		20,000		20,000
Provided funding from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal and Range Science, pursuant to the provisions of Senate Bill No. 2334			800,000	800,000
Total legislative changes	(9.36)	(\$341,204)	(\$97,765)	(\$438,969)
Legislative appropriation - Main Research Center	349.19	\$28,210,740	\$32,306,474	\$60,517,214
Agronomy Seed Farm				
Executive recommendation	2.87	\$0	\$1,170,385	\$1,170,385
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$3,471)	(\$3,471)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(310)	(310)
Total legislative changes	0.00	\$0	(\$3,781)	(\$3,781)
Legislative appropriation - Agronomy Seed Farm	2.87	\$0	\$1,166,604	\$1,166,604
Total Agricultural Experiment Station				
Executive recommendation	435.07	\$36,099,888	\$42,558,300	\$78,658,188
The legislative action	(9.36)	(421,469)	(117,819)	(539,288)
Total legislative appropriation - Agricultural Experiment Station	425.71	\$35,678,419	\$42,440,481	\$78,118,900

FTE Changes

	2001-03 Authorized Positions	2003-05 Executive Budget	2003-05 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.94	14.94	15.94	1.00
Central Grasslands Research Extension Center	6.45	6.45	6.45	0.00
Hettinger Research Extension Center	10.65	9.65	8.65	(1.00) ²
Langdon Research Extension Center	7.94	7.44	7.44	0.00
North Central Research Extension Center	9.78	9.20	9.20	0.00
Williston Research Extension Center	7.78	7.41	7.41	0.00
Carrington Research Extension Center	19.56	18.56	18.56	0.00
Total branch research centers	78.10	73.65	73.65	0.00
Main Research Center	370.17	358.55	349.19	(9.36) ³
Agronomy Seed Farm	2.87	2.87	2.87	0.00
Total Agricultural Experiment Station	451.14	435.07	425.71	(9.36)

¹The Legislative Assembly removed a vacant professional position at the Hettinger Research Center.

²The Legislative Assembly transferred a position relating to the beefline program from the Bismarck extension office to the Dickinson Research Center.

³The Legislative Assembly removed the following 9.36 FTE vacant positions from the Main Research Center:

- 4 FTE academic staff positions
- 3 FTE professional positions
- 1 FTE research assistant position
- .71 FTE associate professor position
- .65 FTE acting chair position

Capital Projects

The Legislative Assembly appropriated \$1,120,000 of special funds to the Main Research Center for construction of an insulated and heated building to house a buhler semi-industrial research mill donated by the Nestle' Research and Development Center (\$1 million from gifts, grants, and contracts) and for construction of pesticide handling facilities (\$120,000 from the environment and rangeland protection fund). The Legislative Assembly also authorized construction of a new Dickinson Research Center headquarters office and multipurpose room building (phase 1) funded from oil revenues at the center (\$1 million) and local contributions (\$400,000). Revenues from oil royalties are anticipated to be \$2.4 million during the 2003-05 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2003-05 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate branch research directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, the branch research centers, and the Main Research Center.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2003-05 biennium.

Carryover authority - Section 5 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2003-05 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2003-05 biennium.

Environment and rangeland protection fund - Section 6 identifies \$120,000 of the estimated income line item of the Main Research Center as being from the environment and rangeland protection fund for the purpose of constructing chemical handling facilities at select research centers.

Minor use pesticide fund - Section 7 identifies \$250,000 of the estimated income line item of the Main Research Center as being from the minor use pesticide fund for the purpose of defraying the expenses of minor use pesticide research programs. These funds are to be transferred upon approval of the Crop Protection Product Harmonization and Registration Board.

Beef systems center of excellence - Sections 8 and 9 authorize the Main Research Center to receive \$800,000 from the Ag PACE fund for the establishment of a beef systems center of excellence by the department of animal and range science. The Main Research Center is to collect \$1 million in federal funds and \$1 million in special funds prior to spending the \$800,000 of funding from the Ag PACE fund.

**Council on the Arts
House Bill No. 1010**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	5.00	\$1,030,971	\$1,222,215	\$2,253,186
2003-05 legislative appropriations	5.00	1,004,403	1,222,215	2,226,618
Legislative increase (decrease) to executive budget	0.00	(\$26,568)	\$0	(\$26,568)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$21,975	\$169,986	\$191,961

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Council on the Arts is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$4,577)		(\$4,577)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(516)		(516)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(1,475)		(1,475)
Decreased funding for the Lewis and Clark Bicentennial line item		(20,000)		(20,000)
Total	0.00	(\$26,568)	\$0	(\$26,568)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 5 FTE positions, the same as the 2001-03 biennium.

Lewis and Clark Bicentennial

The Legislative Assembly reduced the executive recommendation by \$20,000 to provide \$163,750 from the general fund, \$11,198 less than the 2001-03 biennium appropriation of \$174,948, for grants and other costs relating to Lewis and Clark Bicentennial activities.

Other Sections in Bill

Cultural endowment fund appropriation - Section 2 provides that all income from the cultural endowment fund is appropriated to the Council on the Arts for the furthering of the cultural arts in the state.

**Bank of North Dakota
House Bill No. 1015**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	178.50	\$8,075,000	\$30,419,966	\$38,494,966
2003-05 legislative appropriations	178.50	8,075,000	29,778,279	37,853,279
Legislative increase (decrease) to executive budget	0.00	\$0	(\$641,687)	(\$641,687)
Legislative increase (decrease) to 2001-03 appropriations	0.00	(\$425,000)	(\$1,103,719)	(\$1,528,719)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Bank of North Dakota is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$176,363)	(\$176,363)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(18,989)	(18,989)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)			(446,335)	(446,335)
Total	0.00	\$0	(\$641,687)	(\$641,687)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 178.5 FTE positions, the same as the 2001-03 biennium.

Economic Development

The Legislative Assembly did not change the recommended funding levels for the partnership in assisting community expansion (PACE) fund, the agriculture partnership in assisting community expansion (Ag PACE) fund, or the beginning farmer revolving loan fund. The following is a comparison of the funding for the PACE fund, Ag PACE fund, and the beginning farmer revolving loan fund:

	2001-03 Appropriation	Executive Recommendation	2003-05 Appropriation
PACE fund	\$6,000,000	\$5,700,000	\$5,700,000
Ag PACE fund	1,500,000	1,425,000	1,425,000
Beginning farmer revolving loan fund	1,000,000	950,000	950,000
Total	\$8,500,000	\$8,075,000	\$8,075,000

General Fund Transfers

Section 9 of Senate Bill No. 2015 provides for transfers of up to \$60 million of Bank of North Dakota current earnings and accumulated and undivided profits to the general fund during the 2003-05 biennium. This is the same amount as the executive recommendation and the same as authorized by the 2001 Legislative Assembly.

Section 10 of Senate Bill No. 2015 provides for additional contingent transfers from the Bank's earnings and accumulated and undivided profits to the general fund. The additional contingent transfers may not exceed the lesser of \$9 million or the revenue shortfall of actual collections compared to the March 2003 revenue forecast. This is \$16 million less than the executive recommendation of \$25 million and the \$25 million of contingent transfers authorized by the 2001 Legislative Assembly for the 2001-03 biennium. This section also provides that the director of the Office of Management and Budget may determine what portion of the shortfall will be covered by the transfer pursuant to this section and what portion will be covered by allotment pursuant to Section 54-44.1-12.

The following schedule shows an analysis of the Bank's estimated capital structure for the 2003-05 biennium:

June 30, 2003, estimated capital level	\$150,000,000 ¹
Estimated 2003-05 biennium profits	61,000,000 ²
2003-05 biennium transfers to the general fund per Section 9 of Senate Bill No. 2015	(60,000,000)
Maximum contingent transfers per Section 10 of Senate Bill No. 2015	(9,000,000)
Estimated capital on June 30, 2005, assuming contingent transfers of \$9 million are necessary due to general fund revenue shortfalls	\$142,000,000
¹ The Bank of North Dakota estimates this amount to be between \$150 million and \$155 million, depending on the amount of the \$25 million contingent transfer that is actually transferred to the general fund at the end of the 2001-03 biennium. The March 2003 revenue forecast estimated the contingent transfer to be \$17.4 million.	
² Actual calendar year 2002 profits were \$32.2 million.	

Section 11 of Senate Bill No. 2015 provides that any transfer from the Bank of North Dakota to the state general fund may only be made to the extent that the transfer does not reduce the Bank's capital structure below \$140 million.

Other Sections in Bill

Section 13 of House Bill No. 1015 provides that the Bank of North Dakota contingencies appropriation in Chapter 40 of the 2001 Session Laws is not subject to the provisions of section 54-44.1-11, and that any unexpended funds from that appropriation are available for the continued development and implementation of systems that provide the Bank of North Dakota and student loans of North Dakota customers with the ability to perform business activity electronically.

Related Legislation

Authority to borrow funds for a disaster - Section 2 of House Bill No. 1012 authorizes the Department of Transportation, subject to Emergency Commission approval, to borrow money from the Bank of North Dakota to match federal emergency relief funds.

Authority to guarantee loans - House Bill No. 1116 changes the authority of the Bank of North Dakota regarding trust preferred securities transactions to include the authority to make, purchase, guarantee, or hold loans to an investment company created for completing a trust preferred securities transaction for the benefit of a financial institution located in this state.

Transfer of funds - House Bill No. 1118 provides that notwithstanding any other provision of law, the Bank of North Dakota may transfer any unobligated funds between funds that have been appropriated by the Legislative Assembly for interest buydown in the beginning farmers loan fund and the Ag PACE fund.

Beef systems center of excellence - Section 9 of House Bill No. 1021 provides for a transfer of \$800,000 from the Ag PACE fund to the Main Research Center, after \$1 million of federal funds and \$1 million of special funds from private contributions have been collected, for the establishment of a beef systems center of excellence.

Agricultural real estate loan guarantees - House Bill No. 1321 provides that the Bank of North Dakota may guarantee the loan of money by banks, credit unions, lending institutions that are part of the farm credit system, and savings and loan associations in this state to eligible persons for the purchase of agricultural real estate or the restructuring of agricultural real estate loans.

Information technology position transfer - House Bill No. 1505 provides for 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced from the Bank of North Dakota and transferred to the Information Technology Department.

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$300,000 of the \$446,335 of special funds reduced from the Bank of North Dakota's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

Truckdriver training programs - Senate Bill No. 2360 provides that the Bank of North Dakota shall administer a loan program to assist residents of this state during the period in which the residents are enrolled as students in a truckdriver training program offered in this state.

**North Dakota Vision Services - School for the Blind
Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	27.00	\$2,092,155	\$1,198,474	\$3,290,629
2003-05 legislative appropriations	27.00	2,089,825	1,167,383	3,257,208
Legislative increase (decrease) to executive budget	0.00	(\$2,330)	(\$31,091)	(\$33,421)
Legislative increase (decrease) to 2001-03 appropriations	(2.00)	(\$34,742)	(\$190,438)	(\$225,180)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for North Dakota Vision Services - School for the Blind is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$23,680)	(\$2,931)	(\$26,611)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(2,426)	(464)	(2,890)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)		(1,195)	(2,725)	(3,920)
Changed the funding source relating to the agency's summer outreach programs		24,971	(24,971)	
Total	0.00	(\$2,330)	(\$31,091)	(\$33,421)

FTE Changes

The 2003-05 biennium appropriation includes funding for 27 FTE positions, a decrease of 2 FTE positions from the 2001-03 biennium authorized level of 29 FTE positions. The legislative action did not change the executive recommendation to eliminate 1 FTE office assistant position and 1 FTE vision outreach specialist position.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to appropriate \$18,233 from other funds for extraordinary repairs at the North Dakota Vision Services - School for the Blind.

Other Sections in Bill

North Dakota Vision Services - School for the Blind operating fund - Section 12 provides that any money collected by North Dakota Vision Services - School for the Blind must be deposited in the agency's operating fund and may be spent subject to legislative appropriation.

Related Legislation

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$2,725 of special funds reduced from the North Dakota Vision Services - School for the Blind's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

**Land Department
House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	17.75	\$0	\$7,735,836	\$7,735,836
2003-05 legislative appropriations	17.75		7,573,834	7,573,834
Legislative increase (decrease) to executive budget	0.00	\$0	(\$162,002)	(\$162,002)
Legislative increase (decrease) to 2001-03 appropriations	(0.75)	\$0	\$58,531	\$58,531

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Land Department is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$20,144)	(\$20,144)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(1,858)	(1,858)
Removed \$90,000 from the operating expenses line for weed control costs, since these expenses can be paid under the continuing appropriation authority in House Bill No. 1103			(90,000)	(90,000)
Reduced funding in the contingency line item by \$50,000, since unanticipated costs can be paid pursuant to the continuing appropriation authority in House Bill No. 1103			(50,000)	(50,000)
Total	0.00	\$0	(\$162,002)	(\$162,002)

FTE Changes

The Legislative Assembly did not change the executive recommendation to delete a .75 FTE administrative secretary III position. The number of FTE positions for the Land Department for the 2003-05 biennium is 17.75 FTE, .75 FTE less than the 18.5 FTE authorized for the 2001-03 biennium.

Other Sections in Bill

Oil and gas development impact grants - Section 2 provides that \$5 million of the special funds appropriation contained in the bill is from the oil and gas impact grant fund and may be used for the purpose of providing oil and gas development impact grants and for the administration of the oil and gas development impact grant program.

Carryover of appropriations for oil and gas impact grants - Section 3 provides that North Dakota Century Code (NDCC) Section 54-44.1-11 does not apply to appropriations for oil impact grants, and consequently, the 2003-05 appropriation authority may be continued into the 2005-07 biennium.

Contingencies line item appropriation transfers - Section 4 provides that upon approval of the Board of University and School Lands, the commissioner of the Board of University and School Lands may transfer appropriation authority from the contingencies line item to all other line items, except the capital assets line item.

Trust fund distributions to state entities - Section 5 was added specifying the amounts to be distributed to various state entities from state trust funds managed by the Land Department and providing that NDCC Section 15-03-05.2 does not apply to distributions during the 2003-05 biennium. Section 15-03-05.2 provides the trust fund income may not be retained if distributions to a trust fund beneficiary will be reduced from the amount distributed during the preceding year.

Property claims by state agencies - Section 6 creates a new section to NDCC Chapter 47-30.1 to require the administrator to notify an agency by certified mail of unclaimed property within one year of receipt of the state agency property, requires the commissioner of the Board of University and School Lands to present a report to the Budget Section identifying every state agency that has not submitted a claim for property belonging to that agency within one year of the date of the certified mail receipt, and provides that the agency relinquishes its right to recover its property upon Budget Section approval.

Notice and publication of lists of abandoned property - Section 7 amends NDCC Section 47-30.1-18 to provide that one of the annual notices for abandoned property must be a display advertisement, that the administrator may not publish in the notice any property clearly identified as belonging to a state agency, and that property presumed to be state agency property which cannot be clearly identified as belonging to a specific agency is also exempt from public notice requirements.

Crediting of dividends or increments on stock to owner's account - Section 8 amends NDCC Section 47-30.1-21.1 to provide that the owner of unclaimed property is entitled to receive any dividends or other increments realized or accruing on the stock for as long as the stock is held by the administrator, provided the total amount of cash due the owner exceeds \$5.

Exemption from open records law - Section 9 amends NDCC Section 47-30.1-24 to provide that documentation and information submitted by a claimant for the purpose of proving ownership of the property is exempt from the open records law under Section 44-04-18.

Payment of compensation to recover or assist in recovery of property - Section 10 amends NDCC Section 47-30.1-35(1) to provide that all agreements to pay compensation to recover or assist in the recovery of property reported under Section 47-30.1-17, made within 24 months after the date payment or delivery is made to the administrator, are unenforceable.

Related Legislation

Continuing appropriations - House Bill No. 1103 provides continuing appropriations for the payment of certain expenses of the Board of University and School Lands relating to investments and repeals NDCC Section 15-03-01.3 relating to the apportionment of the Board of University and School Lands maintenance fund balances.

Indian cultural education trust - House Bill No. 1119 establishes the Indian cultural education trust for the purpose of generating income to benefit Indian culture and provides a continuing appropriation.

Securities held by the permanent funds - Senate Bill No. 2094 allows the Board of University and School Lands to lend securities held by permanent funds, including the authority to pledge a security interest in the securities in the possession of a custodian agent.

**State Board for Career and Technical Education (formerly State Board for Vocational and Technical Education)
House Bill No. 1020**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	27.50	\$15,118,520	\$10,875,297	\$25,993,817
2003-05 legislative appropriations	27.50	14,673,473	10,874,500	25,547,973
Legislative increase (decrease) to executive budget	0.00	(\$445,047)	(\$797)	(\$445,844)
Legislative increase (decrease) to 2001-03 appropriations	(1.00)	\$304,612	(\$4,021,268)	(\$3,716,656)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Board for Career and Technical Education is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$31,339)	(\$704)	(\$32,043)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(2,900)	(93)	(2,993)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(10,808)		(10,808)
Removed funding to expand career development programs		(360,000)		(360,000)
Decreased funding for the awareness campaign from \$80,000 to \$40,000		(40,000)		(40,000)
Total	0.00	(\$445,047)	(\$797)	(\$445,844)

FTE Changes

The Legislative Assembly did not change the executive recommendation to remove 1 FTE computer and network specialist III position. The number of FTE positions for the State Board for Career and Technical Education for the 2003-05 biennium is 27.50 FTE, 1 FTE less than the 28.5 FTE authorized for the 2001-03 biennium.

Other Sections in Bill

Legislative intent on higher education funding - Section 2 was added to provide legislative intent that the workforce training funds of \$1,350,000 from the general fund appropriated to the State Board for Career and Technical Education be considered by the North Dakota University System as a part of higher education's share of total general fund spending.

Related Legislation

State Board for Career and Technical Education - House Bill No. 1183 provides for a change of the agency's name from State Board for Vocational and Technical Education to State Board for Career and Technical Education and changes the name of "area vocational and technology centers" to "area career and technology centers." This bill also authorizes the area vocational and technology centers to accept property and grants from the federal government, designates a department of career and technical education, and repeals North Dakota Century Code Section 15-20.1-10, which relates to the powers of the school board of a vocational school district.

**Agricultural Experiment Station
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	435.07	\$36,099,888	\$42,558,300	\$78,658,188
2003-05 legislative appropriations	425.71	35,678,419	42,440,481	78,118,900
Legislative increase (decrease) to executive budget	(9.36)	(\$421,469)	(\$117,819)	(\$539,288)
Legislative increase (decrease) to 2001-03 appropriations	(25.43)	(\$505,226)	\$7,345,244	\$6,840,018

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the Agricultural Experiment Station; however, the Legislative Assembly did provide the Agricultural Experiment Station with funding for state employee health insurance premiums.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	73.65	\$7,547,944	\$8,983,676	\$16,531,694
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$69,670)	(\$15,560)	(\$85,230)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(6,704)	(1,449)	(8,153)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(3,891)		(3,891)
Removed vacant professional position at the Hettinger Research Center and related funding	(1.00)		(83,669)	(83,669)
Transferred 1 FTE Extension Service position and funding from the Bismarck extension office to the Dickinson Research Center	1.00		84,405	84,405
Total legislative changes	0.00	(\$80,265)	(\$16,273)	(\$96,538)
Legislative appropriation - Branch research centers	73.65	\$7,467,679	\$8,967,403	\$16,435,082
Main Research Center				
Executive recommendation	358.55	\$28,551,944	\$32,404,239	\$60,956,183
The legislative action:				

Removed funding recommended in the executive budget for state employee salary increases		(\$314,140)	(\$144,467)	(\$458,607)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(25,640)	(13,380)	(39,020)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(21,424)		(21,424)
Removed vacant FTE positions and funding	(9.36)		(739,918)	(739,918)
Provided funding to the Main Research Center to be distributed to branch research centers to assist in offsetting Interactive Video Network costs in remote areas		20,000		20,000
Provided funding from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal and Range Science, pursuant to the provisions of Senate Bill No. 2334			800,000	800,000
Total legislative changes	<u>(9.36)</u>	<u>(\$341,204)</u>	<u>(\$97,765)</u>	<u>(\$438,969)</u>
Legislative appropriation - Main Research Center	<u>349.19</u>	<u>\$28,210,740</u>	<u>\$32,306,474</u>	<u>\$60,517,214</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.87</u>	<u>\$0</u>	<u>\$1,170,385</u>	<u>\$1,170,385</u>
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$3,471)	(\$3,471)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(310)	(310)
Total legislative changes	<u>0.00</u>	<u>\$0</u>	<u>(\$3,781)</u>	<u>(\$3,781)</u>
Legislative appropriation - Agronomy Seed Farm	<u>2.87</u>	<u>\$0</u>	<u>\$1,166,604</u>	<u>\$1,166,604</u>
Total Agricultural Experiment Station				
Executive recommendation	435.07	\$36,099,888	\$42,558,300	\$78,658,188
The legislative action	<u>(9.36)</u>	<u>(421,469)</u>	<u>(117,819)</u>	<u>(539,288)</u>
Total legislative appropriation - Agricultural Experiment Station	<u>425.71</u>	<u>\$35,678,419</u>	<u>\$42,440,481</u>	<u>\$78,118,900</u>

FTE Changes

	2001-03 Authorized Positions	2003-05 Executive Budget	2003-05 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.94	14.94	15.94	1.00
Central Grasslands Research Extension Center	6.45	6.45	6.45	0.00
Hettinger Research Extension Center	10.65	9.65	8.65	(1.00) ²
Langdon Research Extension Center	7.94	7.44	7.44	0.00
North Central Research Extension Center	9.78	9.20	9.20	0.00
Williston Research Extension Center	7.78	7.41	7.41	0.00
Carrington Research Extension Center	19.56	18.56	18.56	0.00
Total branch research centers	78.10	73.65	73.65	0.00
Main Research Center	370.17	358.55	349.19	(9.36) ³
Agronomy Seed Farm	2.87	2.87	2.87	0.00
Total Agricultural Experiment Station	451.14	435.07	425.71	(9.36)

¹The Legislative Assembly removed a vacant professional position at the Hettinger Research Center.

²The Legislative Assembly transferred a position relating to the beefline program from the Bismarck extension office to the Dickinson Research Center.

³The Legislative Assembly removed the following 9.36 FTE vacant positions from the Main Research Center:

- 4 FTE academic staff positions
- 3 FTE professional positions
- 1 FTE research assistant position
- .71 FTE associate professor position
- .65 FTE acting chair position

Capital Projects

The Legislative Assembly appropriated \$1,120,000 of special funds to the Main Research Center for construction of an insulated and heated building to house a buhler semi-industrial research mill donated by the Nestle' Research and Development Center (\$1 million from gifts, grants, and contracts) and for construction of pesticide handling facilities (\$120,000 from the environment and rangeland protection fund). The Legislative Assembly also authorized construction of a new Dickinson Research Center headquarters office and multipurpose room building (phase 1) funded from oil revenues at the center (\$1 million) and local contributions (\$400,000). Revenues from oil royalties are anticipated to be \$2.4 million during the 2003-05 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2003-05 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate branch research directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, the branch research centers, and the Main Research Center.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2003-05 biennium.

Carryover authority - Section 5 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2003-05 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2003-05 biennium.

Environment and rangeland protection fund - Section 6 identifies \$120,000 of the estimated income line item of the Main Research Center as being from the environment and rangeland protection fund for the purpose of constructing chemical handling facilities at select research centers.

Minor use pesticide fund - Section 7 identifies \$250,000 of the estimated income line item of the Main Research Center as being from the minor use pesticide fund for the purpose of defraying the expenses of minor use pesticide research programs. These funds are to be transferred upon approval of the Crop Protection Product Harmonization and Registration Board.

Beef systems center of excellence - Sections 8 and 9 authorize the Main Research Center to receive \$800,000 from the Ag PACE fund for the establishment of a beef systems center of excellence by the department of animal and range science. The Main Research Center is to collect \$1 million in federal funds and \$1 million in special funds prior to spending the \$800,000 of funding from the Ag PACE fund.

**Agricultural Experiment Station
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	435.07	\$36,099,888	\$42,558,300	\$78,658,188
2003-05 legislative appropriations	<u>425.71</u>	<u>35,678,419</u>	<u>42,440,481</u>	<u>78,118,900</u>
Legislative increase (decrease) to executive budget	(9.36)	(\$421,469)	(\$117,819)	(\$539,288)
Legislative increase (decrease) to 2001-03 appropriations	(25.43)	(\$505,226)	\$7,345,244	\$6,840,018

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the Agricultural Experiment Station; however, the Legislative Assembly did provide the Agricultural Experiment Station with funding for state employee health insurance premiums.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	<u>73.65</u>	<u>\$7,547,944</u>	<u>\$8,983,676</u>	<u>\$16,531,694</u>
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$69,670)	(\$15,560)	(\$85,230)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(6,704)	(1,449)	(8,153)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(3,891)		(3,891)
Removed vacant professional position at the Hettinger Research Center and related funding	(1.00)		(83,669)	(83,669)
Transferred 1 FTE Extension Service position and funding from the Bismarck extension office to the Dickinson Research Center	1.00		84,405	84,405
Total legislative changes	<u>0.00</u>	<u>(\$80,265)</u>	<u>(\$16,273)</u>	<u>(\$96,538)</u>
Legislative appropriation - Branch research centers	<u>73.65</u>	<u>\$7,467,679</u>	<u>\$8,967,403</u>	<u>\$16,435,082</u>
Main Research Center				
Executive recommendation	<u>358.55</u>	<u>\$28,551,944</u>	<u>\$32,404,239</u>	<u>\$60,956,183</u>
The legislative action:				

Removed funding recommended in the executive budget for state employee salary increases		(\$314,140)	(\$144,467)	(\$458,607)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(25,640)	(13,380)	(39,020)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(21,424)		(21,424)
Removed vacant FTE positions and funding	(9.36)		(739,918)	(739,918)
Provided funding to the Main Research Center to be distributed to branch research centers to assist in offsetting Interactive Video Network costs in remote areas		20,000		20,000
Provided funding from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal and Range Science, pursuant to the provisions of Senate Bill No. 2334			800,000	800,000
Total legislative changes	<u>(9.36)</u>	<u>(\$341,204)</u>	<u>(\$97,765)</u>	<u>(\$438,969)</u>
Legislative appropriation - Main Research Center	<u>349.19</u>	<u>\$28,210,740</u>	<u>\$32,306,474</u>	<u>\$60,517,214</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.87</u>	<u>\$0</u>	<u>\$1,170,385</u>	<u>\$1,170,385</u>
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$3,471)	(\$3,471)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(310)	(310)
Total legislative changes	<u>0.00</u>	<u>\$0</u>	<u>(\$3,781)</u>	<u>(\$3,781)</u>
Legislative appropriation - Agronomy Seed Farm	<u>2.87</u>	<u>\$0</u>	<u>\$1,166,604</u>	<u>\$1,166,604</u>
Total Agricultural Experiment Station				
Executive recommendation	435.07	\$36,099,888	\$42,558,300	\$78,658,188
The legislative action	<u>(9.36)</u>	<u>(421,469)</u>	<u>(117,819)</u>	<u>(539,288)</u>
Total legislative appropriation - Agricultural Experiment Station	<u>425.71</u>	<u>\$35,678,419</u>	<u>\$42,440,481</u>	<u>\$78,118,900</u>

FTE Changes

	2001-03 Authorized Positions	2003-05 Executive Budget	2003-05 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.94	14.94	15.94	1.00
Central Grasslands Research Extension Center	6.45	6.45	6.45	0.00
Hettinger Research Extension Center	10.65	9.65	8.65	(1.00) ²
Langdon Research Extension Center	7.94	7.44	7.44	0.00
North Central Research Extension Center	9.78	9.20	9.20	0.00
Williston Research Extension Center	7.78	7.41	7.41	0.00
Carrington Research Extension Center	19.56	18.56	18.56	0.00
Total branch research centers	78.10	73.65	73.65	0.00
Main Research Center	370.17	358.55	349.19	(9.36) ³
Agronomy Seed Farm	2.87	2.87	2.87	0.00
Total Agricultural Experiment Station	451.14	435.07	425.71	(9.36)

¹The Legislative Assembly removed a vacant professional position at the Hettinger Research Center.

²The Legislative Assembly transferred a position relating to the beefline program from the Bismarck extension office to the Dickinson Research Center.

³The Legislative Assembly removed the following 9.36 FTE vacant positions from the Main Research Center:

- 4 FTE academic staff positions
- 3 FTE professional positions
- 1 FTE research assistant position
- .71 FTE associate professor position
- .65 FTE acting chair position

Capital Projects

The Legislative Assembly appropriated \$1,120,000 of special funds to the Main Research Center for construction of an insulated and heated building to house a buhler semi-industrial research mill donated by the Nestle' Research and Development Center (\$1 million from gifts, grants, and contracts) and for construction of pesticide handling facilities (\$120,000 from the environment and rangeland protection fund). The Legislative Assembly also authorized construction of a new Dickinson Research Center headquarters office and multipurpose room building (phase 1) funded from oil revenues at the center (\$1 million) and local contributions (\$400,000). Revenues from oil royalties are anticipated to be \$2.4 million during the 2003-05 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2003-05 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate branch research directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, the branch research centers, and the Main Research Center.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2003-05 biennium.

Carryover authority - Section 5 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2003-05 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2003-05 biennium.

Environment and rangeland protection fund - Section 6 identifies \$120,000 of the estimated income line item of the Main Research Center as being from the environment and rangeland protection fund for the purpose of constructing chemical handling facilities at select research centers.

Minor use pesticide fund - Section 7 identifies \$250,000 of the estimated income line item of the Main Research Center as being from the minor use pesticide fund for the purpose of defraying the expenses of minor use pesticide research programs. These funds are to be transferred upon approval of the Crop Protection Product Harmonization and Registration Board.

Beef systems center of excellence - Sections 8 and 9 authorize the Main Research Center to receive \$800,000 from the Ag PACE fund for the establishment of a beef systems center of excellence by the department of animal and range science. The Main Research Center is to collect \$1 million in federal funds and \$1 million in special funds prior to spending the \$800,000 of funding from the Ag PACE fund.

**Children's Services Coordinating Committee
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.70	\$0	\$2,127,094	\$2,127,094
2003-05 legislative appropriations	0.80		2,514,600	2,514,600
Legislative increase (decrease) to executive budget	0.10	\$0	\$387,506	\$387,506
Legislative increase (decrease) to 2001-03 appropriations	(0.20)	\$0	(\$5,308,526)	(\$5,308,526)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Children's Services Coordinating Committee is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$594)	(\$594)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(103)	(103)
Added funding reduced in the salaries and wages line item relating to salary increases and health insurance adjustments to the operating expenses line item			697	697
Added funding as a result of a revised estimate of "refinancing" funds that will be generated during the 2003-05 biennium. This change restored .10 of the .30 FTE administrative position reduction recommended in the executive budget.	0.10		387,506	387,506
Total	0.10	\$0	\$387,506	\$387,506

FTE Changes

The Legislative Assembly restored .10 of the .30 FTE administrative position reduction recommended in the executive budget to provide the administrative position at a .80 FTE.

“Refinancing” - Funding Allocations

“Refinancing” - “Refinancing” is a system administered through the Department of Human Services which claims federal reimbursement of eligible administrative costs of local schools, juvenile courts, and public health organizations under the federal IV-E foster care and federal Medicaid programs. The local organizations participating in the system complete time studies to document the amount of time spent with children eligible for the federal reimbursement. These time studies are submitted to the regional or tribal children’s services coordinating committee, reviewed by the state Children’s Services Coordinating Committee, and submitted for federal administrative cost reimbursement by the Department of Human Services. The federal reimbursements are received by the Department of Human Services. The department retains its percentage allocation and transfers the remaining funds to the state Children’s Services Coordinating Committee, which retains its percentage and distributes the remaining funds to the children’s services coordinating committee of the region or tribe that generated the funds through the time study reports. Each regional or tribal committee distributes the percentage allocation of funds to each of the organizations that generated the federal reimbursements and uses remaining funds for its administrative and operating costs and for other purposes based on the allocations approved by the Legislative Assembly. The percentage allocation of these funds for the 2003-05 biennium compared to the 2001-03 biennium are listed below:

	2001-03 Biennium	2003-05 Biennium
Department of Human Services	10.0%	10.0%
Children’s Services Coordinating Committee - Administration	1.7%	5.0%
Children’s Services Coordinating Committee - Grants		
Participating entities generating federal funds	20.0%	50.0%
Statewide grants	10.2%	0.0%
Regional and tribal children’s services coordinating committees for administrative costs	16.2%	0.0%
Regional and tribal children’s services coordinating committees for collaboration efforts	1.8%	0.0%
Regional and tribal children’s services coordinating committees for administrative costs and collaboration efforts	0.0%	35.0%
Regional and tribal children’s services coordinating committees for grants to providers	40.1%	0.0%
Total	100.0%	100.0%

The estimated funding to be available from “refinancing” for the 2003-05 biennium compared to the 2001-03 biennium is substantially reduced due to a federal policy change relating to the allowable uses of federal IV-E foster care funds. The change became effective on July 1, 2002, and only allows federal IV-E foster care funding to be claimed if the child being served is in foster care or is a “candidate” for foster care. Previously, these funds could be claimed for a child in foster care or for a child who was “at risk” of being placed in foster care.

Statewide Grants

The Legislative Assembly did not change the executive recommendation to eliminate funding for statewide grants of the Children’s Services Coordinating Committee.

Legislative Council Report

Section 5 of the bill provides that the Children’s Services Coordinating Committee report to an interim Legislative Council committee at least twice during the 2003-04 interim on the amount of “refinancing” funds generated and the uses of the funds for the 2003-05 biennium.

**Judicial Branch
House Bill Nos. 1002, 1505**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	336.00	\$56,327,658	\$2,046,235	\$58,373,893
2003-05 legislative appropriations	336.00	55,087,369	2,043,536	57,130,905
Legislative increase (decrease) to executive budget	0.00	(\$1,240,289)	(\$2,699)	(\$1,242,988)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$1,333,860	(\$174,285)	\$1,159,575

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Judicial Branch is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions. Sections 1 and 2 of Senate Bill No. 2423 establish a judicial branch state employee compensation pool funded by any savings resulting from a reduction of up to 8 FTE positions from the judicial branch.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added \$45,999 from the general fund for costs associated with information technology (See Related Legislation section below)		\$45,999		\$45,999
Supreme Court changes:				
Removed the judicial branch's proposed salary increase for Supreme Court justices		(53,805)		(53,805)
Removed funding recommended in the executive budget for state employee salary increases		(49,947)		(49,947)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(4,646)		(4,646)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(28,771)		(28,771)
Decreased general fund support for the Supreme Court		(25,000)		(25,000)
District Court changes:				
Removed the judicial branch's proposed salary increase for district		(461,779)		(461,779)

court judges

Removed funding recommended in the executive budget for state employee salary increases	(257,990)		(257,990)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy	(29,928)		(29,928)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.	(136,537)		(136,537)
Decreased general fund support for district courts	(235,000)		(235,000)
Judicial Conduct Commission changes:			
Removed funding recommended in the executive budget for state employee salary increases	(2,296)	(\$2,486)	(4,782)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy	(198)	(213)	(411)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.	(391)		(391)
Total	<u>0.00</u>	<u>(\$1,240,289)</u>	<u>(\$2,699)</u>
			<u>(\$1,242,988)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 336 FTE positions, the same as the 2001-03 biennium.

Other Sections in Bill

Appropriation - Section 2 appropriates any funds received by the Supreme Court, district courts, and Judicial Conduct Commission and Disciplinary Board pursuant to federal acts and private gifts, grants, and donations for the purpose as designated in the federal acts or private gifts, grants, and donations.

Transfers - Section 3 provides that the director of the Office of Management and Budget and the State Treasurer shall make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon a finding by the court that the nature of the duties of the court and its staff requires the transfers to carry on properly the functions of the judicial branch.

Related Legislation

Court facilities improvement and maintenance fund continuing appropriation - House Bill No. 1088 provides a continuing appropriation to the district court from the court facilities improvement and maintenance fund, which consists of court administration fees, which may be used by the Court Facilities Improvement Advisory Committee to make grants to counties to provide funds for court facilities improvement and maintenance projects. The grants may only be used to improve or provide essential remodeling or maintenance to facilities used for chambers, courts, and court-related services.

Electronic filing administration fund continuing appropriation - House Bill No. 1390 provides a continuing appropriation to the judicial branch from the electronic filing administration fund, which consists of electronic filing processing fees established by court rule, to cover the actual costs of maintaining an electronic filing system.

Information technology appropriation - House Bill No. 1505 provides a general fund appropriation of \$45,999 to the judicial branch for costs associated with information technology.

Criminal Justice Information Sharing Board - Senate Bill No. 2041 establishes a Criminal Justice Information Sharing Board.

Restitution collection assistance fund continuing appropriation - Senate Bill No. 2044 provides a continuing appropriation to the judicial branch from the restitution collection assistance fund, which consists of fees imposed of the greater of \$10 or 25 percent of the amount of restitution ordered but which may not exceed \$1,000, for expenses incident to the collection of restitution, including operating expenses and the compensation of additional necessary personnel.

Department of Commerce
House Bill No. 1019, Senate Bill No. 2337

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	57.00	\$15,529,445	\$55,759,805	\$71,289,250
2003-05 legislative appropriations	57.00	19,014,723	52,353,107	71,367,830
Legislative increase (decrease) to executive budget	0.00	\$3,485,278	(\$3,406,698)	\$78,580
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$1,134,436	\$8,699,382	\$9,833,818

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Commerce is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items	General Fund	Other Funds	Total
	FTE Positions			
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$56,878)	(\$18,783)	(\$75,661)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(4,342)	(1,540)	(5,882)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(24,877)		(24,877)
Added funding for administrative costs		20,000		20,000
Reduced funding for professional services by \$70,000 and travel by \$30,000		(100,000)		(100,000)
Changed the source of funding for administrative costs of the Development Fund from the general fund to the Development Fund. Section 8 was added to the bill authorizing money in the Development Fund to be used for costs of administering the fund.		(398,625)	398,625	
Reduced operating expenses. The department may determine the specific areas to reduce.		(200,000)		(200,000)
Reduced funding for tourism marketing		(300,000)		(300,000)

Reduced funding for Lewis and Clark marketing	(200,000)	(200,000)		
Added funding for Lewis and Clark marketing in Senate Bill No. 2337	2,900,000	2,900,000		
Removed funding for the New Economy Initiative	(200,000)	(200,000)		
Added funding for discretionary grants	150,000	150,000		
Added funding to assist in the preparation of a North Dakota proposal to attract a "high-tech" manufacturing firm to the state	50,000	50,000		
Added funding for a marketing and image-building campaign for the Red River Valley research corridor beginning in the second year of the biennium	200,000	200,000		
Added funding to the Lewis and Clark line item, and of the funding provided, designated a \$150,000 grant to the Lewis and Clark Interpretive Center in Washburn and a \$150,000 grant to Fort Lincoln	100,000	100,000		
Added funding for the Development Fund	1,550,000	1,550,000		
Removed funding for ethanol incentives			(3,785,000)	(3,785,000)
Total	<u>0.00</u>	<u>\$3,485,278</u>	<u>(\$3,406,698)</u>	<u>\$78,580</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 57 FTE positions, the same as the 2001-03 biennium.

Lewis and Clark Marketing

The Legislative Assembly appropriated \$3,851,911 from the general fund for Lewis and Clark Bicentennial-related marketing and activities. Of this amount, \$2.9 million was appropriated in Senate Bill No. 2337 for marketing the Lewis and Clark Bicentennial celebration (See **Related Legislation** section below) and \$951,911 in the Lewis and Clark Bicentennial line item in House Bill No. 1019. Of the \$951,911, \$150,000 is for providing a grant to the Lewis and Clark Interpretive Center in Washburn and \$150,000 is for providing a grant to the Fort Abraham Lincoln Foundation. The remaining \$651,911 is for other Lewis and Clark Bicentennial marketing and activities.

Section 11 was added to House Bill No. 1019 providing that the Tourism Division request bids for each Lewis and Clark Bicentennial-related marketing campaign developed during the 2003-05 biennium.

Trade Promotion Authority

Sections 21 and 22 require the department to establish a trade promotion authority for promoting North Dakota products and improving international trade for North Dakota products for the 2003-05 biennium. The department is to use \$75,000 from the general fund appropriated in its operating expenses line item for operating costs of the authority for the 2003-05 biennium. The department may spend any gifts, grants, or other income received by the authority pursuant to a continuing appropriation for the 2003-05 biennium. The department is to report to the Appropriations Committees of the 2005 Legislative Assembly regarding its recommendation to improve trade of North Dakota products with other countries and to overcome trade barriers and its recommendation regarding continuation of the trade promotion authority.

Development Fund

The Legislative Assembly appropriated \$1,550,000 from the general fund for the Development Fund for the 2003-05 biennium. The executive budget did not include any general fund support for the Development Fund for the 2003-05 biennium. The Legislative Assembly appropriated funding of \$398,625 for administrative costs of the Development Fund from the Development Fund rather than the general fund. The executive budget recommended that the administrative costs be paid from the general fund, the same as the 2001-03 biennium. Section 19 requires the Department of Commerce to provide a \$1,250,000 grant to the North Dakota State University (NDSU) Center for Technology Enterprise and an \$800,000 grant to the University of North Dakota (UND) Center for Innovation from the Development Fund on October 1, 2003.

Centers of Excellence

Section 23 requires the Board of Higher Education to establish a centers of excellence program relating to economic development. The section allows the board to designate centers of excellence based on definitions and eligibility criteria established by the board, in consultation with the North Dakota Economic Development Foundation and with private sector input. The section designates the NDSU Center for Technology Enterprise and the UND Center for Innovation as centers of excellence and Section 19 provides that the Department of Commerce provide a \$1,250,000 grant to the NDSU Center for Technology Enterprise and an \$800,000 grant to the UND Center for Innovation from the Development Fund on October 1, 2003.

Ethanol Production Incentives

Senate Bill No. 2222 provides for the ethanol incentive program. The bill establishes a formula for distributing ethanol incentive payments based on the price of gasoline and the price of corn. It creates an ethanol production incentive fund into which is deposited 40 percent of all registration fees on farm vehicles and the one cent withheld on agricultural gasoline tax refunds. The State Treasurer may not transfer any farm vehicle registration fee collections that would cause the ethanol production incentive fund's balance to exceed \$5 million. Revenue to the fund for the 2003-05 biennium is anticipated to total \$3,085,000, of which \$2.8 million is from farm vehicle registration fees and \$285,000 from the one cent withheld on agricultural gasoline tax refunds. The bill provides a continuing appropriation to the Department of Commerce for making the ethanol incentive payments; therefore, no specific amount is appropriated for the 2003-05 biennium. An eligible plant may not receive more than \$1.6 million in production incentives annually and may not receive a cumulative total of more than \$10 million in incentive payments. The bill provides that change of ownership of an ethanol plant does not affect the \$10 million maximum payment amount. For the 2003-05 biennium, an ethanol plant that was in operation before July 1, 1995, and has a production capacity of fewer than 15 million gallons of ethanol may receive incentive payments of up to \$600,000 per year, and an ethanol plant that was in operation before July 1, 1995, and which produced more than 15 million gallons in the previous year may receive incentive payments of up to \$300,000 per year.

Section 5 of House Bill No. 1019 requires the Tax Commissioner to audit the ethanol production incentive program during the 2003-05 biennium.

Seed Capital Investment Tax Credit

Section 25 amends the seed capital investment tax credit by increasing the credit from 30 to 45 percent of the amount invested, increasing the eligible annual investment from \$50,000 to \$250,000, providing that the credit be claimed over three rather than two years, and removing provisions that the tax credits for investments in one qualified business may not exceed \$250,000.

Section 7 provides legislative intent that the state's seed capital investment tax credit primary focus be to encourage the availability of seed capital or early stage financing for the 2003-05 biennium.

Other Sections in Bill

Carryover - Sections 3 and 4 allow the Department of Commerce to continue unspent 2003-05 biennium appropriation authority in the discretionary grants line item and grants awarded but not paid in the agricultural products utilization line item beyond the 2003-05 biennium.

General fund transfer - Section 6 directs the Industrial Commission to transfer \$1 million from the student loan trust fund to the general fund during the 2003-05 biennium as requested by the director of the Office of Management and Budget.

Accountability measures - Section 9 provides that the department report to either the Budget Section or another interim Legislative Council committee on North Dakota's economic goals and associated benchmarks.

Tourism reporting - Section 12 provides that the Department of Commerce provide detailed reports to the Appropriations Committees of the 2005 Legislative Assembly regarding the Tourism Division's appropriations and expenditures.

Partnerships with Indian tribes - Section 13 provides legislative intent that the department assist in the creation of business partnerships with North Dakota Indian tribes in order to increase primary sector business growth on the Indian reservations and other areas in the state.

Tourism learning vacations - Section 14 provides legislative intent that the Tourism Division establish, coordinate, and promote North Dakota learning vacations.

Visitor rescue grants - Section 16 provides that the department use up to \$25,000 of the general fund appropriation provided for discretionary grants to reimburse political subdivisions for extraordinary costs incurred in rescues of visitors to North Dakota tourist attractions.

Red River Valley research corridor marketing - Section 17 provides that the department use \$200,000 of the general fund appropriation provided for discretionary grants to contract with a private organization for conducting a marketing and image-building campaign for the Red River Valley research corridor during the second year of the 2003-05 biennium.

Internships - Section 20 provides legislative intent that the Workforce Development Division develop an internship program involving its Internet web site and in conjunction with North Dakota University System programs.

Information Technology Department's wide area network services - Section 24 provides that the Information Technology Department may provide wide area network services for up to four years to a business located in a higher education institution's business incubator or technology park.

Related Legislation

Carryover - Section 43 of Senate Bill No. 2015 authorizes the Department of Commerce to continue up to \$850,000 of its unspent 2001-03 biennium grants appropriation for the 2003-05 biennium.

Workforce Development Division web site continuing appropriation - Senate Bill No. 2030 provides a continuing appropriation to the Department of Commerce of up to \$130,000 per biennium from fees generated from its career guidance and job opportunities web site to pay for costs associated with the web site. Any amounts received in excess of \$130,000 per biennium may be spent pursuant to legislative appropriations or Budget Section approval. The department's 2003-05 biennium appropriation includes \$200,000 from web site fee collections for costs of operating the web site for the 2003-05 biennium.

Lewis and Clark marketing - Senate Bill No. 2337 provides for an additional lodging tax of 1 percent effective through June 2007 and appropriates \$2.9 million from the general fund or the amount generated by the additional 1 percent lodging tax if less than \$2.9 million to the Tourism Division for marketing the Lewis and Clark Bicentennial celebration. Senate Bill No. 2337 provides that the \$2.9 million be used for out-of-state marketing of the Lewis and Clark Bicentennial celebration; however, Section 10 of House Bill No. 1019 which was approved later during the session provides that the funding may be used for **all marketing-related** costs associated with the Lewis and Clark Bicentennial celebration.

Ethanol production incentive program - Senate Bill No. 2222 provides for the ethanol production incentive program. (See **Ethanol Production Incentives** section above for additional information)

**Department of Corrections and Rehabilitation
House Bill Nos. 1016, 1506, 1023, Senate Bill No. 2339**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	717.18	\$82,916,611	\$33,760,982	\$116,677,593
2003-05 legislative appropriations	644.18	81,736,611	32,580,087	114,316,698
Legislative increase (decrease) to executive budget	(73.00)	(\$1,180,000)	(\$1,180,895)	(\$2,360,895)
Legislative increase (decrease) to 2001-03 appropriations	29.00	\$4,379,787	\$6,879,720	\$11,259,507

NOTE: House Bill No. 1016 was approved by the 2003 Legislative Assembly; however, the bill was vetoed by Governor Hoeven. Therefore, House Bill No. 1506 was approved by the Legislative Assembly during the May 2003 special session to provide a 2003-05 appropriation for the Department of Corrections and Rehabilitation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Corrections and Rehabilitation is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

The Legislative Assembly did not change the executive recommendation to provide an appropriation of \$99,856 from the general fund to increase teacher salaries to fully fund and maintain teachers at the level provided on the composite salary schedule developed by Central Personnel.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Juvenile Services Division				
Removed funding recommended in the executive budget for state employee salary increases		(\$111,309)	(\$6,511)	(\$117,820)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(12,249)	(821)	(13,070)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(33,327)		(33,327)
Restored funding to fully fund the department's pay plan. The executive budget had reduced funding for the department's pay plan by 3 percent to recognize anticipated savings from vacant FTE positions.		279,259		279,259

Adult Services Division

Removed funding recommended in the executive budget for state employee salary increases		(463,049)	(44,906)	(507,955)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(55,139)	(5,166)	(60,305)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)		(61,600)	(24,567)	(86,167)
Restored funding to fully fund the department's pay plan. The executive budget had reduced funding for the department's pay plan by 3 percent to recognize anticipated savings from vacant FTE positions.		1,337,458		1,337,458
Removed funding and 65 FTE positions for the recommended women's prison at the State Hospital LaHaug Building	(65.00)	(6,265,971)	(1,294,603)	(7,560,574)
Added funding to contract with county facilities to house female inmates		6,689,164		6,689,164
Changed funding for the transition center from the general fund to federal funds		(695,582)	695,582	0
Removed 10 new FTE positions as follows: Field Services Division (\$90,376) 1 FTE parole and probation officer II position Prisons Division (\$664,903) 3 FTE positions for the State Penitentiary 6 FTE positions for the James River Correctional Center	(10.00)	(90,376)	(664,903)	(755,279)
Added funding for Hepatitis A and B vaccines		250,000		250,000
Added 2 FTE transportation officer positions for transporting women prisoners	2.00	148,908		148,908
Reduced general fund support for the Field Services Division (\$721,412) and the Prisons Division (\$2,374,775)		(3,096,187)		(3,096,187)
Added funding for the Prisons Division		1,000,000		1,000,000
Added funding in Senate Bill No. 2339 from the probationer violation transportation fund for costs of returning to the state probationers who violate their conditions of supervision (See Related Legislation section below)			165,000	165,000

Total

(73.00)

(\$1,180,000)

(\$1,180,895)

(\$2,360,895)

FTE Changes

The following table summarizes FTE position changes:

Position	Proposed FTE Changes Included in Executive Budget	FTE Changes Included in Legislative Appropriation	Legislative Increase (Decrease) from Executive Budget
Juvenile Services Division	0.00	0.00	
Adult Services Division			
Field Services Division			
Correctional caseworker	1.00	1.00	
Administrative assistant	1.00	1.00	
Parole and probation officer II	3.00	2.00	(1.00)
Prisons Division			
Account technician II	1.00		(1.00)
Correctional officer II	2.00		(2.00)
Training officer III	1.00		(1.00)
Instructor	1.00		(1.00)
Correctional officer III	4.00		(4.00)
Positions related to James River Correctional Center Phase II			
General trades maintenance worker	1.00	1.00	
Carpenter II	1.00	1.00	
Maintenance mechanic III	1.00	1.00	
Plumber III	1.00	1.00	
Electrician II	1.00	1.00	
Food service operations supervisor I	5.00	5.00	
Food service operations supervisor II	6.00	6.00	
Food service director II	1.00	1.00	
Food service director I	1.00	1.00	
Laundry worker III	3.00	3.00	
Laundry manager I	1.00	1.00	
Food service operations supervisor I	1.00	1.00	
Positions related to the women's prison in LaHaug Building			
Registered nurse II	1.50		(1.50)
Chief of security	1.00		(1.00)
Administrative assistant I	1.00		(1.00)
Maintenance supervisor I	1.00		(1.00)
Addiction counselor II	2.00		(2.00)
MHC addiction technician	1.00		(1.00)
Social worker II	1.00		(1.00)
Chaplain	0.50		(0.50)
Administrative staff officer I	1.00		(1.00)
Instructor	1.00		(1.00)
Human services program administrator II	1.00		(1.00)
Correctional officer II	36.50		(36.50)
Correctional officer III	5.50		(5.50)
Correctional unit case manager	2.00		(2.00)

Correctional caseworker	8.00		(8.00)
Institution recreation specialist	1.00		(1.00)
Transportation officer		2.00	2.00
Total	102.00	29.00	(73.00)

Capital Projects

The following table summarizes capital projects included in the 2003-05 biennium executive budget and legislative appropriation:

Project	Executive Budget			Legislative Appropriations			Legislative Appropriation Increase (Decrease)		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Othe Funds	Total
Juvenile Services Division									
Youth Correctional Center									
Fire suppression system (Maple Cottage)	\$95,500		\$95,500	\$95,500		\$95,500			
Water line replacement		\$82,500	82,500		\$82,500	82,500			
Total - Juvenile Services	\$95,500	\$82,500	\$178,000	\$95,500	\$82,500	\$178,000			
Adult Services Division									
Prisons Division									
Extraordinary repairs	\$407,000	\$250,000	\$657,000	\$407,000	\$250,000	\$657,000			
Women's unit - James River Correctional Center		1,243,727	1,243,727				(\$1,243,727)	(\$1,243,727)	
Phase II - James River Correctional Center		2,662,890	2,662,890		2,662,890	2,662,890			
Energy improvement - Missouri River Correctional Center		105,326	105,326		105,326	105,326			
Total - Adult Services	\$407,000	\$4,261,943	\$4,668,943	\$407,000	\$3,018,216	\$3,425,216	\$0	(\$1,243,727)	(\$1,243,727)
Total Department of Corrections and Rehabilitation	\$502,500	\$4,344,443	\$4,846,943	\$502,500	\$3,100,716	\$3,603,216	\$0	(\$1,243,727)	(\$1,243,727)

Inmate Population

The following table summarizes 2003-05 biennium inmate population projections used to develop the executive recommendation, the revised female population projections, and the female population projection used for the legislative appropriation:

Fiscal Year 2004	Estimated Inmate Population - Executive Recommendation		Revised Female Inmate Population - Department of Corrections and Rehabilitation	Estimated Inmate Population Used for Legislative Appropriation - Contract to House Female Inmates at County Facilities
	Male	Female	Female	Female
July	1,013	137	124	104
August	1,017	140	125	105
September	1,020	143	126	106
October	1,023	145	127	107
November	1,027	148	129	109
December	1,030	151	131	111
January	1,034	154	132	112
February	1,037	157	133	113
March	1,040	160	134	114
April	1,044	163	136	116
May	1,047	166	137	117

June	1,051	169	139	119
Fiscal Year 2005				
July	1,054	172	140	120
August	1,058	175	142	122
September	1,061	177	143	123
October	1,064	180	144	124
November	1,068	183	145	125
December	1,071	186	146	126
January	1,075	189	148	128
February	1,078	192	149	129
March	1,081	195	151	131
April	1,085	198	152	132
May	1,088	201	154	134
June	1,092	204	156	136

The following table shows actual male and female inmate population counts as of the first day of each month from July 1, 2001, to May 1, 2003:

Date	Male	Female	Total
July 1, 2001	1,011	93	1,104
August 1, 2001	994	90	1,084
September 1, 2001	999	95	1,094
October 1, 2001	999	93	1,092
November 1, 2001	1,015	106	1,121
December 1, 2001	1,019	108	1,127
January 1, 2002	1,010	113	1,123
February 1, 2002	1,020	111	1,131
March 1, 2002	1,045	115	1,160
April 1, 2002	1,045	117	1,162
May 1, 2002	1,064	122	1,186
June 1, 2002	1,059	130	1,189
July 1, 2002	1,056	128	1,184
August 1, 2002	1,041	117	1,158
September 1, 2002	1,047	116	1,163
October 1, 2002	1,033	113	1,146
November 1, 2002	1,045	111	1,156
December 1, 2002	1,027	107	1,134
January 1, 2003	1,044	104	1,148
February 1, 2003	1,059	102	1,161
March 1, 2003	1,079	102	1,181
April 1, 2003	1,074	104	1,178
May 1, 2003	1,077	109	1,186

Female Inmate Contract Housing

The executive budget recommendation provided for the purchase and renovation of the State Hospital's LaHaug Building for a new women's prison. The executive budget included \$7.6 million, including \$1.3 million of federal funds, for the purchase, renovation, and operation of the women's prison for the 2003-05 biennium. The Legislative Assembly removed the funding for the women's prison at the LaHaug Building, and included funding of \$6.7 million from the general fund for contracting to house female inmates at county facilities for the 2003-05 biennium in House Bill No. 1016 as vetoed by the Governor. The new appropriation bill for the Department of Corrections and Rehabilitation, House Bill No. 1506, included an additional \$1 million in the Prisons Division for unspecified purposes. It is the intent of the Legislative Assembly that if actual inmate populations for the 2003-05 biennium are more than the projection used by the Legislative Assembly, the department may request line

item transfers or funding from the state contingencies appropriation for costs associated with the excess population pursuant to provisions of North Dakota Century Code (NDCC) Section 54-16-04 which allows the Emergency Commission to approve transfers between lines and transfers from the state contingencies appropriation subject to Budget Section approval if more than \$50,000.

James River Correctional Center Phase II

The Legislative Assembly did not change the executive recommendation to provide for the expansion of the James River Correctional Center (JRCC) to include the operations of the State Hospital's food service and laundry facilities (Phase II), including the addition of 23 new FTE positions, 15 FTE positions of which will be transferred from the State Hospital. Construction costs for JRCC Phase II are \$2,662,890 which will be financed through the issuance of bonds authorized in House Bill No. 1023. (See **Related Legislation** section below)

Tompkins Rehabilitation Correctional Center

The Legislative Assembly did not change the executive recommendation to establish the Tompkins Rehabilitation Correctional Center (TRCC), a new combined program to be located in the nurse's building on the campus of the State Hospital. The TRCC is the combination of the Thompkin's Rehabilitation and Corrections Unit (TRCU) from the Stutsman County Corrections Center, the Correction Rehabilitation and Recovery Center (DUI Center), and a new 30-bed assessment program. The TRCC has a biennial budget of approximately \$2.8 million, of which \$2.7 million is from the general fund, includes 3 FTE positions, can have up to 90 offenders in the program, and is projected to save 76 prison beds a day.

Other Sections in Bill

2001-03 biennium appropriation - Section 2 of the bill was added to provide \$500,000 of federal funds for Adult Services of the Field Services Division, for the expenses of the transition center for the 2001-03 biennium.

Crime victims restitution and gift fund - Section 3 of the bill provides that \$100,000 included in the Field Services line item is from the crime victims restitution and gift fund and shall be used and disbursed by the department in accordance with the terms of the payment or donation or, if there are no terms, for costs and expenses for the implementation of crime victims compensation.

State Penitentiary land fund - Section 4 provides that \$82,500 included in the Youth Correctional Center line item is from the State Penitentiary land fund and shall be used by the department for capital projects at the Youth Correctional Center.

Legislative intent - County contract housing state female inmates - Section 5 was added providing a statement of legislative intent that the state contract with county facilities to house state female inmates during the 2003-05 biennium, with the continuation of the contracting subject to the results of the study in Section 6, and that the department and the county jails contracting to house state female inmates shall report to the fall 2003 and the summer 2004 meetings of the Budget Section.

Legislative Council study of contract housing for female inmates - Section 6 was added providing for a Legislative Council study of the long-term needs of all state inmates and whether the department should continue to contract to house state female inmates with county jails or expand the state prison system.

Transfer of land and buildings - Exemption from NDCC Chapters 48-01.1 and 54-44.7 - Section 7 was added providing that the ownership of the food service building, the dining facility and attached building 18A, the laundry building, and buildings 8 and 50 on the grounds of the State Hospital be transferred to the Department of Corrections and Rehabilitation. The department is not subject to the provisions of NDCC Chapters 48-01.1 and 54-44.7 relating to public improvement contract bids and architect, engineer, and land surveying services for construction and renovation relating to the nurses' building, food service building, the dining facility and attached building 18A, laundry building, and building 8.

Performance audit - Section 8 was added providing that the State Auditor consider conducting a performance audit of the Department of Corrections and Rehabilitation.

Female inmates in grade 1 correctional facilities - Section 9 was added creating a new section to NDCC Chapter 12-44.1 to allow a grade 1 correctional facility that has a contract with the Department of Corrections and Rehabilitation to confine female inmates who have been sentenced to the legal and physical custody of the department for more than one year in accordance with the terms of the contract. This section expires June 30, 2005.

Related Legislation

Bonding for capital projects - House Bill No. 1023 provides an appropriation to the Department of Corrections and Rehabilitation for the James River Correctional Center Phase II (\$2,662,890) and the Missouri River Correctional Center energy improvement project (\$105,326) and authorizes the Industrial Commission to issue and sell evidences of indebtedness for the capital projects.

Contract to house female inmates in county jails - House Bill No. 1271 provides that the director of the Department of Corrections and Rehabilitation shall contract with a county for the housing of female inmates in the county jail if there is no qualified state facility available, to the extent space is available in the county jail.

Information technology positions transfer - House Bill No. 1505 provides for 2 FTE positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced from the Department of Corrections and Rehabilitation and transferred to the Information Technology Department.

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$24,567 of special funds reduced from the Department of Corrections and Rehabilitation's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

Correctional officer participation in the defined benefit retirement plan - Senate Bill No. 2033 provides that peace officers and correctional officers employed by political subdivisions may participate in the defined benefit retirement plan.

Probationer violation transportation fund appropriation - Senate Bill No. 2339 provides an appropriation of \$165,000 to the department from the probationer violation transportation fund for the costs of returning probationers to the state who violate their conditions of supervision and provides for interstate transfer or travel of probationers.

**Council on the Arts
House Bill No. 1010**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	5.00	\$1,030,971	\$1,222,215	\$2,253,186
2003-05 legislative appropriations	5.00	1,004,403	1,222,215	2,226,618
Legislative increase (decrease) to executive budget	0.00	(\$26,568)	\$0	(\$26,568)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$21,975	\$169,986	\$191,961

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Council on the Arts is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$4,577)		(\$4,577)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(516)		(516)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(1,475)		(1,475)
Decreased funding for the Lewis and Clark Bicentennial line item		(20,000)		(20,000)
Total	0.00	(\$26,568)	\$0	(\$26,568)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 5 FTE positions, the same as the 2001-03 biennium.

Lewis and Clark Bicentennial

The Legislative Assembly reduced the executive recommendation by \$20,000 to provide \$163,750 from the general fund, \$11,198 less than the 2001-03 biennium appropriation of \$174,948, for grants and other costs relating to Lewis and Clark Bicentennial activities.

Other Sections in Bill

Cultural endowment fund appropriation - Section 2 provides that all income from the cultural endowment fund is appropriated to the Council on the Arts for the furthering of the cultural arts in the state.

**School for the Deaf
Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	51.85	\$5,122,675	\$871,449	\$5,994,124
2003-05 legislative appropriations	51.85	5,073,242	871,449	5,944,691
Legislative increase (decrease) to executive budget	0.00	(\$49,433)	\$0	(\$49,433)
Legislative increase (decrease) to 2001-03 appropriations	(1.25)	\$2,763	(\$224,175)	(\$221,412)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the School for the Deaf is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423 which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$48,273)		(\$48,273)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(5,779)		(5,779)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(3,586)		(3,586)
Provided funding to fully fund the salary composite schedule for teachers at the School for the Deaf		8,205		8,205
Total	0.00	(\$49,433)	\$0	(\$49,433)

FTE Changes

The 2003-05 biennium appropriation includes funding for 51.85 FTE positions, a decrease of 1.25 FTE positions from the 2001-03 biennium authorized level of 53.10 FTE positions. The legislative action did not change the executive recommendation to eliminate a .50 FTE cook position and a .75 FTE faculty nonclassified position.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to appropriate funding of \$32,723, of which \$29,923 is from the general fund, for extraordinary repairs at the School for the Deaf.

**Agricultural Experiment Station
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	435.07	\$36,099,888	\$42,558,300	\$78,658,188
2003-05 legislative appropriations	425.71	35,678,419	42,440,481	78,118,900
Legislative increase (decrease) to executive budget	(9.36)	(\$421,469)	(\$117,819)	(\$539,288)
Legislative increase (decrease) to 2001-03 appropriations	(25.43)	(\$505,226)	\$7,345,244	\$6,840,018

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the Agricultural Experiment Station; however, the Legislative Assembly did provide the Agricultural Experiment Station with funding for state employee health insurance premiums.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	73.65	\$7,547,944	\$8,983,676	\$16,531,694
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$69,670)	(\$15,560)	(\$85,230)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(6,704)	(1,449)	(8,153)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(3,891)		(3,891)
Removed vacant professional position at the Hettinger Research Center and related funding	(1.00)		(83,669)	(83,669)
Transferred 1 FTE Extension Service position and funding from the Bismarck extension office to the Dickinson Research Center	1.00		84,405	84,405
Total legislative changes	0.00	(\$80,265)	(\$16,273)	(\$96,538)
Legislative appropriation - Branch research centers	73.65	\$7,467,679	\$8,967,403	\$16,435,082
Main Research Center				
Executive recommendation	358.55	\$28,551,944	\$32,404,239	\$60,956,183
The legislative action:				

Removed funding recommended in the executive budget for state employee salary increases		(\$314,140)	(\$144,467)	(\$458,607)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(25,640)	(13,380)	(39,020)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(21,424)		(21,424)
Removed vacant FTE positions and funding	(9.36)		(739,918)	(739,918)
Provided funding to the Main Research Center to be distributed to branch research centers to assist in offsetting Interactive Video Network costs in remote areas		20,000		20,000
Provided funding from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal and Range Science, pursuant to the provisions of Senate Bill No. 2334			800,000	800,000
Total legislative changes	<u>(9.36)</u>	<u>(\$341,204)</u>	<u>(\$97,765)</u>	<u>(\$438,969)</u>
Legislative appropriation - Main Research Center	<u>349.19</u>	<u>\$28,210,740</u>	<u>\$32,306,474</u>	<u>\$60,517,214</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.87</u>	<u>\$0</u>	<u>\$1,170,385</u>	<u>\$1,170,385</u>
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$3,471)	(\$3,471)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(310)	(310)
Total legislative changes	<u>0.00</u>	<u>\$0</u>	<u>(\$3,781)</u>	<u>(\$3,781)</u>
Legislative appropriation - Agronomy Seed Farm	<u>2.87</u>	<u>\$0</u>	<u>\$1,166,604</u>	<u>\$1,166,604</u>
Total Agricultural Experiment Station				
Executive recommendation	435.07	\$36,099,888	\$42,558,300	\$78,658,188
The legislative action	<u>(9.36)</u>	<u>(421,469)</u>	<u>(117,819)</u>	<u>(539,288)</u>
Total legislative appropriation - Agricultural Experiment Station	<u>425.71</u>	<u>\$35,678,419</u>	<u>\$42,440,481</u>	<u>\$78,118,900</u>

FTE Changes

	2001-03 Authorized Positions	2003-05 Executive Budget	2003-05 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.94	14.94	15.94	1.00
Central Grasslands Research Extension Center	6.45	6.45	6.45	0.00
Hettinger Research Extension Center	10.65	9.65	8.65	(1.00) ²
Langdon Research Extension Center	7.94	7.44	7.44	0.00
North Central Research Extension Center	9.78	9.20	9.20	0.00
Williston Research Extension Center	7.78	7.41	7.41	0.00
Carrington Research Extension Center	19.56	18.56	18.56	0.00
Total branch research centers	78.10	73.65	73.65	0.00
Main Research Center	370.17	358.55	349.19	(9.36) ³
Agronomy Seed Farm	2.87	2.87	2.87	0.00
Total Agricultural Experiment Station	451.14	435.07	425.71	(9.36)

¹The Legislative Assembly removed a vacant professional position at the Hettinger Research Center.

²The Legislative Assembly transferred a position relating to the beefline program from the Bismarck extension office to the Dickinson Research Center.

³The Legislative Assembly removed the following 9.36 FTE vacant positions from the Main Research Center:

- 4 FTE academic staff positions
- 3 FTE professional positions
- 1 FTE research assistant position
- .71 FTE associate professor position
- .65 FTE acting chair position

Capital Projects

The Legislative Assembly appropriated \$1,120,000 of special funds to the Main Research Center for construction of an insulated and heated building to house a buhler semi-industrial research mill donated by the Nestle' Research and Development Center (\$1 million from gifts, grants, and contracts) and for construction of pesticide handling facilities (\$120,000 from the environment and rangeland protection fund). The Legislative Assembly also authorized construction of a new Dickinson Research Center headquarters office and multipurpose room building (phase 1) funded from oil revenues at the center (\$1 million) and local contributions (\$400,000). Revenues from oil royalties are anticipated to be \$2.4 million during the 2003-05 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2003-05 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate branch research directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, the branch research centers, and the Main Research Center.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2003-05 biennium.

Carryover authority - Section 5 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2003-05 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2003-05 biennium.

Environment and rangeland protection fund - Section 6 identifies \$120,000 of the estimated income line item of the Main Research Center as being from the environment and rangeland protection fund for the purpose of constructing chemical handling facilities at select research centers.

Minor use pesticide fund - Section 7 identifies \$250,000 of the estimated income line item of the Main Research Center as being from the minor use pesticide fund for the purpose of defraying the expenses of minor use pesticide research programs. These funds are to be transferred upon approval of the Crop Protection Product Harmonization and Registration Board.

Beef systems center of excellence - Sections 8 and 9 authorize the Main Research Center to receive \$800,000 from the Ag PACE fund for the establishment of a beef systems center of excellence by the department of animal and range science. The Main Research Center is to collect \$1 million in federal funds and \$1 million in special funds prior to spending the \$800,000 of funding from the Ag PACE fund.

**Judicial Branch
House Bill Nos. 1002, 1505**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	336.00	\$56,327,658	\$2,046,235	\$58,373,893
2003-05 legislative appropriations	336.00	55,087,369	2,043,536	57,130,905
Legislative increase (decrease) to executive budget	0.00	(\$1,240,289)	(\$2,699)	(\$1,242,988)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$1,333,860	(\$174,285)	\$1,159,575

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Judicial Branch is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions. Sections 1 and 2 of Senate Bill No. 2423 establish a judicial branch state employee compensation pool funded by any savings resulting from a reduction of up to 8 FTE positions from the judicial branch.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added \$45,999 from the general fund for costs associated with information technology (See Related Legislation section below)		\$45,999		\$45,999
Supreme Court changes:				
Removed the judicial branch's proposed salary increase for Supreme Court justices		(53,805)		(53,805)
Removed funding recommended in the executive budget for state employee salary increases		(49,947)		(49,947)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(4,646)		(4,646)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(28,771)		(28,771)
Decreased general fund support for the Supreme Court		(25,000)		(25,000)
District Court changes:				
Removed the judicial branch's proposed salary increase for district		(461,779)		(461,779)

court judges

Removed funding recommended in the executive budget for state employee salary increases	(257,990)		(257,990)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy	(29,928)		(29,928)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.	(136,537)		(136,537)
Decreased general fund support for district courts	(235,000)		(235,000)
Judicial Conduct Commission changes:			
Removed funding recommended in the executive budget for state employee salary increases	(2,296)	(\$2,486)	(4,782)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy	(198)	(213)	(411)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.	(391)		(391)
Total	<u>0.00</u>	<u>(\$1,240,289)</u>	<u>(\$2,699)</u>
			<u>(\$1,242,988)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 336 FTE positions, the same as the 2001-03 biennium.

Other Sections in Bill

Appropriation - Section 2 appropriates any funds received by the Supreme Court, district courts, and Judicial Conduct Commission and Disciplinary Board pursuant to federal acts and private gifts, grants, and donations for the purpose as designated in the federal acts or private gifts, grants, and donations.

Transfers - Section 3 provides that the director of the Office of Management and Budget and the State Treasurer shall make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon a finding by the court that the nature of the duties of the court and its staff requires the transfers to carry on properly the functions of the judicial branch.

Related Legislation

Court facilities improvement and maintenance fund continuing appropriation - House Bill No. 1088 provides a continuing appropriation to the district court from the court facilities improvement and maintenance fund, which consists of court administration fees, which may be used by the Court Facilities Improvement Advisory Committee to make grants to counties to provide funds for court facilities improvement and maintenance projects. The grants may only be used to improve or provide essential remodeling or maintenance to facilities used for chambers, courts, and court-related services.

Electronic filing administration fund continuing appropriation - House Bill No. 1390 provides a continuing appropriation to the judicial branch from the electronic filing administration fund, which consists of electronic filing processing fees established by court rule, to cover the actual costs of maintaining an electronic filing system.

Information technology appropriation - House Bill No. 1505 provides a general fund appropriation of \$45,999 to the judicial branch for costs associated with information technology.

Criminal Justice Information Sharing Board - Senate Bill No. 2041 establishes a Criminal Justice Information Sharing Board.

Restitution collection assistance fund continuing appropriation - Senate Bill No. 2044 provides a continuing appropriation to the judicial branch from the restitution collection assistance fund, which consists of fees imposed of the greater of \$10 or 25 percent of the amount of restitution ordered but which may not exceed \$1,000, for expenses incident to the collection of restitution, including operating expenses and the compensation of additional necessary personnel.

**Education Standards and Practices Board
Senate Bill No. 2135**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$0	\$0	\$0
2003-05 legislative appropriations	0.00	40,000		40,000
Legislative increase (decrease) to executive budget	0.00	\$40,000	\$0	\$40,000
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$40,000	\$0	\$40,000

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

National Board Certification Program

The Legislative Assembly provided \$40,000 from the general fund to the Education Standards and Practices Board for the purpose of procuring federal matching grants to provide for the national board certification of teachers. The 2001 Legislative Assembly provided a \$41,500 general fund appropriation to the Department of Public Instruction for providing a grant to the Education Standards and Practices Board for the purpose of making grants to assist teachers in obtaining national certification. The 2003-05 executive budget did not include any funding relating to the national board certification program.

**Division of Emergency Management
Senate Bill No. 2016**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	20.00	\$942,509	\$46,130,383	\$47,072,892
2003-05 legislative appropriations	20.00	1,369,035	37,217,141	38,586,176
Legislative increase (decrease) to executive budget	0.00	\$426,526	(\$8,913,242)	(\$8,486,716)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$401,577	(\$32,659,385)	(\$32,257,808)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Division of Emergency Management is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$7,817)	(\$11,978)	(\$19,795)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(800)	(1,264)	(2,064)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(2,657)		(2,657)
Removed funding for repayment of disaster relief funding			(8,900,000)	(8,900,000)
Provided funding for interest payments relating to disaster relief funding		437,800		437,800
Total	0.00	\$426,526	(\$8,913,242)	(\$8,486,716)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 20 FTE positions, the same as the 2001-03 biennium.

Disaster Relief Funding

The Legislative Assembly did not adopt the executive recommendation to provide funding of \$8.9 million from the water development trust fund for the agency's repayment of 2001-03 biennium Bank of North Dakota loans obtained to pay the state's share of federal disaster relief funding. However, the Legislative Assembly provided funding of \$437,800 from the general fund to pay for interest costs incurred for the 2003-05 biennium relating to the agency's Bank of North Dakota line of credit to pay the state's share of federal disaster relief funding. The Legislative Assembly also provided that notwithstanding North Dakota Century Code Section 37-17.1-23, the Division of Emergency Management may extend its 2001-03 biennium line of credit with the Bank of North Dakota, may repay the loan to the extent possible with funding received from settlements, and may request a deficiency appropriation from the 2005 Legislative Assembly for the state's share of remaining federal disaster relief funding from both the 2001-03 and 2003-05 bienniums.

**State Fair Association
House Bill No. 1009**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$556,750	\$20,000	\$576,750
2003-05 legislative appropriations	0.00	581,750	20,000	601,750
Legislative increase (decrease) to executive budget	0.00	\$25,000	\$0	\$25,000
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$6,750	\$0	\$6,750

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

State Fair Premiums

The Legislative Assembly provided \$391,750 for premiums, \$371,750 of which is from the general fund and \$20,000 to be raised by the State Fair. The \$391,750 is \$6,750 more than the 2001-03 appropriation of \$385,000, of which \$365,000 was from the general fund and \$20,000 was to be raised by the State Fair. The 2003-05 executive budget recommended premium funding of \$366,750 of which \$346,750 was from the general fund. The Legislative Assembly increased the executive recommendation for premiums by \$25,000 from the general fund.

Debt Payments

The Legislative Assembly did not change the executive recommendation which provided \$210,000 from the general fund to continue the interest rate buydown on State Fair capital construction project payments for the 2003-05 biennium, the same level provided in the 2001-03 biennium.

Board of Directors Compensation

The Legislative Assembly increased the statutory compensation for the State Fair Association's Board of Directors from \$10 per day plus allowable reimbursable expenses to \$75 per day plus allowable reimbursable expenses.

**Department of Financial Institutions
House Bill No. 1008**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	25.00	\$0	\$3,691,275	\$3,691,275
2003-05 legislative appropriations	25.00		3,657,265¹	3,657,265¹
Legislative increase (decrease) to executive budget	0.00	\$0	(\$34,010)	(\$34,010)
Legislative increase (decrease) to 2001-03 appropriations	1.50	\$0	\$92,124	\$92,124

¹ Section 3 of House Bill No. 1505 requires the Office of Management and Budget to reduce the special funds appropriation authority for the Department of Financial Institutions for the 2003-05 biennium by \$7,881 relating to an information technology reduction. Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer the \$7,881 of special funds to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Financial Institutions is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$31,327)	(\$31,327)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(2,683)	(2,683)
Total	0.00	\$0	(\$34,010)	(\$34,010)

FTE Changes

The 2003-05 biennium appropriation includes funding for 25 FTE positions, an increase of 1.50 FTE positions from the 2001-03 biennium authorized level of 23.50 FTE positions. The legislative action did not change the executive recommendation to add 1 FTE credit union institution examiner position and .50 FTE consumer finance company examiner position.

Related Legislation

Expiration and renewal of licenses - House Bill No. 1184 relates to the expiration and renewal for consumer finance licenses, provides for license renewals and renewal late fees for money broker and collection agency licenses, and creates a new section relating to the Department of Financial Institutions investigations and subpoenas.

License fees - Senate Bill No. 2128 increases the amounts for consumer finance, money broker, collection agency, and sale of check license fees and annual license fees.

Game and Fish Department
Senate Bill No. 2019, House Bill No. 1358

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	139.00	\$0	\$39,759,673	\$39,759,673
2003-05 legislative appropriations	147.00		43,365,763	43,365,763
Legislative increase (decrease) to executive budget	8.00	\$0	\$3,606,090	\$3,606,090
Legislative increase (decrease) to 2001-03 appropriations	11.00	\$0	\$7,968,787	\$7,968,787

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Game and Fish Department is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$164,680)	(\$164,680)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(14,345)	(14,345)
Added three new game warden positions, one of which is for the licensing and regulating of guides and outfitters	3.00		335,115	335,115
Added funding and five new FTE positions for the private land open to sportsmen program in House Bill No. 1358 (See Related Legislation section below)	5.00		3,300,000	3,300,000
Increased the wildlife services line item by \$150,000, from \$400,000 to \$550,000, which is provided to the Agriculture Commissioner to pay for services provided by the United States Department of Agriculture - Wildlife Services Agency to alleviate wildlife depredation and damage in North Dakota			150,000	150,000
Total	8.00	\$0	\$3,606,090	\$3,606,090

FTE Changes

The 2003-05 biennium appropriation includes funding for 147 FTE positions, 11 more than the 2001-03 authorized level of 136 FTE positions. The Legislative Assembly did not change the executive recommendation, which added 3 FTE biologist I positions for habitat and access programs. The Legislative Assembly added 3 FTE game warden positions, one of which is for the licensing and regulating of guides and outfitters, and 5 FTE positions to carry out the private land open to sportsmen program.

Funding for Department of Agriculture

Waterbank Program

The Legislative Assembly did not change the executive recommendation to discontinue funding the waterbank program due to the significant increase in habitat programs administered by the agency.

Wildlife Services

The Legislative Assembly increased the executive recommendation for the wildlife services line item by \$150,000 from the game and fish fund. The funding will be made available to the Agriculture Commissioner to contract with the United States Department of Agriculture - Wildlife Services Agency to alleviate wildlife depredation and damage in North Dakota. The 2003-05 biennium appropriation for wildlife services is \$550,000, \$150,000 more than the 2001-03 biennium appropriation of \$400,000.

Board of Animal Health

The Legislative Assembly did not change the executive recommendation to provide \$150,000 from the game and fish fund for a grant to the Department of Agriculture for expenses of the Board of Animal Health. The 2003-05 biennium appropriation is an increase of \$82,000 from the 2001-03 biennium appropriation of \$68,000.

Funding for Parks and Recreation Department

The Legislative Assembly did not change the executive recommendation to provide \$80,000 from the game and fish fund for a grant to the Parks and Recreation Department for recurring state park boat ramp maintenance and operation costs. The 2003-05 biennium appropriation for this purpose is unchanged from the 2001-03 biennium appropriation. The 2003-05 biennium appropriation also includes \$42,000 for a new grant to the Parks and Recreation Department for one-time extraordinary repairs to boat ramps. The 2001 Legislative Assembly did not appropriate any money from the game and fish fund for this purpose.

Capital Projects

The Legislative Assembly did not change the executive recommendation to provide funding from the game and fish fund for the following capital projects:

Project	Other Funds
Extraordinary repairs	\$919,944
Construction of a shop in Bismarck	600,000
Land acquisitions	500,000
Equipment over \$5,000	230,000
Information technology equipment over \$5,000	10,000
Total	\$2,259,944

Other Sections in Bill

Private land habitat and access improvement - Section 2 provides that \$3,873,386 included in the land habitat and deer depredation line item is from the private land habitat and access improvement fund and shall be used by the department for the private land habitat and access improvement program, as provided in North Dakota Century Code Section 20.1-02-05.

Nongame wildlife fund - Section 3 provides that \$41,874 of the nongame wildlife conservation line item is from the nongame wildlife fund and is to be used by the department for the purposes of preservation, inventory, perpetuation, and conservation of nongame wildlife, natural areas, and nature preserves in this state.

Wildlife services line item - Section 4 provides that the wildlife services line item (\$550,000) is from the game and fish fund and is to be used for the purpose of alleviating wildlife depredation and damage in North Dakota. Projects, contracts, and agreements may be entered into by the department in cooperation with the Agriculture Commissioner.

Related Legislation

Guide and outfitter licenses - House Bill No. 1050 establishes guide and outfitter licensing requirements and the license fees for hunting guides and outfitters.

Mule deer license raffle - House Bill No. 1122 establishes a mule deer license raffle and auction of one license per year by the Mule Deer Foundation.

Pheasant season opening date - House Bill No. 1223 establishes the opening date for pheasant season, and prohibits a nonresident from hunting for the first seven days of the pheasant season on land owned by or private land enrolled by the department for the purposes of hunting or on land for which the department pays in lieu of tax payments.

Unlawful taking of big game animals - House Bill No. 1343 provides penalties for the unlawful taking of big game animals.

Private lands open to sportsmen program - House Bill No. 1358 increases the fees for nonresident hunting and fishing licenses, and provides an appropriation of \$3,300,000 to the Game and Fish Department from the game and fish fund to increase funding and authorize 5 FTE positions to carry out the private land open to sportsmen program.

Nonresident big game hunting license fees - House Bill No. 1391 increases the fees for nonresident big game hunting licenses from \$155 to \$200, and provides that \$45 of each nonresident big game hunting license fee must be used for the private land initiative.

Information technology position transfer - House Bill No. 1505 provides for 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced from the Game and Fish Department and transferred to the Information Technology Department.

Nonresident waterfowl hunting license - Senate Bill No. 2242 provides that the 14-day, 7-day, and two 7-day hunting period restrictions do not apply to nonresidents hunting in Richland and Sargent Counties during the early September Canada goose season.

Hunting and fishing licenses for nonresident college students - Senate Bill No. 2322 allows certain full-time nonresident college students living in North Dakota to purchase resident hunting and fishing licenses.

Nonresident deer hunting licenses - Senate Bill No. 2363 provides that the fee for a nonresident who participates on the same basis as a resident in a lottery for deer licenses remaining after the second lottery is \$50 rather than \$155.

**State Department of Health
House Bill Nos. 1004, 1023, Senate Bill No. 2297**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	312.00	\$13,661,364	\$106,393,159	\$120,054,523
2003-05 legislative appropriations	313.00	13,101,092	106,481,656	119,582,748
Legislative increase (decrease) to executive budget	1.00	(\$560,272)	\$88,497	(\$471,775)
Legislative increase (decrease) to 2001-03 appropriations	(3.00)	(\$1,828,878)	\$24,008,398	\$22,179,520

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Department of Health is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$110,886)	(\$215,933)	(\$326,819)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(11,099)	(21,203)	(32,302)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)		(35,200)	(11,108)	(46,308)
Changes funding for the Healthy North Dakota program, including one related FTE position, from the general fund to federal or special funds		(202,016)	202,016	0
Reduced funding from the community health trust fund for a tobacco quit line from \$800,000 to \$680,000			(120,000)	(120,000)
Removed funding from the community health trust fund for legal fees charged by the Attorney General's office related to the tobacco program			(25,000)	(25,000)
Provided funding from the environment and rangeland protection			50,000	50,000

fund for a grant to the North Dakota Stockmen's Association
environmental services program

Reduced funding for abandoned motor vehicle disposal from the abandoned motor vehicle fund from \$300,000 to \$250,000		(50,000)	(50,000)
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Provided funding from the health care cooperative agreement fund for expenses related to the certificate of public advantage program, which allows health care providers wishing to enter into cooperative agreements with other providers or with third-party payers immunity from prosecution under state antitrust laws and intended immunity under federal antitrust laws. The State Department of Health is to review any application for immunity and determine if the agreement meets certain standards of "public advantage" established in law that outweigh the disadvantages incurred through a reduction in competition.		100,000	100,000
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Reduced funding for operating expenses	(52,475)	(356,525)	(409,000)
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Reduced funding for personal computers	(58,718)		(58,718)
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Reduced funding from the general fund for basic care unit inspections	(139,878)		(139,878)
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Increased funding for basic care licensing activities	50,000	72,250	122,250
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Increased federal funds spending authority to \$35,000 for the donated dental services program		14,000	14,000
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Added federal funding and 1 FTE human service program administrator to coordinate school health programs and improve the health, education, and well-being of young people	1.00	200,000	200,000
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Removed funding from the community health trust fund for the Community Health Grant Program Advisory Committee (\$100,000) and for city and county employee tobacco cessation programs (\$250,000) (See Related Legislation section below)		(350,000)	(350,000)
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Provided funding from the community health trust fund for the Community Health Grant Program Advisory Committee (\$100,000) and for city, county, and state employee tobacco education programs (\$500,000) in Senate Bill No. 2297 (See Related Legislation section below)		600,000	600,000
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Total	<u>1.00</u>	<u>(\$560,272)</u>	<u>\$88,497</u>	<u>(\$471,775)</u>
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FTE Changes

The 2003-05 appropriation includes funding for 313 FTE positions, a decrease of 3 FTE positions from the 2001-03 authorized level of 316 FTE positions as follows:

Adds	
Public information specialist	1
Physician - State medical officer	1
Information center specialist	1
Multimedia developer	1
Microbiologist	1
Epidemiologists	5
Human service program administrators	3
Environmental scientist	0.5
Administrative assistant	1
Lab technician (transferred from the State Water Commission)	1
Human service program administrator	1
Total	16.5
Deletes	
Crime Laboratory positions (transferred to the Attorney General's office)	14.5
Administrative services chief	1
Human services program administrator	1
Environmental scientists	2
Environmental engineer	1
Total	19.5

Other Sections in Bill

Combined purchasing with local public health units - Section 10 authorizes the State Department of Health to make combined or joint purchases with or on behalf of local public health units for items or services and provides a continuing appropriation for the local public health unit's share of the purchases which are deposited in the department's operating fund.

Basic care facilities license fees - Section 11 provides for an annual \$10 per bed license fee for basic care facilities to be deposited in the State Department of Health services operating fund, which is estimated to generate \$32,500 during the 2003-05 biennium.

Nursing facilities license fees - Section 12 provides for an increase in the annual per bed licensing fee for nursing facilities from \$7 to \$10 to be deposited in the department's operating fund, which is estimated to increase revenues by \$39,750 during the 2003-05 biennium.

Employee outsourcing - Section 13 provides for the State Department of Health to consider the option of outsourcing employee positions whenever reasonable and report to the Budget Section during the 2004-05 interim on the status of outsourcing employees.

Nursing home survey process study - Section 14 provides for a Legislative Council study during the 2003-04 interim of the nursing home survey process, including a review of federal, state, and local agency procedures and requirements that result in additional costs, duplicated procedures, and added regulations for nursing homes. The study is to explore the potential for mitigating the impact of new mandated federal rules through additional collaboration between the State Department of Health and the Department of Human Services and the submission of waiver requests.

Capital Improvements

House Bill No. 1023 authorizes the issuance of bonds for State Department of Health capital projects totaling \$1,574,865, including the East Laboratory remodeling project (\$614,865) and the construction of a new morgue (\$800,000) and storage annex (\$160,000). In addition, House Bill No. 1004 appropriates \$450,000 of federal bioterrorism funds for the East Laboratory project, increasing the total project authorization to \$1,064,865. The Legislative Assembly provided that the \$614,865 of bonding authority for the East Laboratory remodeling project must be reduced by any additional available bioterrorism money.

Tobacco “Quit Line” and Health Hotline

The Legislative Assembly authorized \$680,000 from the community health trust fund for a tobacco “quit line” and \$2.4 million from federal bioterrorism funds for an “Ask A Nurse” health hotline.

Tobacco Prevention and Control Programs

The Legislative Assembly appropriated \$4.7 million from the community health trust fund for tobacco prevention and control programs. The total 2003-05 appropriation for tobacco prevention and control programs, including \$2.4 million of federal funding from the Centers for Disease Control and Prevention and \$680,000 for the tobacco “quit line” is \$7,783,097.

Bioterrorism Funding

The total 2003-05 funding anticipated to be received by the State Health Department from the Centers for Disease Control and Prevention (\$11,790,933) and Health Resources and Services Administration (\$1 million) for bioterrorism programs is as follows:

Salaries and wages (13.25 FTE positions)	\$1,253,236
Operating expenses	3,514,672
Health hotline	2,400,000
Capital assets - Building remodel	450,000
Grants	<u>5,173,025</u>
Total	\$12,790,933

State Aid to Local Health Districts

The Legislative Assembly appropriated \$1.1 million from the general fund for grants to local public health units for the 2003-05 biennium.

Related Legislation

Deputy state health officer duties - House Bill No. 1123 provides that a deputy state health officer who does not hold a health-related degree may not individually issue an order regarding public health unless the order is cosigned by a physician who is employed by the State Department of Health or cosigned by the state epidemiologist.

Reporting of disease outbreaks - House Bill No. 1414 provides procedures for emergency reporting of diseases, and principles which the state or local health officers must adhere to when isolating or quarantining individuals or groups of individuals.

Information technology position transfer - House Bill No. 1505 provides for 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced from the State Department of Health and transferred to the Information Technology Department.

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$11,108 of special funds reduced from the State Department of Health’s information technology budget to the Information Technology Department for funding a portion of the Information Technology Department’s operating budget.

Community health grant program - Senate Bill No. 2297 provides an appropriation from the community health trust fund for the Community Health Grant Program Advisory Committee (\$100,000) and for providing grants for city, county, and state employee tobacco education and cessation programs (\$500,000). The grants to cities and counties are to be matched with a \$1 local match for every \$3 of state funds. Any unexpended 2001-03 funds for city and county tobacco cessation and education programs, estimated to be \$150,000 by the State Department of Health, may be continued into the 2003-05 biennium. The State Health Officer is to monitor the implementation of the community health grant program and provide a report to the Legislative Council no later than September 30, 2004.

Dental loan repayment program - Senate Bill No. 2378 changes the dental loan repayment program to give the highest priority for acceptance into the program to dentists serving the smallest and most underserved communities in North Dakota. The program, as established in the 2001-03 biennium, provided loan repayment assistance to three dentists based on the size of the community served--one serving a community with less than 2,500 residents, one serving a community with less than 10,000 residents, and one serving a community with 10,000 or more residents. The 2003-05 appropriation for the dental loan repayment program is \$380,000 from the community health trust fund.

**Agricultural Experiment Station
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	435.07	\$36,099,888	\$42,558,300	\$78,658,188
2003-05 legislative appropriations	<u>425.71</u>	<u>35,678,419</u>	<u>42,440,481</u>	<u>78,118,900</u>
Legislative increase (decrease) to executive budget	(9.36)	(\$421,469)	(\$117,819)	(\$539,288)
Legislative increase (decrease) to 2001-03 appropriations	(25.43)	(\$505,226)	\$7,345,244	\$6,840,018

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the Agricultural Experiment Station; however, the Legislative Assembly did provide the Agricultural Experiment Station with funding for state employee health insurance premiums.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	<u>73.65</u>	<u>\$7,547,944</u>	<u>\$8,983,676</u>	<u>\$16,531,694</u>
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$69,670)	(\$15,560)	(\$85,230)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(6,704)	(1,449)	(8,153)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(3,891)		(3,891)
Removed vacant professional position at the Hettinger Research Center and related funding	(1.00)		(83,669)	(83,669)
Transferred 1 FTE Extension Service position and funding from the Bismarck extension office to the Dickinson Research Center	1.00		84,405	84,405
Total legislative changes	<u>0.00</u>	<u>(\$80,265)</u>	<u>(\$16,273)</u>	<u>(\$96,538)</u>
Legislative appropriation - Branch research centers	<u>73.65</u>	<u>\$7,467,679</u>	<u>\$8,967,403</u>	<u>\$16,435,082</u>
Main Research Center				
Executive recommendation	<u>358.55</u>	<u>\$28,551,944</u>	<u>\$32,404,239</u>	<u>\$60,956,183</u>
The legislative action:				

Removed funding recommended in the executive budget for state employee salary increases		(\$314,140)	(\$144,467)	(\$458,607)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(25,640)	(13,380)	(39,020)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(21,424)		(21,424)
Removed vacant FTE positions and funding	(9.36)		(739,918)	(739,918)
Provided funding to the Main Research Center to be distributed to branch research centers to assist in offsetting Interactive Video Network costs in remote areas		20,000		20,000
Provided funding from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal and Range Science, pursuant to the provisions of Senate Bill No. 2334			800,000	800,000
Total legislative changes	<u>(9.36)</u>	<u>(\$341,204)</u>	<u>(\$97,765)</u>	<u>(\$438,969)</u>
Legislative appropriation - Main Research Center	<u>349.19</u>	<u>\$28,210,740</u>	<u>\$32,306,474</u>	<u>\$60,517,214</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.87</u>	<u>\$0</u>	<u>\$1,170,385</u>	<u>\$1,170,385</u>
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$3,471)	(\$3,471)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(310)	(310)
Total legislative changes	<u>0.00</u>	<u>\$0</u>	<u>(\$3,781)</u>	<u>(\$3,781)</u>
Legislative appropriation - Agronomy Seed Farm	<u>2.87</u>	<u>\$0</u>	<u>\$1,166,604</u>	<u>\$1,166,604</u>
Total Agricultural Experiment Station				
Executive recommendation	435.07	\$36,099,888	\$42,558,300	\$78,658,188
The legislative action	<u>(9.36)</u>	<u>(421,469)</u>	<u>(117,819)</u>	<u>(539,288)</u>
Total legislative appropriation - Agricultural Experiment Station	<u>425.71</u>	<u>\$35,678,419</u>	<u>\$42,440,481</u>	<u>\$78,118,900</u>

FTE Changes

	2001-03 Authorized Positions	2003-05 Executive Budget	2003-05 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.94	14.94	15.94	1.00
Central Grasslands Research Extension Center	6.45	6.45	6.45	0.00
Hettinger Research Extension Center	10.65	9.65	8.65	(1.00) ²
Langdon Research Extension Center	7.94	7.44	7.44	0.00
North Central Research Extension Center	9.78	9.20	9.20	0.00
Williston Research Extension Center	7.78	7.41	7.41	0.00
Carrington Research Extension Center	19.56	18.56	18.56	0.00
Total branch research centers	78.10	73.65	73.65	0.00
Main Research Center	370.17	358.55	349.19	(9.36) ³
Agronomy Seed Farm	2.87	2.87	2.87	0.00
Total Agricultural Experiment Station	451.14	435.07	425.71	(9.36)

¹The Legislative Assembly removed a vacant professional position at the Hettinger Research Center.

²The Legislative Assembly transferred a position relating to the beefline program from the Bismarck extension office to the Dickinson Research Center.

³The Legislative Assembly removed the following 9.36 FTE vacant positions from the Main Research Center:

- 4 FTE academic staff positions
- 3 FTE professional positions
- 1 FTE research assistant position
- .71 FTE associate professor position
- .65 FTE acting chair position

Capital Projects

The Legislative Assembly appropriated \$1,120,000 of special funds to the Main Research Center for construction of an insulated and heated building to house a buhler semi-industrial research mill donated by the Nestle' Research and Development Center (\$1 million from gifts, grants, and contracts) and for construction of pesticide handling facilities (\$120,000 from the environment and rangeland protection fund). The Legislative Assembly also authorized construction of a new Dickinson Research Center headquarters office and multipurpose room building (phase 1) funded from oil revenues at the center (\$1 million) and local contributions (\$400,000). Revenues from oil royalties are anticipated to be \$2.4 million during the 2003-05 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2003-05 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate branch research directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, the branch research centers, and the Main Research Center.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2003-05 biennium.

Carryover authority - Section 5 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2003-05 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2003-05 biennium.

Environment and rangeland protection fund - Section 6 identifies \$120,000 of the estimated income line item of the Main Research Center as being from the environment and rangeland protection fund for the purpose of constructing chemical handling facilities at select research centers.

Minor use pesticide fund - Section 7 identifies \$250,000 of the estimated income line item of the Main Research Center as being from the minor use pesticide fund for the purpose of defraying the expenses of minor use pesticide research programs. These funds are to be transferred upon approval of the Crop Protection Product Harmonization and Registration Board.

Beef systems center of excellence - Sections 8 and 9 authorize the Main Research Center to receive \$800,000 from the Ag PACE fund for the establishment of a beef systems center of excellence by the department of animal and range science. The Main Research Center is to collect \$1 million in federal funds and \$1 million in special funds prior to spending the \$800,000 of funding from the Ag PACE fund.

**Highway Patrol
House Bill No. 1011**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	181.00	\$18,998,661	\$14,473,199	\$33,471,860
2003-05 legislative appropriations	192.00	18,211,522	15,481,087	33,692,609
Legislative increase (decrease) to executive budget	11.00	(\$787,139)	\$1,007,888	\$220,749
Legislative increase (decrease) to 2001-03 appropriations	(4.00)	(\$1,557,179)	\$1,851,644	\$294,465

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Highway Patrol is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$144,377)	(\$62,795)	(\$207,172)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(12,812)	(5,867)	(18,679)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Special Funds Transfer section below)		(29,950)	(9,450)	(39,400)
Added federal funding for conducting safety audits of motor carriers recently approved for federal interstate operating authority. The 2 FTE positions are authorized only for the period of time that federal funds are available to provide for the cost of the positions.	2.00		180,000	180,000
Added funding from the highway tax distribution fund of \$847,000 and from federal funds of \$59,000 for costs of operating the Beach, Bowman, and Mooreton weigh stations for the 2003-05 biennium if the Highway Patrol chooses to continue operating these stations	9.00		906,000	906,000

Reduced funding for field operations. The Highway Patrol may determine the specific areas to reduce.	(600,000)	(600,000)
Total	<u>11.00</u>	<u>(\$787,139)</u>
	<u>\$1,007,888</u>	<u>\$220,749</u>

FTE Changes

The Legislative Assembly restored 9 of the 26 FTE positions removed in the executive budget relating to the closure of weigh inspection stations, added 2 FTE safety audit positions, and did not change the executive recommendation to add 11 FTE positions for expanding the motor carrier safety assistance program.

Highway Tax Distribution Fund Transfer

The Legislative Assembly appropriated \$7,444,054 from the **highway tax distribution fund** for Highway Patrol operations for the 2003-05 biennium, \$782,478 more than the executive budget recommendation. The 2001 Legislative Assembly appropriated \$6,200,000 from the **highway fund** for Highway Patrol operations for the 2001-03 biennium.

Weigh Inspection Stations

At the beginning of the 2001-03 biennium, the Highway Patrol operated weigh inspection stations at eight locations--Beach, Bowman, Ellendale, Fargo, Joliette, Minot, Mooreton, and Williston. During the 2001-03 biennium, the Highway Patrol closed the Minot weigh station. The 2003-05 executive budget recommended closing four additional weigh stations located at Beach, Bowman, Ellendale, and Mooreton and eliminating 26 FTE weigh inspection positions. The executive budget recommended adding 11 FTE positions to conduct truck inspections and weight enforcement by using eight 2-person mobile units, one located in each region of the state. The Legislative Assembly appropriated an additional \$847,000 from the highway tax distribution fund and \$59,000 of additional federal funds, including an additional 9 FTE positions for operating the Beach, Bowman, and Mooreton weigh stations for the 2003-05 biennium if the Highway Patrol chooses to continue operating these stations.

Transfer of Information Technology Position

Section 10 of House Bill No. 1505 authorizes the reduction and transfer of 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services, from the Highway Patrol to the Information Technology Department. The Highway Patrol is to establish an information technology services accounting code consisting of funding related to the salaries and wages for the identified employee position and related funding for equipment, training, office rent, travel, contracted services, or other related costs. The Highway Patrol is to use the funding contained in the information technology services account to purchase information technology services from the Information Technology Department. The Highway Patrol is entitled to receive from the Information Technology Department the equivalent in services that would have been performed by the employee in the transferred position at a cost not to exceed the amounts transferred to the agency's information technology services account.

Special Funds Transfer

Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer the \$9,450 of special funds reduced from the Highway Patrol's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

**State Historical Society
Senate Bill Nos. 2020, 2416**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	57.00	\$7,370,488	\$1,918,542	\$9,289,030
2003-05 legislative appropriations	57.00	7,259,934	4,391,042	11,650,976
Legislative increase (decrease) to executive budget	0.00	(\$110,554)	\$2,472,500	\$2,361,946
Legislative increase (decrease) to 2001-03 appropriations	1.00	\$39,761	(\$1,198,937)	(\$1,159,176)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Historical Society is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$52,931)		(\$52,931)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(5,986)		(5,986)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(14,137)		(14,137)
Decreased funding for the capital assets line item		(62,500)		(62,500)
Decreased funding for the Lewis and Clark Bicentennial line item		(100,000)		(100,000)
Increased funding for the confluence center exhibits due to the receipt of new federal money			\$22,500	22,500
Added funding to the grants line item for new federal money received for the historic preservation program			300,000	300,000
Added federal funds for the veterans' oral history project in a separate line item			150,000	150,000
Added a new line item for cultural heritage grants		75,000		75,000

Provided funding for completing building specifications, architectural drawings, and marketing plans relating to the expansion of the North Dakota Heritage Center archives and historical research library section	50,000		50,000
Added special funds from bond proceeds in Senate Bill No. 2416 for the Chateau de Mores and Fort Abercrombie State Historic Site Interpretive Center projects (See Related Legislation section below)			2,000,000
	2,000,000		2,000,000
Total	<u>0.00</u>	<u>(\$110,554)</u>	<u>\$2,472,500</u>
			<u>\$2,361,946</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation to add two .5 FTE office assistant II positions requested by the agency to convert long-term temporary positions to permanent status. The number of FTE positions for the State Historical Society for the 2003-05 biennium is 57 FTE positions, 1 FTE more than the 56 FTE authorized for the 2001-03 biennium.

Capital Projects

The Legislative Assembly increased funding for the confluence center exhibits due to the receipt of new federal money and reduced funding for the capital assets line item by \$62,500 from the executive recommendation. The State Historical Society may determine the specific project funding to be reduced. The following table shows the capital projects included in the executive recommendation:

Project	General Fund	Other Funds	Total
Former Governor's mansion coach house stabilization	\$25,000	\$225,000	\$250,000
Chimney Park repair	50,000	37,000	87,000
Interpretive signage	40,000		40,000
Fort Buford exhibits	225,000		225,000
Extraordinary repairs	179,200		179,200
Equipment over \$5,000	108,344		108,344
Total - Executive recommendation	\$627,544	\$262,000	\$889,544
Legislative action			
Decreased funding for capital assets line item	(\$62,500) ¹		\$0
Increased funding for confluence center exhibits		\$22,500	22,500
Total capital assets line item	\$627,544	\$284,500	\$912,044

¹ The Legislative Assembly reduced the capital assets line item for the State Historical Society by \$62,500 from the general fund and gave the department the responsibility to determine the specific project funding to be reduced. The department estimates the general fund reduction of \$62,500 will result in the removal of the interpretive signage (\$40,000) and a decrease in extraordinary repairs (\$22,500).

Lewis and Clark Bicentennial

The Legislative Assembly decreased the executive recommendation for the Lewis and Clark Bicentennial line item by \$101,549 providing an appropriation of \$923,746, all from the general fund, which is \$600,098 less than the 2001-03 appropriation of \$1,523,844 from the general fund, for Double Ditch field school, programming, and marketing relating to the Lewis and Clark Bicentennial.

Other Sections in Bill

Revolving fund appropriation - Section 2 provides that all fees collected by the State Historical Society and deposited in the revolving fund are appropriated to the State Historical Society for making investigations of permit applicants and for the management and analysis of records and artifacts submitted to the director.

Gifts, grants, and bequests appropriation - Section 3 provides that all gifts, grants, devises, bequests, donations, and assignments received by the State Historical Society and deposited with the State Treasurer are appropriated to the State Historical Society to be paid out for the purposes prescribed by the donor as authorized by the board.

Compact storage units - Section 4 provides that the State Historical Society may spend money appropriated in the capital assets line item to purchase compact storage units.

Carryover - Section 5 allows the State Historical Society to continue unspent 2001-03 biennium appropriation authority of up to \$540,000, of which \$440,000 is from the general fund and \$100,000 is from special funds. Of the \$540,000, \$25,000 is for cultural heritage grants and \$515,000 is for the completion of the confluence center exhibits and the era of change exhibits.

Lewis and Clark Bicentennial line item and capital assets line item transfers - Section 6 provides that the State Historical Society may transfer funds between the Lewis and Clark Bicentennial line item and the capital assets line item.

Related Legislation

State historic site interpretive centers - Senate Bill No. 2416 provides a special funds appropriation of \$2 million for bonding for the Chateau de Mores and Fort Abercrombie State Historic Site Interpretive Center projects. Section 2 of the bill provides that the debt service must be paid from federal, local, or donated funds collected by the State Historical Society. Section 3 of the bill provides legislative intent that \$600,000 of the required federal, local, or donated funds (\$300,000 for each interpretive center), must be collected before the State Historical Society may begin the expansion of the interpretive centers.

**State Tax Commissioner
Senate Bill No. 2006**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	137.00	\$21,628,647	\$115,044	\$21,743,691
2003-05 legislative appropriations	137.00	21,154,695	115,044	21,269,739¹
Legislative increase (decrease) to executive budget	0.00	(\$473,952)	\$0	(\$473,952)
Legislative increase (decrease) to 2001-03 appropriations	(6.00)	(\$1,188,966)	(\$594,685)	(\$1,783,651)

¹ The amounts on the schedule above include funding for the homestead tax credit. The 2003-05 executive budget recommended and the Legislative Assembly appropriated \$4,000,000 from the general fund for the homestead tax credit, \$540,813 less than the 2001-03 biennium general fund appropriation of \$4,540,813.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Tax Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$135,185)		(\$135,185)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(14,138)		(14,138)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(26,486)		(26,486)
Reduced funding for salaries and wages to remove funding relating to an employee called to active military duty		(118,143)		(118,143)
Reduced funding for operating expenses		(180,000)		(180,000)
Total	0.00	(\$473,952)	\$0	(\$473,952)

FTE Changes

The 2003-05 biennium appropriation includes funding for 137 FTE positions, six fewer than the 2001-03 authorized level of 143 FTE positions. The Legislative Assembly did not change the executive recommendation to remove 6 FTE positions as follows:

- 1 FTE compliance officer (Sales and Special Tax Division)
- 1 FTE income tax director (Income Tax Division)
- 1 FTE audit technician (Income Tax Division)
- 1 FTE information system administrator (Operations Division)
- 1 FTE document specialist (Operations Division)
- 1 FTE data input operator (Operations Division)

Other Sections in Bill

Carryover authority - Section 3 authorizes the Tax Commissioner to continue up to \$110,000 of unspent 2001-03 general fund appropriation authority for a sales tax WebFile rewrite information technology project. A 2001-03 biennium appropriation was provided for this project; however, the Information Technology Department was unable to schedule this project before the end of the biennium.

Related Legislation

Tax amnesty program - Senate Bill No. 2015 authorizes the Tax Commissioner to conduct a one-time tax amnesty program beginning before December 31, 2003.

State aid distribution - House Bill No. 1025 revises the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 census.

Corporate income taxes - House Bill No. 1471 reduces the corporate income tax rates and changes the corporate income tax structure, including repeal of the federal tax deduction and net operating loss carryback provisions.

Information technology position transfer - House Bill No. 1505 provides for 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced from the Tax Commissioner's office and transferred to the Information Technology Department.

Streamlined sales and use tax agreement - Senate Bill No. 2095 provides for the adoption of the streamlined sales and use tax agreement as adopted by member states of the streamlined sales tax project and would become effective for tax years beginning after December 31, 2005. Senate Bill No. 2096 provides for the implementation of the streamlined sales and use tax agreement.

**Housing Finance Agency
House Bill No. 1015**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	43.00	\$0	\$33,660,732	\$33,660,732
2003-05 legislative appropriations	43.00	\$0	33,589,767	33,589,767
Legislative increase (decrease) to executive budget	0.00	\$0	(\$70,965)	(\$70,965)
Legislative increase (decrease) to 2001-03 appropriations	5.00	\$0	(\$6,298,564)	(\$6,298,564)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Housing Finance Agency is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$42,525)	(\$42,525)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(4,360)	(4,360)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)			(24,080)	(24,080)
Total	0.00	\$0	(\$70,965)	(\$70,965)

FTE Changes

The 2003-05 biennium appropriation includes funding for 43 FTE positions, an increase of 5 FTE positions from the 2001-03 biennium authorized level of 38 FTE positions. The legislative action did not change the executive recommendation to add 1 FTE housing program technician I position, 1 FTE housing program administrator II position, 1 FTE data processing coordinator I position, 1 FTE housing program specialist I position, and 1 FTE account/budget specialist III position.

Related Legislation

Information technology position transfer - House Bill No. 1505 provides for 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced from the Housing Finance Agency and transferred to the Information Technology Department.

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$24,080 of special funds reduced from the Housing Finance Agency's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

**Indian Affairs Commission
House Bill No. 1005**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	3.00	\$359,331	\$0	\$359,331
2003-05 legislative appropriations	3.00	355,243		355,243
Legislative increase (decrease) to executive budget	0.00	(\$4,088)	\$0	(\$4,088)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$19,184	\$0	\$19,184

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Indian Affairs Commission is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$3,488)		(\$3,488)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(310)		(310)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(290)		(290)
Total	0.00	(\$4,088)	\$0	(\$4,088)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 3 FTE positions, the same as the 2001-03 biennium.

Other Sections in Bill

The Legislative Assembly provided for the creation of a revolving printing fund within the Indian Affairs Commission for collecting fees for publications based on the publication's printing and postage cost. An initial transfer of \$14,500 from the Department of Public Instruction's printing fund to the Indian Affairs Commission's printing fund was authorized. Any balance in the printing fund in excess of \$25,000 at the end of a biennium is to be transferred to the general fund.

**Industrial Commission
House Bill No. 1015**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	58.37	\$7,146,771	\$37,302,824	\$44,449,595
2003-05 legislative appropriations	58.37	7,026,884	37,291,836	44,318,720
Legislative increase (decrease) to executive budget	0.00	(\$119,887)	(\$10,988)	(\$130,875)
Legislative increase (decrease) to 2001-03 appropriations	(4.63)	(\$351,743)	\$1,703,883	\$1,352,140

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Industrial Commission is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$62,332)	(\$6,335)	(\$68,667)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(5,470)	(619)	(6,089)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)		(38,790)	(4,034)	(42,824)
Restored 1 FTE petroleum engineer IV position which was removed from the Oil and Gas Division in the executive recommendation	1.00	149,376		149,376
Removed funding for a geologist position for the second year of the biennium		(87,671)		(87,671)
Removed 1 FTE undesignated position and related funding from the Geological Survey	(1.00)	(75,000)		(75,000)
Total	0.00	(\$119,887)	(\$10,988)	(\$130,875)

FTE Changes

The 2003-05 biennium appropriation includes funding for 58.37 FTE positions, the same as the executive recommendation. However, the Legislative Assembly restored the petroleum engineer IV position in the Oil and Gas Division that was removed in the executive recommendation, and removed a position in the Geological Survey. The number of FTE positions for the Industrial Commission for the 2003-05 biennium is 4.63 FTE positions less than the 63 FTE positions authorized for the 2001-03 biennium.

Lease Payments

The Legislative Assembly did not change the executive recommendation to provide \$19,830,990 for lease payments, an increase of \$1,874,931 from the 2001-03 biennium appropriation of \$17,956,059. The following schedule lists the 2001-03 and 2003-05 bienniums lease payments:

	2001-03 Biennium	2003-05 Biennium	Increase (Decrease)
Higher education institutions	\$12,730,841	\$12,790,689	\$59,848
Department of Corrections and Rehabilitation - State Penitentiary	2,250,168	2,117,009	(133,159)
Department of Corrections and Rehabilitation - Youth Correctional Center	541,427	554,598	13,171
State Department of Health		387,673	387,673
Job Service North Dakota	295,047	553,594	258,547
Department of Human Services - Southeast Human Service Center	577,764	589,075	11,311
Department of Human Services - State Hospital	566,500	547,608	(18,892)
Department of Human Services - Developmental Center at Westwood Park, Grafton	649,234	627,582	(21,652)
Adjutant General	73,950	60,987	(12,963)
Veterans Home improvement fund	271,128	235,050	(36,078)
	\$17,956,059	\$18,463,865	\$507,806
University System energy conservation projects		1,367,125	1,367,125
Total	\$17,956,059	\$19,830,990	\$1,874,931

Lignite Research Grants

The Legislative Assembly approved the executive recommendation to provide \$16,270,000 for lignite research grants, a decrease of \$180,000 from the 2001-03 biennium appropriation of \$16,450,000. The lignite research grant funding consists of the following:

Anticipated carryover from the 2001-03 biennium	\$10,105,000
Two cent per ton coal severance tax for research and development	1,200,000
50% of the coal severance taxes deposited in the coal development trust fund	3,375,000
20% of the coal severance taxes deposited in the coal development trust fund (clean coal projects)	1,350,000
Interest income	240,000
Total	\$16,270,000

Section 10 provides that up to \$1,300,000 of the \$16,270,000 appropriated for lignite research grants is for contracting for an independent, nonmatching lignite marketing feasibility study or studies that determine those focused priority areas where near-term, market-driven projects, activities, or processes will generate matching private industry investment and have the most potential of preserving existing lignite production and jobs or that will lead to increased development of lignite and its products and create new jobs and economic growth for the general welfare of this state. This section also provides that funds appropriated for lignite research grants may also be used for the purpose of contracting for nonmatching studies and activities in support of the Lignite Vision 21 Project; for nonmatching externality studies and activities in externality proceedings; or other marketing or environmental activities that assist with marketing of lignite-based electricity and lignite-based byproducts. Money not needed for these purposes are available to the commission for funding projects, processes, or activities under the lignite research, development and marketing program.

Please refer to the **Trust Fund Analyses** section for an analysis of the lignite research fund.

Other Sections in Bill

Industrial Commission review - Section 14 provides for an Industrial Commission review of the implementation of the merger of the Oil and Gas Division and the Geological Survey to be accomplished by July 1, 2005. It provides that the Industrial Commission shall consider allowing the Oil and Gas Division director to appoint the State Geologist, recommend a name change for the merged Oil and Gas Division and Geological Survey, and identify efficiencies and savings that will result from the merger. The Industrial Commission shall report to the Budget Section, before November 1, 2004, regarding the recommendations for the Oil and Gas Division and Geological Survey merger.

Oil and Gas Division and Geological Survey employee positions vetoed - Section 15 provides that any full-time equivalent employee position in the Oil and Gas Division and the Geological Survey that becomes vacant because of an employee retirement or an employee resignation must remain vacant for the remainder of the 2003-05 biennium. (This section was vetoed by Governor Hoeven.)

Related Legislation

Capital projects and state facility energy improvement project - House Bill No. 1023 allows the Industrial Commission to issue bonds for capital projects at the State Department of Health and the Department of Corrections and Rehabilitation, along with a state facility energy improvement project at the Department of Corrections and Rehabilitation.

Cash or property deposit - House Bill No. 1102 allows an election to deposit cash or property in lieu of a bond for coal exploration, subsurface mineral exploration and development, and geothermal production.

Information technology position transfer - House Bill No. 1505 provides for 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced from the Industrial Commission and transferred to the Information Technology Department.

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$4,034 of special funds reduced from the Industrial Commission's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

Confiscation of production-related equipment and salable oil - Senate Bill No. 2125 allows the commission to confiscate any production-related equipment and salable oil at the well site as compensation for its costs when the commission intends to exercise or has exercised its right to plug a well or reclaim a well site.

Issuance of revenue bonds - Senate Bill No. 2232 provides that whenever the Industrial Commission decides that it is in the public interest to diminish the investment of state funds in United States government guaranteed or reinsured or North Dakota guaranteed student loans, the commission may by plenary resolution authorize preparation, sale, and issuance of revenue bonds of North Dakota. The commission may refund and refinance the bonds as often as it is advantageous and in the public interest to do so, and may determine the terms and provisions of the bonds.

Oil and Gas Research Council; oil and gas research fund continuing appropriation - Senate Bill No. 2311 creates an Oil and Gas Research Council to be operated, managed, and controlled by the Industrial Commission, establishes the oil and gas research fund, and provides a continuing appropriation to the Oil and Gas Research Council from the oil and gas research fund, funded by the first \$50,000 of revenue from the state's oil and gas production tax and oil extraction tax. In the 2003-05 biennium, if actual revenues for the 2001-03 biennium from the state general fund share of the oil and gas production tax and oil extraction tax exceed \$71,064,000, the excess up to \$500,000 must be deposited in the oil and gas research fund. After the 2003-05 biennium, 2 percent of the state's share of the oil and gas gross production tax and oil extraction tax revenues deposited into the state general fund, up to \$1.3 million per biennium, must be deposited into the oil and gas research fund.

State Historical Society projects - Senate Bill No. 2416 authorizes the Industrial Commission to issue \$2 million of bonds for the Chateau de Mores and Fort Abercrombie State Historical Site Interpretive Centers projects. Legislative intent is for \$600,000 of federal, local, or donated funds (\$300,000 for each interpretive center) to be collected before interpretive centers expansion begins.

**Information Technology Department
House Bill Nos. 1022, 1505**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	248.20	\$10,607,537	\$97,581,730	\$108,189,267
2003-05 legislative appropriations	248.20	8,194,803	98,117,301	106,312,104
Legislative increase (decrease) to executive budget	0.00	(\$2,412,734)	\$535,571	(\$1,877,163)
Legislative increase (decrease) to 2001-03 appropriations	3.50	(\$11,453,257)	\$22,904,757	\$11,451,500

NOTE: House Bill No. 1022 was approved by the 2003 Legislative Assembly; however, the bill was vetoed by Governor Hoeven. Therefore, House Bill No. 1505 was approved by the Legislative Assembly during the May 2003 special session to provide a 2003-05 appropriation for the Information Technology Department.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Information Technology Department is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$18,751)	(\$301,822)	(\$320,573)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(1,547)	(24,666)	(26,213)
Reduced funding for EduTech (\$133,655), the wide area network (\$360,656), and the geographic information system (\$36,066). The total amount reduced represents a reduction in information technology funding of approximately 5 percent.		(530,377)		(530,377)
Increased funding from special funds and decreased funding from the general fund relating to special funds made available to the department from various state agency information technology reductions		(862,059)	862,059	0
General fund budget adjustment		(1,000,000)		(1,000,000)
Total	0.00	(\$2,412,734)	\$535,571	(\$1,877,163)

FTE Changes

The 2003-05 biennium appropriation includes funding for 248.2 FTE positions, an increase of 3.5 FTE positions from the 2001-03 biennium authorized level of 244.7 FTE positions. The Legislative Assembly did not change the executive recommendation to add 2 FTE teacher positions and a .5 FTE custodian position for the Division of Independent Study and 1 FTE appointed non-classified position representing the director position for the Educational Technology Council.

Statewide Information Technology Network Funding

The Information Technology Department's appropriation for the 2003-05 biennium includes funding of \$7,436,223, of which \$3,382,023 is from the general fund and \$4,054,200 is from special funds, for continued funding of the statewide information technology network. The funding of \$7,436,223 is a decrease of \$363,400 from the executive recommendation amount of \$7,799,623, of which \$3,745,423 was from the general fund and \$4,054,200 was from special funds, and a decrease of \$2,532,682 from the 2001-03 biennium appropriation of \$9,968,905, of which \$4,920,825 was from the general fund and \$5,048,080 was from special funds. The 1999 Legislative Assembly in Senate Bill No. 2043 required the Information Technology Department to provide to each state agency, institution, county, city, and school district access to wide area network services to transmit voice, data, or video. As a result, the Information Technology Department implemented a statewide information technology network infrastructure that connects approximately 194 cities and 500 physical locations across the state.

Enterprise Resource Planning System Initiative

The Legislative Assembly did not change the executive recommendation to provide \$20 million of bond proceeds for the enterprise resource planning system initiative commonly known as the ConnectND project. The \$20 million is an increase of \$12.5 million from the 2001-03 biennium general fund appropriation of \$7.5 million. The Legislative Assembly did not adopt the executive recommendation that the debt service on the bonds issued for the ConnectND project be available from users of the system with 60 percent of the debt service being the responsibility of higher education institutions and 40 percent being the responsibility of state agencies. The Legislative Assembly provided that debt service on the bonds issued for the ConnectND project must be available from charges made and collected by the Information Technology Department from users of the system with 29 percent of the debt service being the responsibility of state agencies and 71 percent of the debt service being the responsibility of higher education. The ConnectND project is a multimodule software system that includes a relational data base and applications for managing purchasing, inventory, personnel, financial planning, and other management aspects. The project integrates the core financial and administrative applications of state government, higher education, and public education, including financial management, purchasing, budgeting, human resources, payroll, asset management, and student information functions into one multisuite software system which would enable all entities to share and use data.

Geographic Information System Initiative

The department's appropriation for the 2003-05 biennium includes \$678,343 from the general fund for continued support of a centralized geographic information system. The \$678,343 is a decrease of \$37,754 from the executive recommendation of \$716,097, and a decrease of \$71,657 from the 2001-03 biennium general fund appropriation of \$750,000.

Division of Independent Study

The department's appropriation for the 2003-05 biennium includes funding of \$5,625,480, of which \$841,948 is from the general fund and \$4,783,532 is from special funds, for the Division of Independent Study including 39.7 FTE positions. The Legislative Assembly did not change the executive recommendation to add 2 FTE teacher positions and .5 FTE custodian position for the Division of Independent Study. The funding of \$5,625,480 is a decrease of \$42,362 from the executive recommendation of \$5,667,842, of which \$850,203 was from the general fund and \$4,817,639 was from special funds, and an increase of \$404,014 from the 2001-03 biennium appropriation of \$5,221,466, of which \$868,216 was from the general fund and \$4,353,250 was from special funds.

Educational Technology Council Funding

The department's appropriation for the 2003-05 biennium includes \$793,818 from the general fund for the Educational Technology Council. The funding of \$793,818 is a decrease of \$2,837 from the executive recommendation of \$796,655, and a decrease of \$406,182 from the 2001-03 biennium general fund appropriation of \$1,200,000.

EduTech Funding

The department's appropriation for the 2003-05 biennium includes \$2,540,348 from the general fund for EduTech, formerly known as the Center for Innovation and Instruction and SENDIT Technology Services. The funding of \$2,540,348 is a decrease of \$133,655 from the executive recommendation amount of \$2,674,003, and an increase of \$66,345 from the 2001-03 biennium general fund appropriation of \$2,474,003.

Prairie Public Television Funding

The Legislative Assembly did not change the executive recommendation to provide \$1,337,138 from the general fund for Prairie Public Television, a decrease of \$70,375 from the 2001-03 general fund appropriation of \$1,407,513. Section 44 of Senate Bill No. 2015 provides legislative intent that Prairie Public Television funding be included in the executive budget as a separate line item in the Office of Management and Budget's budget request for the 2005-07 biennium.

NOTE: All of the above references to the general fund amounts are prior to the allocation of the \$1 million general fund budget adjustment.

Other Sections in Bill

Estimated income - Section 2 provides that \$862,059 of the estimated income provided for the Information Technology Department for the 2003-05 biennium is to be made available from special funds of various state agencies resulting from information technology reductions.

Appropriation authority reductions - Section 3 provides that the Office of Management and Budget reduce the special funds appropriation authority for the Aeronautics Commission, the Department of Financial Institutions, the Insurance Commissioner, and the Seed Department by the amounts provided for in Section 2 of the bill relating to information technology reductions.

Bond issuance authorization - Section 4 authorizes the Industrial Commission to arrange for the issuance of evidences of indebtedness in the amount of \$20 million for the purchase or lease of computer hardware and software and for the costs of the implementation services for the enterprise resource planning system commonly known as the ConnectND project.

Bond issuance repayment responsibility - Section 5 provides that the debt service on the evidences of indebtedness issued for the ConnectND project must be available from charges made and collected by the Information Technology Department from users of the system with 29 percent of the debt service being the responsibility of state agencies and 71 percent of the debt service being the responsibility of higher education.

Judicial branch appropriation - Section 6 provides the judicial branch a general fund appropriation of \$45,999 for information technology costs.

Purchasing of information technology equipment and software - Section 7 provides that the Information Technology Department shall establish information technology equipment and software product specifications. The Office of Management and Budget shall use the product specifications to establish policies and guidelines for the purchase of information technology equipment and software, and all executive branch state agencies, departments, and institutions excluding institutions under control of the State Board of Higher Education shall comply with the policies and guidelines unless exempted by the Office of Management and Budget. The Office of Management and Budget, in conjunction with the Information Technology Department, shall aggregate information technology equipment and software purchases and administer contracts to achieve the most cost-effective results for the state.

Transfer of appropriation authority - Section 8 authorizes the director of the Office of Management and Budget to make transfers of funds between line items for state agencies, departments, and institutions as may be requested to accommodate information technology funding reductions made by the 2003 Legislative Assembly.

Transfers - Section 9 authorizes the director of the Office of Management and Budget to make transfers of funds between line items of the Information Technology Department as may be requested by the Chief Information Officer.

Transfer of state information technology employee positions - Section 10 provides that on November 1, 2003, the following authorized FTE positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services must be reduced and transferred to the Information Technology Department.

- Office of Management and Budget - 1 FTE position
- Tax Department - 1 FTE position
- Department of Public Instruction - 1 FTE position
- State Department of Health - 1 FTE position
- Department of Human Services - 5 FTE positions
- Job Service North Dakota - 3 FTE positions
- Industrial Commission - 1 FTE position
- Bank of North Dakota - 1 FTE position
- Housing Finance Agency - 1 FTE position
- Workforce Safety and Insurance - 2 FTE positions
- Highway Patrol - 1 FTE position
- Department of Corrections and Rehabilitation - 2 FTE positions
- Game and Fish Department - 1 FTE position
- State Water Commission - 1 FTE position
- Department of Transportation - 2 FTE positions

After consultation with the Information Technology Department, each affected agency shall identify the specific positions for reduction and transfer. Each affected agency shall establish an information technology services accounting code consisting of funding related to the salaries and wages for the identified employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs. Each agency shall use the funding contained in the information technology services account to purchase information technology services from the Information Technology Department. Each agency is entitled to receive from the Information Technology Department the equivalent in services that would have been performed by the employees in the transferred positions at a cost not exceeding the amounts transferred to the agency's information technology services account.

Information technology function consolidation accumulated savings - Section 11 provides that the Office of Management and Budget and the Information Technology Department shall achieve efficiencies during the 2003-05 biennium relating to the required consolidation of information technology functions, including electronic mail, file and print server administration, data base administration, storage, application server, hosting services, and related equipment. The director of the Office of Management and Budget shall transfer the savings accumulated as a result of these efficiencies in the amount of \$1.4 million to the general fund by June 30, 2005.

Information technology service - Section 12 provides that the Information Technology Department shall document information relating to the delivery of the consolidated information technology services to agencies, including service dependability, agency complaints, and Information Technology Department responsiveness, and shall report that information and the status of the accumulated savings to the Information Technology Committee and the Budget Section as requested.

Legislative Council study - Section 13 provides a \$350,000 general fund appropriation to the Legislative Council for the purpose of contracting with consultants to conduct an information technology organizational study and an information technology management study and to provide assistance with the preparation of the request for proposals and consultant oversight.

Information technology compliance reviews responsibilities - Section 14 creates a new section to North Dakota Century Code (NDCC) Chapter 54-10 relating to information technology compliance reviews responsibilities of the State Auditor.

Information Technology Committee - Section 15 creates a new section to NDCC Chapter 54-35 relating to powers and duties of the Information Technology Committee to allow the committee to request the State Auditor to conduct an information technology compliance review.

Information Technology Advisory Committee and required information technology services - Section 16 creates two new sections to NDCC Chapter 54-59 relating to the establishment of an Information Technology Advisory Committee for the purposes of prioritizing major computer software projects and establishing policies, standards, and guidelines for the purchase of computer software and computer systems and the required use of electronic mail, file and print server administration, data base administration, application server, and hosting services.

Information Technology Department responsibilities - Section 17 amends NDCC Section 54-59-02 relating to responsibilities of the Information Technology Department.

Information Technology Department powers and duties - Sections 18 and 19 amend NDCC Section 54-59-05 relating to the powers and duties of the Information Technology Department.

Information technology standards - Section 20 amends NDCC Section 54-59-05 relating to information technology standards.

Information technology compliance reviews - Section 21 repeals NDCC Section 54-59-13 relating to information technology compliance reviews to be conducted by the Information Technology Department.

Related Legislation

Information Technology Committee and Information Technology Department authority - House Bill No. 1043 increases the size of the Information Technology Committee from seven to 11 members including six members from the House of Representatives and five members from the Senate. The bill also allows the Information Technology Department to purchase, finance the purchase, or lease equipment, software, or implementation services only to the extent the purchase amount does not exceed 7.5 percent of the appropriation for the department for that biennium; changes the due date for information technology plans from March 15 to July 15; and changes the membership and the responsibilities of the state Information Technology Advisory Committee.

Criminal justice information sharing initiative - Senate Bill No. 2041 establishes a Criminal Justice Information Sharing Board consisting of the chief justice of the Supreme Court, the Attorney General, and the chief information officer. The board is responsible for setting policy relating to the collection, storage, and sharing of criminal justice information and the system necessary to perform those functions.

Parks and Recreation Department (including International Peace Garden)
Senate Bill No. 2021, House Bill No. 1292

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	44.25	\$7,105,618	\$11,279,169	\$18,384,787
2003-05 legislative appropriations	44.25	7,056,513	10,772,107	17,828,620
Legislative increase (decrease) to executive budget	0.00	(\$49,105)	(\$507,062)	(\$556,167)
Legislative increase (decrease) to 2001-03 appropriations	1.50	(\$643,035)	\$2,873,297	\$2,230,262

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Parks and Recreation Department is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$40,798)	(\$1,753)	(\$42,551)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(4,437)	(310)	(4,747)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)		(15,370)	(4,994)	(20,364)
Increased estimated park income and reduced general fund support as a result of an increase in the maximum park permit fee allowed for up to three days' use from \$4 to \$5		(40,000)	40,000	0
Decreased funding in the capital assets line item		(5,000)		(5,000)
Removed revenue bond authority for capital construction projects included in the executive recommendation and changed funding for some capital projects (See Capital Projects section below)			(1,390,000)	(1,390,000)
Increased grants line item to reflect the transfer of federal funds from the capital projects and Lewis and Clark line items to the grants line item			545,000	545,000
Increased funding from snowmobile registration fees in Senate Bill No. 2162			300,000	300,000

Added funding to the Lewis and Clark Bicentennial line item for a grant to the Three Affiliated Tribes Lewis and Clark Bicentennial Celebration Foundation for the national signature event	50,000	50,000
Added funding to the International Peace Garden line item for the biennial audit	6,500	6,500
Added special funds in House Bill No. 1292 from the state snowmobile fund for establishing and administering the decal program for snowmobiles registered in another state or country (See Related Legislation section below)		4,995
Total	0.00	(\$507,062)

FTE Changes

The Legislative Assembly did not change the executive recommendation to add two new .75 FTE maintenance worker I positions--one at Devils Lake and one at Fort Lincoln. The number of FTE positions for the Parks and Recreation Department for the 2003-05 biennium is 44.25 FTE positions, 1.50 FTE more than the 42.75 FTE positions authorized for the 2001-03 biennium.

Capital Projects

The Legislative Assembly provided funding for the following capital projects:

Project	2003-05 Executive Recommendation			2003 Legislative Action			2003-05 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Capital projects included in executive budget									
Extraordinary repairs	\$670,544	\$42,000	\$712,544	(\$5,000)		(\$5,000)	\$665,544	\$42,000	\$707,544
Equipment over \$5,000	137,250	438,000	575,250		\$85,000 ¹	85,000	137,250	523,000	660,250
Relocate Loop A comfort station at Devils Lake State Park*		90,000	90,000					90,000	90,000
Turtle River State Park administrative office construction*		700,000	700,000		(700,000)	(700,000)			
Beaver Lake State Park comfort station renovation*		75,000	75,000					75,000	75,000
Lake Sakakawea State Park rural water connection*		250,000	250,000					250,000	250,000
Lake Sakakawea State Park road repair*		60,000	60,000					60,000	60,000
Fort Abraham Lincoln State Park road repair*		30,000	30,000					30,000	30,000
Chip and seal roads at Beaver Lake and Devils Lake State Parks*		55,000	55,000					55,000	55,000
Icelandic State Park maintenance shop construction*		130,000	130,000		(130,000)	(130,000)			
Fort Ransom State Park sodbuster exhibit building*		90,000	90,000					90,000	90,000
Seasonal housing units at Lake Sakakawea, Devils Lake, Fort Ransom, and Beaver Lake State Parks*		210,000	210,000		(210,000)	(210,000)			
Construction of rear screen amphitheater at Icelandic and Lake Metigoshe State Parks*		90,000	90,000		(90,000)	(90,000)			
FEMA construction projects		500,000	500,000					500,000	500,000
Total - Executive recommendation	\$807,794	\$2,760,000	\$3,567,794	(\$5,000)	(\$1,045,000)	(\$1,050,000)	\$802,794	\$1,715,000	\$2,517,794

NOTE: All the projects listed above with an asterisk are capital projects that were included in the executive recommendation with either partial or full project funding from revenue bonds totaling \$1,037,500. The legislative action removed the revenue bond authority for the capital construction projects and either replaced the funding with special funds or removed the capital project from the budget.

¹ The legislative adjustment that adds \$85,000 of special funds to equipment over \$5,000 is a result of the increased snowmobile registration fees, and will be used for the purchase of snowmobile trail groomers.

Lewis and Clark Bicentennial

The Legislative Assembly reduced funding for the Lewis and Clark Bicentennial from \$971,486 included in the executive budget, of which \$321,486 is from the general fund, to \$760,618, of which \$370,618 is from the general fund. Of the \$370,618 general fund appropriation, \$50,000 is for a grant to the Three Affiliated Tribes Lewis and Clark Bicentennial Celebration Foundation for the national signature event, and \$320,618 is for other costs related to the Lewis and Clark Bicentennial. The \$390,000 of other funds is for two capital projects, the Lake Sakakawea State Park campground rewiring and regrading (\$250,000) and the Fort Stevenson campground expansion (\$140,000). The executive recommendation included \$50,000 of other funds for capital construction projects. Legislative action removed revenue bond authority for capital construction projects totaling \$440,000, resulting in the removal of two capital projects from the budget totaling \$260,000, of which \$150,000 was from bonding, and changed \$290,000 capital project funding from revenue bonds to special or federal funds. The 2003-05 biennium Lewis and Clark Bicentennial appropriation of \$760,618 is a decrease of \$4,823 from the 2001-03 biennium appropriation of \$765,441.

International Peace Garden

The Legislative Assembly increased funding for the International Peace Garden by \$6,500 from the general fund for the biennial audit. The 2003-05 biennium appropriation of \$352,854 from the general fund is \$24,229 less than the 2001-03 biennium appropriation of \$377,083, which included \$12,500 for the International Peace Garden Foundation for restroom renovations at the International Peace Garden music camp.

Other Sections in Bill

Grants appropriation - Section 2 provides an appropriation of \$500,000 from federal funds for the 2001-03 biennium to the Parks and Recreation Department for providing grants to local park districts for the land and water conservation program.

Permits for motor vehicles - Section 3 amends North Dakota Century Code Section 55-08-06 to increase the maximum permit fee from \$4 to \$5 for a period of not more than three days.

Snowmobile fund - Section 4 provides that \$902,888 of the estimated income line item appropriated in Section 1 of the bill is from the snowmobile fund.

Trail tax transfer fund - Section 5 provides that \$50,000 of the estimated income line item appropriated in Section 1 of the bill is from the trail tax transfer fund.

State parks gift fund - Section 6 provides that \$100,456 of the estimated income line item appropriated in Section 1 of the bill is from the state parks gift fund.

Game and fish operating fund - Section 7 provides that \$122,000 of the estimated income line item appropriated in Section 1 of the bill is from the game and fish operating fund, or federal or other funds available to the Game and Fish Department, and must be transferred to the Parks and Recreation Department for maintenance, operating, and extraordinary repairs expenses related to boat ramps at various state parks.

Water development trust fund - Section 8 provides that \$575,287 of the estimated income line item appropriated in Section 1 of the bill is from the water development trust fund and may be spent by the Parks and Recreation Department for the purpose of repaying principal and interest on disaster response loans from the Bank of North Dakota.

Related Legislation

State snowmobile fund appropriation - House Bill No. 1292 provides an appropriation of \$4,995 from the state snowmobile fund to the Parks and Recreation Department for establishing and administering the decal program for snowmobiles registered in another state or country.

Sale of beer and wine - House Bill No. 1416 provides for the sale of beer and wine by concessionaires for 14 events per year on property under the management of the Parks and Recreation Department which borders the Missouri River and which is within 15 miles of a city with a population in excess of 20,000.

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$4,994 of special funds reduced from the Parks and Recreation Department's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

**Job Service North Dakota
House Bill No. 1017**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	367.17	\$2,002,861	\$56,598,332	\$58,601,193
2003-05 legislative appropriations	<u>367.17</u>	<u>1,250,000</u>	<u>56,204,717</u>	<u>57,454,717</u>
Legislative increase (decrease) to executive budget	0.00	(\$752,861)	(\$393,615)	(\$1,146,476)
Legislative increase (decrease) to 2001-03 appropriations	(22.61)	(\$850,356)	(\$2,776,092)	(\$3,626,448)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for Job Service North Dakota is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$354,292)	(\$354,292)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(39,323)	(39,323)
Reduced funding for the Work Force 2000 program		<u>(\$752,861)</u>		<u>(752,861)</u>
Total	<u>0.00</u>	<u>(\$752,861)</u>	<u>(\$393,615)</u>	<u>(\$1,146,476)</u>

FTE Changes

The 2003-05 biennium appropriation includes funding for 367.17 FTE positions, a decrease of 22.61 FTE positions from the 2001-03 biennium authorized level of 389.78 FTE positions. The legislative action did not change the executive recommendation to add 1 FTE programmer analyst III position and 1 FTE senior programmer analyst position and to delete 24.61 FTE positions not requested by the agency.

Work Force 2000

The Legislative Assembly decreased funding from the general fund for the Work Force 2000 program by \$752,861 from \$2,002,861, as recommended in the executive budget to \$1,250,000. The funding of \$1,250,000 represents a decrease in funding from the general fund of \$850,356 compared to the 2001-03 general fund appropriation for the Work Force 2000 program of \$2,100,356. Section 4 of House Bill No. 1017 requires that 50 percent of the Work Force 2000 funding for the 2003-05 biennium is to be used for new or expanding businesses in North Dakota.

Other Sections in Bill

Exemption - Section 3 allows Job Service North Dakota to use up to \$225,000 of unexpended funds from the 2001-03 legislative appropriation for the Work Force 2000 program in the 2003-05 biennium to subcontract with the North Dakota manufacturing extension partnership to provide training within industries and lean manufacturing training to North Dakota residents employed at Motor Coach Industries.

Legislative Council study - Section 5 provides for a Legislative Council study of the impact of pending federal legislation that would change the respective federal-state responsibilities and funding for workforce development, workforce training, public labor exchange, and unemployment insurance programs. The study should consider appropriate organizational placement within state government for delivery of workforce development, workforce training, public labor exchange, and unemployment insurance programs, appropriate methods of funding the program, including replacement of the Federal Unemployment Tax Act funds currently used for costs of administering the unemployment insurance and public labor exchange program, and other relevant issues as may be identified.

Related Legislation

Transfer of state agency information technology FTE positions - Section 10 of House Bill No. 1505 authorizes the reduction and transfer of 3 FTE positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services, from Job Service North Dakota to the Information Technology Department. Job Service North Dakota is to establish an information technology services accounting code consisting of funding related to the salaries and wages for the identified employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs. Job Service North Dakota is to use the funding contained in the information technology services account to purchase information technology services from the Information Technology Department. Job Service North Dakota is entitled to receive from the Information Technology Department the equivalent in services that would have been performed by employees in the transferred positions at a cost not to exceed the amounts transferred to the agency's information technology services account.

**Judicial Branch
House Bill Nos. 1002, 1505**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	336.00	\$56,327,658	\$2,046,235	\$58,373,893
2003-05 legislative appropriations	336.00	55,087,369	2,043,536	57,130,905
Legislative increase (decrease) to executive budget	0.00	(\$1,240,289)	(\$2,699)	(\$1,242,988)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$1,333,860	(\$174,285)	\$1,159,575

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Judicial Branch is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions. Sections 1 and 2 of Senate Bill No. 2423 establish a judicial branch state employee compensation pool funded by any savings resulting from a reduction of up to 8 FTE positions from the judicial branch.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added \$45,999 from the general fund for costs associated with information technology (See Related Legislation section below)		\$45,999		\$45,999
Supreme Court changes:				
Removed the judicial branch's proposed salary increase for Supreme Court justices		(53,805)		(53,805)
Removed funding recommended in the executive budget for state employee salary increases		(49,947)		(49,947)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(4,646)		(4,646)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(28,771)		(28,771)
Decreased general fund support for the Supreme Court		(25,000)		(25,000)
District Court changes:				
Removed the judicial branch's proposed salary increase for district		(461,779)		(461,779)

court judges

Removed funding recommended in the executive budget for state employee salary increases	(257,990)		(257,990)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy	(29,928)		(29,928)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.	(136,537)		(136,537)
Decreased general fund support for district courts	(235,000)		(235,000)
Judicial Conduct Commission changes:			
Removed funding recommended in the executive budget for state employee salary increases	(2,296)	(\$2,486)	(4,782)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy	(198)	(213)	(411)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.	(391)		(391)
Total	<u>0.00</u>	<u>(\$1,240,289)</u>	<u>(\$2,699)</u>
			<u>(\$1,242,988)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 336 FTE positions, the same as the 2001-03 biennium.

Other Sections in Bill

Appropriation - Section 2 appropriates any funds received by the Supreme Court, district courts, and Judicial Conduct Commission and Disciplinary Board pursuant to federal acts and private gifts, grants, and donations for the purpose as designated in the federal acts or private gifts, grants, and donations.

Transfers - Section 3 provides that the director of the Office of Management and Budget and the State Treasurer shall make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon a finding by the court that the nature of the duties of the court and its staff requires the transfers to carry on properly the functions of the judicial branch.

Related Legislation

Court facilities improvement and maintenance fund continuing appropriation - House Bill No. 1088 provides a continuing appropriation to the district court from the court facilities improvement and maintenance fund, which consists of court administration fees, which may be used by the Court Facilities Improvement Advisory Committee to make grants to counties to provide funds for court facilities improvement and maintenance projects. The grants may only be used to improve or provide essential remodeling or maintenance to facilities used for chambers, courts, and court-related services.

Electronic filing administration fund continuing appropriation - House Bill No. 1390 provides a continuing appropriation to the judicial branch from the electronic filing administration fund, which consists of electronic filing processing fees established by court rule, to cover the actual costs of maintaining an electronic filing system.

Information technology appropriation - House Bill No. 1505 provides a general fund appropriation of \$45,999 to the judicial branch for costs associated with information technology.

Criminal Justice Information Sharing Board - Senate Bill No. 2041 establishes a Criminal Justice Information Sharing Board.

Restitution collection assistance fund continuing appropriation - Senate Bill No. 2044 provides a continuing appropriation to the judicial branch from the restitution collection assistance fund, which consists of fees imposed of the greater of \$10 or 25 percent of the amount of restitution ordered but which may not exceed \$1,000, for expenses incident to the collection of restitution, including operating expenses and the compensation of additional necessary personnel.

**Judicial Branch
House Bill Nos. 1002, 1505**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	336.00	\$56,327,658	\$2,046,235	\$58,373,893
2003-05 legislative appropriations	336.00	55,087,369	2,043,536	57,130,905
Legislative increase (decrease) to executive budget	0.00	(\$1,240,289)	(\$2,699)	(\$1,242,988)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$1,333,860	(\$174,285)	\$1,159,575

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Judicial Branch is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions. Sections 1 and 2 of Senate Bill No. 2423 establish a judicial branch state employee compensation pool funded by any savings resulting from a reduction of up to 8 FTE positions from the judicial branch.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added \$45,999 from the general fund for costs associated with information technology (See Related Legislation section below)		\$45,999		\$45,999
Supreme Court changes:				
Removed the judicial branch's proposed salary increase for Supreme Court justices		(53,805)		(53,805)
Removed funding recommended in the executive budget for state employee salary increases		(49,947)		(49,947)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(4,646)		(4,646)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(28,771)		(28,771)
Decreased general fund support for the Supreme Court		(25,000)		(25,000)
District Court changes:				
Removed the judicial branch's proposed salary increase for district		(461,779)		(461,779)

court judges

Removed funding recommended in the executive budget for state employee salary increases	(257,990)		(257,990)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy	(29,928)		(29,928)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.	(136,537)		(136,537)
Decreased general fund support for district courts	(235,000)		(235,000)
Judicial Conduct Commission changes:			
Removed funding recommended in the executive budget for state employee salary increases	(2,296)	(\$2,486)	(4,782)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy	(198)	(213)	(411)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.	(391)		(391)
Total	<u>0.00</u>	<u>(\$1,240,289)</u>	<u>(\$1,242,988)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 336 FTE positions, the same as the 2001-03 biennium.

Other Sections in Bill

Appropriation - Section 2 appropriates any funds received by the Supreme Court, district courts, and Judicial Conduct Commission and Disciplinary Board pursuant to federal acts and private gifts, grants, and donations for the purpose as designated in the federal acts or private gifts, grants, and donations.

Transfers - Section 3 provides that the director of the Office of Management and Budget and the State Treasurer shall make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon a finding by the court that the nature of the duties of the court and its staff requires the transfers to carry on properly the functions of the judicial branch.

Related Legislation

Court facilities improvement and maintenance fund continuing appropriation - House Bill No. 1088 provides a continuing appropriation to the district court from the court facilities improvement and maintenance fund, which consists of court administration fees, which may be used by the Court Facilities Improvement Advisory Committee to make grants to counties to provide funds for court facilities improvement and maintenance projects. The grants may only be used to improve or provide essential remodeling or maintenance to facilities used for chambers, courts, and court-related services.

Electronic filing administration fund continuing appropriation - House Bill No. 1390 provides a continuing appropriation to the judicial branch from the electronic filing administration fund, which consists of electronic filing processing fees established by court rule, to cover the actual costs of maintaining an electronic filing system.

Information technology appropriation - House Bill No. 1505 provides a general fund appropriation of \$45,999 to the judicial branch for costs associated with information technology.

Criminal Justice Information Sharing Board - Senate Bill No. 2041 establishes a Criminal Justice Information Sharing Board.

Restitution collection assistance fund continuing appropriation - Senate Bill No. 2044 provides a continuing appropriation to the judicial branch from the restitution collection assistance fund, which consists of fees imposed of the greater of \$10 or 25 percent of the amount of restitution ordered but which may not exceed \$1,000, for expenses incident to the collection of restitution, including operating expenses and the compensation of additional necessary personnel.

**Labor Commissioner
Senate Bill No. 2007**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	10.00	\$884,141	\$232,460	\$1,116,601
2003-05 legislative appropriations	10.00	877,947	229,698	1,107,645
Legislative increase (decrease) to executive budget	0.00	(\$6,194)	(\$2,762)	(\$8,956)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$24,195	(\$1,514)	\$22,681

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Labor Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$7,812)	(\$2,512)	(\$10,324)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(782)	(250)	(1,032)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(1,600)		(1,600)
Provided funding for operating expenses for travel expenses associated with the commissioner's participation in the National Association of Government Labor Officials		4,000		4,000
Total	0.00	(\$6,194)	(\$2,762)	(\$8,956)

FTE Changes

The legislative action did not change the executive recommendation which included funding for 10 FTE positions, the same as the 2001-03 biennium.

Related Legislation

Licensure of employment agencies - Senate Bill No. 2070 provides that employment agencies charging service fees or any other charges exclusively to employers are not required to be licensed by the Labor Commissioner.

**Land Department
House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	17.75	\$0	\$7,735,836	\$7,735,836
2003-05 legislative appropriations	17.75		7,573,834	7,573,834
Legislative increase (decrease) to executive budget	0.00	\$0	(\$162,002)	(\$162,002)
Legislative increase (decrease) to 2001-03 appropriations	(0.75)	\$0	\$58,531	\$58,531

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Land Department is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$20,144)	(\$20,144)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(1,858)	(1,858)
Removed \$90,000 from the operating expenses line for weed control costs, since these expenses can be paid under the continuing appropriation authority in House Bill No. 1103			(90,000)	(90,000)
Reduced funding in the contingency line item by \$50,000, since unanticipated costs can be paid pursuant to the continuing appropriation authority in House Bill No. 1103			(50,000)	(50,000)
Total	0.00	\$0	(\$162,002)	(\$162,002)

FTE Changes

The Legislative Assembly did not change the executive recommendation to delete a .75 FTE administrative secretary III position. The number of FTE positions for the Land Department for the 2003-05 biennium is 17.75 FTE, .75 FTE less than the 18.5 FTE authorized for the 2001-03 biennium.

Other Sections in Bill

Oil and gas development impact grants - Section 2 provides that \$5 million of the special funds appropriation contained in the bill is from the oil and gas impact grant fund and may be used for the purpose of providing oil and gas development impact grants and for the administration of the oil and gas development impact grant program.

Carryover of appropriations for oil and gas impact grants - Section 3 provides that North Dakota Century Code (NDCC) Section 54-44.1-11 does not apply to appropriations for oil impact grants, and consequently, the 2003-05 appropriation authority may be continued into the 2005-07 biennium.

Contingencies line item appropriation transfers - Section 4 provides that upon approval of the Board of University and School Lands, the commissioner of the Board of University and School Lands may transfer appropriation authority from the contingencies line item to all other line items, except the capital assets line item.

Trust fund distributions to state entities - Section 5 was added specifying the amounts to be distributed to various state entities from state trust funds managed by the Land Department and providing that NDCC Section 15-03-05.2 does not apply to distributions during the 2003-05 biennium. Section 15-03-05.2 provides the trust fund income may not be retained if distributions to a trust fund beneficiary will be reduced from the amount distributed during the preceding year.

Property claims by state agencies - Section 6 creates a new section to NDCC Chapter 47-30.1 to require the administrator to notify an agency by certified mail of unclaimed property within one year of receipt of the state agency property, requires the commissioner of the Board of University and School Lands to present a report to the Budget Section identifying every state agency that has not submitted a claim for property belonging to that agency within one year of the date of the certified mail receipt, and provides that the agency relinquishes its right to recover its property upon Budget Section approval.

Notice and publication of lists of abandoned property - Section 7 amends NDCC Section 47-30.1-18 to provide that one of the annual notices for abandoned property must be a display advertisement, that the administrator may not publish in the notice any property clearly identified as belonging to a state agency, and that property presumed to be state agency property which cannot be clearly identified as belonging to a specific agency is also exempt from public notice requirements.

Crediting of dividends or increments on stock to owner's account - Section 8 amends NDCC Section 47-30.1-21.1 to provide that the owner of unclaimed property is entitled to receive any dividends or other increments realized or accruing on the stock for as long as the stock is held by the administrator, provided the total amount of cash due the owner exceeds \$5.

Exemption from open records law - Section 9 amends NDCC Section 47-30.1-24 to provide that documentation and information submitted by a claimant for the purpose of proving ownership of the property is exempt from the open records law under Section 44-04-18.

Payment of compensation to recover or assist in recovery of property - Section 10 amends NDCC Section 47-30.1-35(1) to provide that all agreements to pay compensation to recover or assist in the recovery of property reported under Section 47-30.1-17, made within 24 months after the date payment or delivery is made to the administrator, are unenforceable.

Related Legislation

Continuing appropriations - House Bill No. 1103 provides continuing appropriations for the payment of certain expenses of the Board of University and School Lands relating to investments and repeals NDCC Section 15-03-01.3 relating to the apportionment of the Board of University and School Lands maintenance fund balances.

Indian cultural education trust - House Bill No. 1119 establishes the Indian cultural education trust for the purpose of generating income to benefit Indian culture and provides a continuing appropriation.

Securities held by the permanent funds - Senate Bill No. 2094 allows the Board of University and School Lands to lend securities held by permanent funds, including the authority to pledge a security interest in the securities in the possession of a custodian agent.

**Agricultural Experiment Station
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	435.07	\$36,099,888	\$42,558,300	\$78,658,188
2003-05 legislative appropriations	<u>425.71</u>	<u>35,678,419</u>	<u>42,440,481</u>	<u>78,118,900</u>
Legislative increase (decrease) to executive budget	(9.36)	(\$421,469)	(\$117,819)	(\$539,288)
Legislative increase (decrease) to 2001-03 appropriations	(25.43)	(\$505,226)	\$7,345,244	\$6,840,018

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the Agricultural Experiment Station; however, the Legislative Assembly did provide the Agricultural Experiment Station with funding for state employee health insurance premiums.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	<u>73.65</u>	<u>\$7,547,944</u>	<u>\$8,983,676</u>	<u>\$16,531,694</u>
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$69,670)	(\$15,560)	(\$85,230)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(6,704)	(1,449)	(8,153)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(3,891)		(3,891)
Removed vacant professional position at the Hettinger Research Center and related funding	(1.00)		(83,669)	(83,669)
Transferred 1 FTE Extension Service position and funding from the Bismarck extension office to the Dickinson Research Center	1.00		84,405	84,405
Total legislative changes	<u>0.00</u>	<u>(\$80,265)</u>	<u>(\$16,273)</u>	<u>(\$96,538)</u>
Legislative appropriation - Branch research centers	<u>73.65</u>	<u>\$7,467,679</u>	<u>\$8,967,403</u>	<u>\$16,435,082</u>
Main Research Center				
Executive recommendation	<u>358.55</u>	<u>\$28,551,944</u>	<u>\$32,404,239</u>	<u>\$60,956,183</u>
The legislative action:				

Removed funding recommended in the executive budget for state employee salary increases		(\$314,140)	(\$144,467)	(\$458,607)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(25,640)	(13,380)	(39,020)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(21,424)		(21,424)
Removed vacant FTE positions and funding	(9.36)		(739,918)	(739,918)
Provided funding to the Main Research Center to be distributed to branch research centers to assist in offsetting Interactive Video Network costs in remote areas		20,000		20,000
Provided funding from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal and Range Science, pursuant to the provisions of Senate Bill No. 2334			800,000	800,000
Total legislative changes	(9.36)	(\$341,204)	(\$97,765)	(\$438,969)
Legislative appropriation - Main Research Center	349.19	\$28,210,740	\$32,306,474	\$60,517,214
Agronomy Seed Farm				
Executive recommendation	2.87	\$0	\$1,170,385	\$1,170,385
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$3,471)	(\$3,471)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(310)	(310)
Total legislative changes	0.00	\$0	(\$3,781)	(\$3,781)
Legislative appropriation - Agronomy Seed Farm	2.87	\$0	\$1,166,604	\$1,166,604
Total Agricultural Experiment Station				
Executive recommendation	435.07	\$36,099,888	\$42,558,300	\$78,658,188
The legislative action	(9.36)	(421,469)	(117,819)	(539,288)
Total legislative appropriation - Agricultural Experiment Station	425.71	\$35,678,419	\$42,440,481	\$78,118,900

FTE Changes

	2001-03 Authorized Positions	2003-05 Executive Budget	2003-05 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.94	14.94	15.94	1.00
Central Grasslands Research Extension Center	6.45	6.45	6.45	0.00
Hettinger Research Extension Center	10.65	9.65	8.65	(1.00) ²
Langdon Research Extension Center	7.94	7.44	7.44	0.00
North Central Research Extension Center	9.78	9.20	9.20	0.00
Williston Research Extension Center	7.78	7.41	7.41	0.00
Carrington Research Extension Center	19.56	18.56	18.56	0.00
Total branch research centers	78.10	73.65	73.65	0.00
Main Research Center	370.17	358.55	349.19	(9.36) ³
Agronomy Seed Farm	2.87	2.87	2.87	0.00
Total Agricultural Experiment Station	451.14	435.07	425.71	(9.36)

¹The Legislative Assembly removed a vacant professional position at the Hettinger Research Center.

²The Legislative Assembly transferred a position relating to the beefline program from the Bismarck extension office to the Dickinson Research Center.

³The Legislative Assembly removed the following 9.36 FTE vacant positions from the Main Research Center:

- 4 FTE academic staff positions
- 3 FTE professional positions
- 1 FTE research assistant position
- .71 FTE associate professor position
- .65 FTE acting chair position

Capital Projects

The Legislative Assembly appropriated \$1,120,000 of special funds to the Main Research Center for construction of an insulated and heated building to house a buhler semi-industrial research mill donated by the Nestle' Research and Development Center (\$1 million from gifts, grants, and contracts) and for construction of pesticide handling facilities (\$120,000 from the environment and rangeland protection fund). The Legislative Assembly also authorized construction of a new Dickinson Research Center headquarters office and multipurpose room building (phase 1) funded from oil revenues at the center (\$1 million) and local contributions (\$400,000). Revenues from oil royalties are anticipated to be \$2.4 million during the 2003-05 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2003-05 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate branch research directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, the branch research centers, and the Main Research Center.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2003-05 biennium.

Carryover authority - Section 5 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2003-05 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2003-05 biennium.

Environment and rangeland protection fund - Section 6 identifies \$120,000 of the estimated income line item of the Main Research Center as being from the environment and rangeland protection fund for the purpose of constructing chemical handling facilities at select research centers.

Minor use pesticide fund - Section 7 identifies \$250,000 of the estimated income line item of the Main Research Center as being from the minor use pesticide fund for the purpose of defraying the expenses of minor use pesticide research programs. These funds are to be transferred upon approval of the Crop Protection Product Harmonization and Registration Board.

Beef systems center of excellence - Sections 8 and 9 authorize the Main Research Center to receive \$800,000 from the Ag PACE fund for the establishment of a beef systems center of excellence by the department of animal and range science. The Main Research Center is to collect \$1 million in federal funds and \$1 million in special funds prior to spending the \$800,000 of funding from the Ag PACE fund.

**Legislative Assembly
House Bill No. 1001**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$8,635,327	\$0	\$8,635,327
2003-05 legislative appropriations	0.00	8,561,252		8,561,252
Legislative increase (decrease) to executive budget	0.00	(\$74,075)	\$0	(\$74,075)
Legislative increase (decrease) to 2001-03 appropriations	0.00	(\$508,911)	\$0	(\$508,911)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Legislative Days

The funding level provides for an estimated 77-day legislative session in 2005. The 2003 Legislative Assembly completed its work in 76 legislative days, with an additional three legislative days in special session.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(\$13,726)		(\$13,726)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(90,349)		(90,349)
Added funding to replace tables and chairs in the Brynhild Haugland Room and to replace guest chairs in the legislative chambers and the Great Hall		30,000		30,000
Total	<u>0.00</u>	<u>(\$74,075)</u>	<u>\$0</u>	<u>(\$74,075)</u>

Related Legislation

April 2003 lodging reimbursement - Section 40 of Senate Bill No. 2015 allows legislators to receive lodging reimbursement at the rate of \$45 for each day during the legislative session in the month of April 2003, without being subject to the \$650 per month limit.

**Legislative Council
House Bill Nos. 1001, 1504, 1505, Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	33.00	\$7,066,926	\$0	\$7,066,926
2003-05 legislative appropriations	33.00	7,532,856		7,532,856
Legislative increase (decrease) to executive budget	0.00	\$465,930	\$0	\$465,930
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$159,454	\$0	\$159,454

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$45,518)		(\$45,518)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(3,406)		(3,406)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(40,146)		(40,146)
Added funding for salary equity increases		150,000		150,000
Added funding to hire a consultant to assist with an interim study of North Dakota's business climate (HB 1504)		25,000		25,000
Added funding to hire consultants to assist with an interim study of information technology organization and management and to assist in the preparation of the request for proposals and consultant oversight (HB 1505)		350,000		350,000
Added funding to upgrade the sound systems in the legislative chambers (SB 2015)		30,000		30,000
Total	0.00	\$465,930	\$0	\$465,930

FTE Changes

The 2003-05 biennium appropriation includes funding for 33 FTE positions, the same as the 2001-03 biennium.

Related Legislation

Business climate study - House Bill No. 1504 appropriates \$25,000 from the general fund to the Legislative Council for hiring a consultant to assist with an interim study of North Dakota's business climate.

Information technology study - House Bill No. 1505 appropriates \$350,000 from the general fund to the Legislative Council for hiring a consultant to assist with an interim study of information technology organization and management and to hire a consultant to assist in the preparation of the request for proposals and consultant oversight.

Legislative sound systems - Section 31 of Senate Bill No. 2015 appropriates \$30,000 from the general fund to upgrade the sound systems in the legislative chambers.

**State Library
Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	28.75	\$3,056,718	\$1,630,863	\$4,687,581
2003-05 legislative appropriations	28.75	3,027,046	1,629,979	4,657,025
Legislative increase (decrease) to executive budget	0.00	(\$29,672)	(\$884)	(\$30,556)
Legislative increase (decrease) to 2001-03 appropriations	0.00	(\$110,072)	\$31,122	(\$78,950)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Library is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423 which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$20,069)	(\$781)	(\$20,850)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(2,890)	(103)	(2,993)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(6,713)		(6,713)
Total	0.00	(\$29,672)	(\$884)	(\$30,556)

FTE Changes

The 2003-05 biennium appropriation includes funding for 28.75 FTE positions, the same as the 2001-03 biennium authorized level.

Other Sections in Bill

State aid to public libraries - Section 11 provides that the grants line item for the State Library includes \$844,037 for aid to public libraries, a decrease in funding of \$44,438 from the amount appropriated for the 2001-03 biennium.

**Agricultural Experiment Station
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	435.07	\$36,099,888	\$42,558,300	\$78,658,188
2003-05 legislative appropriations	425.71	35,678,419	42,440,481	78,118,900
Legislative increase (decrease) to executive budget	(9.36)	(\$421,469)	(\$117,819)	(\$539,288)
Legislative increase (decrease) to 2001-03 appropriations	(25.43)	(\$505,226)	\$7,345,244	\$6,840,018

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the Agricultural Experiment Station; however, the Legislative Assembly did provide the Agricultural Experiment Station with funding for state employee health insurance premiums.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	73.65	\$7,547,944	\$8,983,676	\$16,531,694
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$69,670)	(\$15,560)	(\$85,230)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(6,704)	(1,449)	(8,153)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(3,891)		(3,891)
Removed vacant professional position at the Hettinger Research Center and related funding	(1.00)		(83,669)	(83,669)
Transferred 1 FTE Extension Service position and funding from the Bismarck extension office to the Dickinson Research Center	1.00		84,405	84,405
Total legislative changes	0.00	(\$80,265)	(\$16,273)	(\$96,538)
Legislative appropriation - Branch research centers	73.65	\$7,467,679	\$8,967,403	\$16,435,082
Main Research Center				
Executive recommendation	358.55	\$28,551,944	\$32,404,239	\$60,956,183
The legislative action:				

Removed funding recommended in the executive budget for state employee salary increases		(\$314,140)	(\$144,467)	(\$458,607)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(25,640)	(13,380)	(39,020)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(21,424)		(21,424)
Removed vacant FTE positions and funding	(9.36)		(739,918)	(739,918)
Provided funding to the Main Research Center to be distributed to branch research centers to assist in offsetting Interactive Video Network costs in remote areas		20,000		20,000
Provided funding from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal and Range Science, pursuant to the provisions of Senate Bill No. 2334			800,000	800,000
Total legislative changes	<u>(9.36)</u>	<u>(\$341,204)</u>	<u>(\$97,765)</u>	<u>(\$438,969)</u>
Legislative appropriation - Main Research Center	<u>349.19</u>	<u>\$28,210,740</u>	<u>\$32,306,474</u>	<u>\$60,517,214</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.87</u>	<u>\$0</u>	<u>\$1,170,385</u>	<u>\$1,170,385</u>
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$3,471)	(\$3,471)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(310)	(310)
Total legislative changes	<u>0.00</u>	<u>\$0</u>	<u>(\$3,781)</u>	<u>(\$3,781)</u>
Legislative appropriation - Agronomy Seed Farm	<u>2.87</u>	<u>\$0</u>	<u>\$1,166,604</u>	<u>\$1,166,604</u>
Total Agricultural Experiment Station				
Executive recommendation	435.07	\$36,099,888	\$42,558,300	\$78,658,188
The legislative action	<u>(9.36)</u>	<u>(421,469)</u>	<u>(117,819)</u>	<u>(539,288)</u>
Total legislative appropriation - Agricultural Experiment Station	<u>425.71</u>	<u>\$35,678,419</u>	<u>\$42,440,481</u>	<u>\$78,118,900</u>

FTE Changes

	2001-03 Authorized Positions	2003-05 Executive Budget	2003-05 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.94	14.94	15.94	1.00
Central Grasslands Research Extension Center	6.45	6.45	6.45	0.00
Hettinger Research Extension Center	10.65	9.65	8.65	(1.00) ²
Langdon Research Extension Center	7.94	7.44	7.44	0.00
North Central Research Extension Center	9.78	9.20	9.20	0.00
Williston Research Extension Center	7.78	7.41	7.41	0.00
Carrington Research Extension Center	19.56	18.56	18.56	0.00
Total branch research centers	78.10	73.65	73.65	0.00
Main Research Center	370.17	358.55	349.19	(9.36) ³
Agronomy Seed Farm	2.87	2.87	2.87	0.00
Total Agricultural Experiment Station	451.14	435.07	425.71	(9.36)

¹The Legislative Assembly removed a vacant professional position at the Hettinger Research Center.

²The Legislative Assembly transferred a position relating to the beefline program from the Bismarck extension office to the Dickinson Research Center.

³The Legislative Assembly removed the following 9.36 FTE vacant positions from the Main Research Center:

- 4 FTE academic staff positions
- 3 FTE professional positions
- 1 FTE research assistant position
- .71 FTE associate professor position
- .65 FTE acting chair position

Capital Projects

The Legislative Assembly appropriated \$1,120,000 of special funds to the Main Research Center for construction of an insulated and heated building to house a buhler semi-industrial research mill donated by the Nestle' Research and Development Center (\$1 million from gifts, grants, and contracts) and for construction of pesticide handling facilities (\$120,000 from the environment and rangeland protection fund). The Legislative Assembly also authorized construction of a new Dickinson Research Center headquarters office and multipurpose room building (phase 1) funded from oil revenues at the center (\$1 million) and local contributions (\$400,000). Revenues from oil royalties are anticipated to be \$2.4 million during the 2003-05 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2003-05 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate branch research directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, the branch research centers, and the Main Research Center.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2003-05 biennium.

Carryover authority - Section 5 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2003-05 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2003-05 biennium.

Environment and rangeland protection fund - Section 6 identifies \$120,000 of the estimated income line item of the Main Research Center as being from the environment and rangeland protection fund for the purpose of constructing chemical handling facilities at select research centers.

Minor use pesticide fund - Section 7 identifies \$250,000 of the estimated income line item of the Main Research Center as being from the minor use pesticide fund for the purpose of defraying the expenses of minor use pesticide research programs. These funds are to be transferred upon approval of the Crop Protection Product Harmonization and Registration Board.

Beef systems center of excellence - Sections 8 and 9 authorize the Main Research Center to receive \$800,000 from the Ag PACE fund for the establishment of a beef systems center of excellence by the department of animal and range science. The Main Research Center is to collect \$1 million in federal funds and \$1 million in special funds prior to spending the \$800,000 of funding from the Ag PACE fund.

**Mill and Elevator Association
House Bill No. 1015**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	125.00	\$0	\$30,018,282	\$30,018,282
2003-05 legislative appropriations	125.00		29,982,152	29,982,152
Legislative increase (decrease) to executive budget	0.00	\$0	(\$36,130)	(\$36,130)
Legislative increase (decrease) to 2001-03 appropriations	4.00	\$0	\$8,240,858	\$8,240,858

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Mill and Elevator Association is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(\$12,900)	(\$12,900)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)			(23,230)	(23,230)
Total	0.00	\$0	(\$36,130)	(\$36,130)

FTE Changes

The 2003-05 biennium appropriation includes funding for 125 FTE positions, an increase of 4 FTE positions from the 2001-03 biennium authorized level of 121 FTE positions. The legislative action did not change the executive recommendation to add 4 FTE undesignated positions requested by the agency.

Transfers to the General Fund

Section 9 of House Bill No. 1015 provides for a \$5 million transfer from the Mill and Elevator Association to the general fund during the 2003-05 biennium. The \$5 million represents the amount included in the executive recommendation and is a decrease of \$1 million from the 2001-03 biennium transfer from the Mill and Elevator Association to the general fund of \$6 million. Section 9 also provides that the cumulative transfers during the 2003-05 biennium may not exceed the Mill and Elevator Association's estimated net income for the 2003-05 biennium as projected by the Industrial Commission, and that the Industrial Commission shall report to the 2005 Legislative Assembly regarding the mill's net income to date and estimated net income for the remainder of the 2003-05 biennium

Related Legislation

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$23,230 of special funds reduced from the Mill and Elevator Association's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

**NDSU Extension Service
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	277.57	\$14,102,119	\$21,239,318	\$35,341,437
2003-05 legislative appropriations	270.57	13,859,446	20,486,830	34,346,276
Legislative increase (decrease) to executive budget	(7.00)	(\$242,673)	(\$752,488)	(\$995,161)
Legislative increase (decrease) to 2001-03 appropriations	(11.15)	(\$470,299)	\$1,188,529	\$718,230

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the NDSU Extension Service; however, the Legislative Assembly did provide the NDSU Extension Service with funding for state employee health insurance premium increases.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$186,441)	(\$107,632)	(\$294,073)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(15,321)	(13,348)	(28,669)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(40,911)		(40,911)
Removed vacant FTE positions and related funding	(6.00)		(547,103)	(547,103)
Transferred 1 FTE Extension Service position and funding from the Bismarck extension office to the Dickinson Research Extension Center	(1.00)		(84,405)	(84,405)
Created a separate line item of \$778,679 from the general fund for the Soil Conservation Committee				
Total	(7.00)	(\$242,673)	(\$752,488)	(\$995,161)

FTE Changes

The Legislative Assembly transferred 1 FTE position to the Dickinson Research Extension Center and removed the following 6 FTE vacant positions:

- 1 FTE Education services
- 1.75 Extension specialist
- 0.8 FTE 4-H agent
- 1.8 FTE County home economist
- 0.65 FTE Administrative secretary

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2003-05 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, the branch research centers, and the Main Research Center.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2003-05 biennium.

Carryover authority - Section 5 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2003-05 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2003-05 biennium.

**Agricultural Experiment Station
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	435.07	\$36,099,888	\$42,558,300	\$78,658,188
2003-05 legislative appropriations	<u>425.71</u>	<u>35,678,419</u>	<u>42,440,481</u>	<u>78,118,900</u>
Legislative increase (decrease) to executive budget	(9.36)	(\$421,469)	(\$117,819)	(\$539,288)
Legislative increase (decrease) to 2001-03 appropriations	(25.43)	(\$505,226)	\$7,345,244	\$6,840,018

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the Agricultural Experiment Station; however, the Legislative Assembly did provide the Agricultural Experiment Station with funding for state employee health insurance premiums.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	<u>73.65</u>	<u>\$7,547,944</u>	<u>\$8,983,676</u>	<u>\$16,531,694</u>
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$69,670)	(\$15,560)	(\$85,230)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(6,704)	(1,449)	(8,153)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(3,891)		(3,891)
Removed vacant professional position at the Hettinger Research Center and related funding	(1.00)		(83,669)	(83,669)
Transferred 1 FTE Extension Service position and funding from the Bismarck extension office to the Dickinson Research Center	1.00		84,405	84,405
Total legislative changes	<u>0.00</u>	<u>(\$80,265)</u>	<u>(\$16,273)</u>	<u>(\$96,538)</u>
Legislative appropriation - Branch research centers	<u>73.65</u>	<u>\$7,467,679</u>	<u>\$8,967,403</u>	<u>\$16,435,082</u>
Main Research Center				
Executive recommendation	<u>358.55</u>	<u>\$28,551,944</u>	<u>\$32,404,239</u>	<u>\$60,956,183</u>
The legislative action:				

Removed funding recommended in the executive budget for state employee salary increases		(\$314,140)	(\$144,467)	(\$458,607)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(25,640)	(13,380)	(39,020)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(21,424)		(21,424)
Removed vacant FTE positions and funding	(9.36)		(739,918)	(739,918)
Provided funding to the Main Research Center to be distributed to branch research centers to assist in offsetting Interactive Video Network costs in remote areas		20,000		20,000
Provided funding from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal and Range Science, pursuant to the provisions of Senate Bill No. 2334			800,000	800,000
Total legislative changes	(9.36)	(\$341,204)	(\$97,765)	(\$438,969)
Legislative appropriation - Main Research Center	349.19	\$28,210,740	\$32,306,474	\$60,517,214
Agronomy Seed Farm				
Executive recommendation	2.87	\$0	\$1,170,385	\$1,170,385
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$3,471)	(\$3,471)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(310)	(310)
Total legislative changes	0.00	\$0	(\$3,781)	(\$3,781)
Legislative appropriation - Agronomy Seed Farm	2.87	\$0	\$1,166,604	\$1,166,604
Total Agricultural Experiment Station				
Executive recommendation	435.07	\$36,099,888	\$42,558,300	\$78,658,188
The legislative action	(9.36)	(421,469)	(117,819)	(539,288)
Total legislative appropriation - Agricultural Experiment Station	425.71	\$35,678,419	\$42,440,481	\$78,118,900

FTE Changes

	2001-03 Authorized Positions	2003-05 Executive Budget	2003-05 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.94	14.94	15.94	1.00
Central Grasslands Research Extension Center	6.45	6.45	6.45	0.00
Hettinger Research Extension Center	10.65	9.65	8.65	(1.00) ²
Langdon Research Extension Center	7.94	7.44	7.44	0.00
North Central Research Extension Center	9.78	9.20	9.20	0.00
Williston Research Extension Center	7.78	7.41	7.41	0.00
Carrington Research Extension Center	19.56	18.56	18.56	0.00
Total branch research centers	78.10	73.65	73.65	0.00
Main Research Center	370.17	358.55	349.19	(9.36) ³
Agronomy Seed Farm	2.87	2.87	2.87	0.00
Total Agricultural Experiment Station	451.14	435.07	425.71	(9.36)

¹The Legislative Assembly removed a vacant professional position at the Hettinger Research Center.

²The Legislative Assembly transferred a position relating to the beefline program from the Bismarck extension office to the Dickinson Research Center.

³The Legislative Assembly removed the following 9.36 FTE vacant positions from the Main Research Center:

- 4 FTE academic staff positions
- 3 FTE professional positions
- 1 FTE research assistant position
- .71 FTE associate professor position
- .65 FTE acting chair position

Capital Projects

The Legislative Assembly appropriated \$1,120,000 of special funds to the Main Research Center for construction of an insulated and heated building to house a buhler semi-industrial research mill donated by the Nestle' Research and Development Center (\$1 million from gifts, grants, and contracts) and for construction of pesticide handling facilities (\$120,000 from the environment and rangeland protection fund). The Legislative Assembly also authorized construction of a new Dickinson Research Center headquarters office and multipurpose room building (phase 1) funded from oil revenues at the center (\$1 million) and local contributions (\$400,000). Revenues from oil royalties are anticipated to be \$2.4 million during the 2003-05 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2003-05 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate branch research directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, the branch research centers, and the Main Research Center.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2003-05 biennium.

Carryover authority - Section 5 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2003-05 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2003-05 biennium.

Environment and rangeland protection fund - Section 6 identifies \$120,000 of the estimated income line item of the Main Research Center as being from the environment and rangeland protection fund for the purpose of constructing chemical handling facilities at select research centers.

Minor use pesticide fund - Section 7 identifies \$250,000 of the estimated income line item of the Main Research Center as being from the minor use pesticide fund for the purpose of defraying the expenses of minor use pesticide research programs. These funds are to be transferred upon approval of the Crop Protection Product Harmonization and Registration Board.

Beef systems center of excellence - Sections 8 and 9 authorize the Main Research Center to receive \$800,000 from the Ag PACE fund for the establishment of a beef systems center of excellence by the department of animal and range science. The Main Research Center is to collect \$1 million in federal funds and \$1 million in special funds prior to spending the \$800,000 of funding from the Ag PACE fund.

**Northern Crops Institute
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	8.17	\$753,359	\$782,898	\$1,536,257
2003-05 legislative appropriations	8.17	746,002	777,345	1,523,347
Legislative increase (decrease) to executive budget	0.00	(\$7,357)	(\$5,553)	(\$12,910)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$21,576	\$44,648	\$66,224

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the Northern Crops Institute; however, the Legislative Assembly did provide the Northern Crops Institute with funding for state employee health insurance premiums.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$6,400)	(\$5,073)	(\$11,473)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(449)	(480)	(929)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(508)		(508)
Total	0.00	(\$7,357)	(\$5,553)	(\$12,910)

FTE Changes

The 2003-05 biennium appropriation includes funding for 8.17 FTE positions, the same as the 2001-03 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2003-05 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate branch research directors, to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, the branch research centers, and the Main Research Center.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2003-05 biennium.

Carryover authority - Section 5 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2003-05 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2003-05 biennium.

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

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	162.00	\$19,907,975	\$7,918,764	\$27,826,739
2003-05 legislative appropriations	162.00	19,740,511	7,888,476	27,628,987
Legislative increase (decrease) to executive budget	0.00	(\$167,464)	(\$30,288)	(\$197,752)
Legislative increase (decrease) to 2001-03 appropriations	(1.00)	(\$823,506)	(\$275,265)	(\$1,098,771)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Office of Management and Budget is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$117,789)	(\$27,016)	(\$144,805)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(13,446)	(3,272)	(16,718)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent, adjusted for salaries included in the information technology plan.		(132,989)		(132,989)
Added funding for the state's membership in the Education Commission of the States		96,760		96,760
Total	0.00	(\$167,464)	(\$30,288)	(\$197,752)

FTE Changes

The 2003-05 biennium appropriation includes funding for 162 FTE positions, a decrease of 1 FTE from the 2001-03 biennium authorized level of 163 FTE positions. The Legislative Assembly did not change the executive recommendation to remove 1 FTE business manager position at State Radio.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to provide funding of \$663,000 from the general fund for capital improvements on the Capitol grounds. The \$663,000 is \$657,620 less than the 2001-03 appropriation of \$1,320,620, all of which was from the general fund. The following projects are included in the funding level provided for the 2003-05 biennium:

Capitol cooling tower	\$268,000
Chiller overhaul	20,000
Parking lot and roadway repairs	160,000
Building automation	50,000
Wiring improvements	50,000
Agency office remodeling	40,000
Governor's residence maintenance	10,000
Contingency	65,000
Total	\$663,000

State Memberships

In addition to the funding for state memberships included in the executive recommendation, the Legislative Assembly added funding for the state's membership in the Education Commission of the States. A total of \$449,960 from the general fund was appropriated for state memberships as follows:

Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$66,000
Council of State Governments	138,500
Government Accounting Standards Board	4,000
Western Governors Association	74,300
National Governors Association	69,000
Midwest Governors Association	200
National Lieutenant Governors Conference	1,200
Education Commission of the States	96,760
Total	\$449,960

Transfers to the General Fund

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

Lands and minerals trust fund (Section 5)	\$2,000,000
Permanent oil tax trust fund (Section 6)	11,910,000
State bonding fund (Section 8)	2,800,000
Student loan trust fund (Section 12)	11,000,000
Total	\$27,710,000

Bank of North Dakota transfers - Section 9 provides for transfers of \$60 million from current earnings and accumulated and undivided profits of the Bank of North Dakota to the general fund, the same as the executive recommendation. The section provides that no more than \$15 million of the amount transferred may be from accumulated undivided profits.

Contingent Bank of North Dakota transfers - Section 10 provides for an additional contingent transfer from the Bank's earnings and accumulated and undivided profits to the general fund. The contingent transfer may not exceed the lesser of \$9 million or the revenue shortfall of actual collections compared to the March 2003 legislative forecast. The executive budget included a contingent transfer of up to \$25 million of the Bank's earnings and accumulated and undivided profits.

Bank of North Dakota capital structure - Section 11 provides that any transfer authorized by the 58th Legislative Assembly may only be made to the extent the transfer does not reduce the Bank's capital structure below \$140 million.

Other Sections in Bill

Higher education contracts to prepare meals - Section 13 creates a new section to North Dakota Century Code (NDCC) Chapter 15-10 allowing institutions of higher education to enter into contracts for the preparation and provision of meals for other persons or entities not affiliated with the institution, provided the institution establishes a policy addressing issues relating to competition with private sector entities.

Medical Center Advisory Council membership - Section 14 amends NDCC Section 15-52-03 to provide for equal majority and minority party legislative membership on the Medical Center Advisory Council.

State tuition fund payments - Section 15 provides that a student residing in a district other than the one the student wishes to attend as a result of a school district dissolution or reorganization, may attend the chosen district and the Superintendent of Public Instruction may forward payments from the state tuition fund made on behalf of the student to the student's chosen school district.

Bonding fund - Section 16 reduces the required reserve amount in the bonding fund from \$2.5 million to \$2 million.

Overtime and work-period claims - Section 17 amends NDCC Section 34-06-01 providing for overtime and work-period claims regardless of when the work in question was performed.

Horse racing - Section 18 provides that until December 31, 2004, the Racing Commission is to reinstate race dates and issue a license to any racetrack in the state which was operational after December 31, 2000.

Electric Industry Competition Committee - Sections 19, 20, and 21 define majority and minority party legislative membership on and continues the Electric Industry Competition Committee through August 1, 2007.

Presentation of budget data - Section 22 amends NDCC Section 54-44.1-06 to require the general fund executive budget recommendation to include any deficiency appropriation relating to general fund expenditures for the current biennium.

Projected deficiency appropriations and allotments - Section 23 amends NDCC Section 54-44.1-12 to provide that any allotment ordered by the Governor must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving money from the fund. **The Governor vetoed this section.**

Information technology services consolidation - Sections 24, 28, and 29 provide for the establishment of an Information Technology Advisory Committee, for consolidation of information technology positions and functions, for a transfer of \$1.4 million from the Information Technology Department to the general fund from realized efficiencies from consolidation, and defines services to be provided by the Information Technology Department. **The Governor vetoed these sections.**

Information technology consolidation reports - Section 30 provides for reports to the Information Technology Committee and the Budget Section on consolidation by the Information Technology Department and any agency receiving consolidation services.

State Historical Board reports - Section 25 amends Section 2 of 2003 Senate Bill No. 2249 removing the requirement that the report of the mediator relating to historical significance determinations be published in the state newspaper and providing for the notice of the decision be given directly to the director of the State Historical Society.

Permanent oil tax trust fund - Section 26 amends NDCC Section 57-51.1-07.2 to provide that at the end of any biennium oil and gas production and oil extraction tax collections in excess of \$71 million, rather than \$62 million, be transferred from the general fund to the permanent oil tax trust fund. This amendment is effective for the 2003-05 biennium.

Support of telecommuting - Section 27 encourages state agencies to implement telecommuting by locating state employees away from central office settings and to incorporate language into job advertisements that any offer of filling the position by telecommuting will be considered.

Upgrading chamber sound systems - Section 31 provides a \$30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers.

Agriculture in the classroom - Section 32 provides a \$45,000 general fund appropriation to the Department of Agriculture for the agriculture in the classroom program.

Student loan trust fund budget information - Section 33 directs the Governor to submit any proposal to spend or transfer money from the student loan trust fund included as part of the 2005-07 biennium executive budget in a separate bill.

Continuing appropriations report - Section 34 requires executive branch agencies to report to the Appropriations Committees during the 2005 legislative session regarding expenditures made pursuant to continuing appropriations and justification for needing the continuing appropriation authority.

Baseline budgeting - Section 35 provided that the 2005-07 appropriation bills for four agencies--the Department of Public Instruction, Department of Corrections and Rehabilitation, State Treasurer, and Secretary of State--be introduced as approved by the 2003 Legislative Assembly. **The Governor vetoed this section.**

State employee reductions and compensation pool - Sections 36, 37, 38, and 39 provide for a reduction of 176 FTE positions during the 2003-05 biennium, the establishment of employee compensation pools resulting from savings from employee reductions, and for state employee salary increases of 1 percent in January 2004 and 2 percent in January 2005 contingent on the reductions. **The Governor vetoed these sections.**

Lodging reimbursement - Section 40 provides for additional lodging reimbursement for members of the Legislative Assembly who incur expenses greater than \$650 during the month of April 2003.

Public employee health insurance benefits study - Section 41 provides for a Legislative Council study of public employee health insurance benefits.

Specified exempt commodities and services report - Section 42 provides for the Office of Management and Budget to report to the Budget Section on specified exempt commodities and services relating to procurement requirements in NDCC Chapter 54-44.4.

Department of Commerce carryover authority - Section 43 allows the Department of Commerce to continue up to \$850,000 of its unspent 2001-03 biennium grants appropriation.

Prairie Public Broadcasting - Section 44 provides legislative intent that the 2005-07 executive budget provide for the funding for Prairie Public Broadcasting as a separate line item in the Office of Management and Budget's budget request.

Emergency measures

Section 45 - Provides an emergency clause for House Bill No. 1414, relating to infectious disease outbreaks and the ability for the State Department of Health to provide for quarantines.

Section 46 - Provides for an emergency clause for House Bill No. 1012, relating to the speed limit on paved two-lane county and township highways.

Section 47 - Provides an emergency clause for subdivision 3 of Section 1 and Sections 12 and 13 of House Bill No. 1015 relating to the partnership in assisting community expansion fund, the agriculture partnership in assisting community expansion fund, and the beginning farmer loan fund.

Section 48 - Provides an emergency clause for Senate Bill No. 2176 relating to participation by retired political subdivision employees in the uniform group insurance program.

Tax amnesty program - Section 49 provides for the Tax Commissioner to conduct a one-time tax amnesty program beginning before December 31, 2003. The authorizing language is intended to grant the Tax Commissioner discretionary authority to implement the program. General fund revenue of \$550,000 is included for the 2003-05 biennium relating to this program.

Related Legislation

Employee recruitment and retention bonus pilot program - House Bill No. 1093 removes the expiration date of the employee recruitment and retention bonus pilot program and provides that nonclassified employees may participate in the program.

State procurement process - House Bill No. 1180 requires all purchases made by the Office of Management and Budget, higher education institutions, or a state agency to which authority to purchase has been delegated, to follow the Office of Management and Budget's guidelines for contracts for services. The director of the Office of Management and Budget is to conduct a study during the 2003-04 interim of the state procurement process, including all relevant laws, rules, and guidelines. The director is to prepare and request introduction of a bill to address inefficiencies, inconsistencies, and outmoded procurement provisions discovered as a result of the study to the 59th Legislative Assembly.

Information technology consolidation - House Bill No. 1505 provides for the Office of Management and Budget, after receiving advice from the Information Technology Department, to establish state policies and guidelines for the purchase of information technology equipment and software. In addition, the Office of Management and Budget is to aggregate information technology equipment and software purchases and administer contracts to achieve the most cost-effective results for the state.

Information technology position transfer - House Bill No. 1505 provides for 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced from the Office of Management and Budget and transferred to the Information Technology Department.

911 wireless services fee - Senate Bill No. 2064 authorizes State Radio to charge political subdivisions a fee for digital mapping services of at least 20 cents per wireless access line for 911 wireless services.

Surplus property operating fund - Senate Bill No. 2075 provides that proceeds from all surplus property sold for less than \$3,000 must be retained in the surplus property operating fund unless the Office of Management and Budget determines the sale proceeds are subject to special requirements for distribution. At the end of each biennium the Office of Management and Budget is to transfer all funds in the surplus operating fund that exceed the amount needed for operating the surplus property function for one year to the general fund.

Central Personnel Division name change - Senate Bill No. 2092 changes the name of the Central Personnel Division to North Dakota Human Resources Management Services.

State employee compensation pools - Senate Bill No. 2423 provides legislative intent that state agencies eliminate 176 FTE positions (155 FTE positions from executive branch agencies and the office of the Governor, excluding other offices of state elected officials and higher education, 13 FTE positions from state elected officials, excluding the office of the Governor, and 8 FTE positions from the judicial branch) during the 2003-05 biennium, and that the savings resulting from these employee reductions be deposited in state employee compensation pools established by the Office of Management and Budget. The state employee compensation pool may be supplemented by accumulated savings from other vacant full-time equivalent positions in order for executive and judicial branch agencies to provide state employee salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005. At least 70 percent of the funding for the increases provided must be from pooled savings resulting from employee reductions.

Parks and Recreation Department (including International Peace Garden)
Senate Bill No. 2021, House Bill No. 1292

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	44.25	\$7,105,618	\$11,279,169	\$18,384,787
2003-05 legislative appropriations	44.25	7,056,513	10,772,107	17,828,620
Legislative increase (decrease) to executive budget	0.00	(\$49,105)	(\$507,062)	(\$556,167)
Legislative increase (decrease) to 2001-03 appropriations	1.50	(\$643,035)	\$2,873,297	\$2,230,262

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Parks and Recreation Department is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$40,798)	(\$1,753)	(\$42,551)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(4,437)	(310)	(4,747)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)		(15,370)	(4,994)	(20,364)
Increased estimated park income and reduced general fund support as a result of an increase in the maximum park permit fee allowed for up to three days' use from \$4 to \$5		(40,000)	40,000	0
Decreased funding in the capital assets line item		(5,000)		(5,000)
Removed revenue bond authority for capital construction projects included in the executive recommendation and changed funding for some capital projects (See Capital Projects section below)			(1,390,000)	(1,390,000)
Increased grants line item to reflect the transfer of federal funds from the capital projects and Lewis and Clark line items to the grants line item			545,000	545,000
Increased funding from snowmobile registration fees in Senate Bill No. 2162			300,000	300,000

Added funding to the Lewis and Clark Bicentennial line item for a grant to the Three Affiliated Tribes Lewis and Clark Bicentennial Celebration Foundation for the national signature event	50,000	50,000
Added funding to the International Peace Garden line item for the biennial audit	6,500	6,500
Added special funds in House Bill No. 1292 from the state snowmobile fund for establishing and administering the decal program for snowmobiles registered in another state or country (See Related Legislation section below)		4,995
Total	0.00	(\$507,062)

FTE Changes

The Legislative Assembly did not change the executive recommendation to add two new .75 FTE maintenance worker I positions--one at Devils Lake and one at Fort Lincoln. The number of FTE positions for the Parks and Recreation Department for the 2003-05 biennium is 44.25 FTE positions, 1.50 FTE more than the 42.75 FTE positions authorized for the 2001-03 biennium.

Capital Projects

The Legislative Assembly provided funding for the following capital projects:

Project	2003-05 Executive Recommendation			2003 Legislative Action			2003-05 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Capital projects included in executive budget									
Extraordinary repairs	\$670,544	\$42,000	\$712,544	(\$5,000)		(\$5,000)	\$665,544	\$42,000	\$707,544
Equipment over \$5,000	137,250	438,000	575,250		\$85,000 ¹	85,000	137,250	523,000	660,250
Relocate Loop A comfort station at Devils Lake State Park*		90,000	90,000					90,000	90,000
Turtle River State Park administrative office construction*		700,000	700,000		(700,000)	(700,000)			
Beaver Lake State Park comfort station renovation*		75,000	75,000					75,000	75,000
Lake Sakakawea State Park rural water connection*		250,000	250,000					250,000	250,000
Lake Sakakawea State Park road repair*		60,000	60,000					60,000	60,000
Fort Abraham Lincoln State Park road repair*		30,000	30,000					30,000	30,000
Chip and seal roads at Beaver Lake and Devils Lake State Parks*		55,000	55,000					55,000	55,000
Icelandic State Park maintenance shop construction*		130,000	130,000		(130,000)	(130,000)			
Fort Ransom State Park sodbuster exhibit building*		90,000	90,000					90,000	90,000
Seasonal housing units at Lake Sakakawea, Devils Lake, Fort Ransom, and Beaver Lake State Parks*		210,000	210,000		(210,000)	(210,000)			
Construction of rear screen amphitheater at Icelandic and Lake Metigoshe State Parks*		90,000	90,000		(90,000)	(90,000)			
FEMA construction projects		500,000	500,000					500,000	500,000
Total - Executive recommendation	\$807,794	\$2,760,000	\$3,567,794	(\$5,000)	(\$1,045,000)	(\$1,050,000)	\$802,794	\$1,715,000	\$2,517,794

NOTE: All the projects listed above with an asterisk are capital projects that were included in the executive recommendation with either partial or full project funding from revenue bonds totaling \$1,037,500. The legislative action removed the revenue bond authority for the capital construction projects and either replaced the funding with special funds or removed the capital project from the budget.

¹ The legislative adjustment that adds \$85,000 of special funds to equipment over \$5,000 is a result of the increased snowmobile registration fees, and will be used for the purchase of snowmobile trail groomers.

Lewis and Clark Bicentennial

The Legislative Assembly reduced funding for the Lewis and Clark Bicentennial from \$971,486 included in the executive budget, of which \$321,486 is from the general fund, to \$760,618, of which \$370,618 is from the general fund. Of the \$370,618 general fund appropriation, \$50,000 is for a grant to the Three Affiliated Tribes Lewis and Clark Bicentennial Celebration Foundation for the national signature event, and \$320,618 is for other costs related to the Lewis and Clark Bicentennial. The \$390,000 of other funds is for two capital projects, the Lake Sakakawea State Park campground rewiring and regrading (\$250,000) and the Fort Stevenson campground expansion (\$140,000). The executive recommendation included \$50,000 of other funds for capital construction projects. Legislative action removed revenue bond authority for capital construction projects totaling \$440,000, resulting in the removal of two capital projects from the budget totaling \$260,000, of which \$150,000 was from bonding, and changed \$290,000 capital project funding from revenue bonds to special or federal funds. The 2003-05 biennium Lewis and Clark Bicentennial appropriation of \$760,618 is a decrease of \$4,823 from the 2001-03 biennium appropriation of \$765,441.

International Peace Garden

The Legislative Assembly increased funding for the International Peace Garden by \$6,500 from the general fund for the biennial audit. The 2003-05 biennium appropriation of \$352,854 from the general fund is \$24,229 less than the 2001-03 biennium appropriation of \$377,083, which included \$12,500 for the International Peace Garden Foundation for restroom renovations at the International Peace Garden music camp.

Other Sections in Bill

Grants appropriation - Section 2 provides an appropriation of \$500,000 from federal funds for the 2001-03 biennium to the Parks and Recreation Department for providing grants to local park districts for the land and water conservation program.

Permits for motor vehicles - Section 3 amends North Dakota Century Code Section 55-08-06 to increase the maximum permit fee from \$4 to \$5 for a period of not more than three days.

Snowmobile fund - Section 4 provides that \$902,888 of the estimated income line item appropriated in Section 1 of the bill is from the snowmobile fund.

Trail tax transfer fund - Section 5 provides that \$50,000 of the estimated income line item appropriated in Section 1 of the bill is from the trail tax transfer fund.

State parks gift fund - Section 6 provides that \$100,456 of the estimated income line item appropriated in Section 1 of the bill is from the state parks gift fund.

Game and fish operating fund - Section 7 provides that \$122,000 of the estimated income line item appropriated in Section 1 of the bill is from the game and fish operating fund, or federal or other funds available to the Game and Fish Department, and must be transferred to the Parks and Recreation Department for maintenance, operating, and extraordinary repairs expenses related to boat ramps at various state parks.

Water development trust fund - Section 8 provides that \$575,287 of the estimated income line item appropriated in Section 1 of the bill is from the water development trust fund and may be spent by the Parks and Recreation Department for the purpose of repaying principal and interest on disaster response loans from the Bank of North Dakota.

Related Legislation

State snowmobile fund appropriation - House Bill No. 1292 provides an appropriation of \$4,995 from the state snowmobile fund to the Parks and Recreation Department for establishing and administering the decal program for snowmobiles registered in another state or country.

Sale of beer and wine - House Bill No. 1416 provides for the sale of beer and wine by concessionaires for 14 events per year on property under the management of the Parks and Recreation Department which borders the Missouri River and which is within 15 miles of a city with a population in excess of 20,000.

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$4,994 of special funds reduced from the Parks and Recreation Department's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

**Protection and Advocacy Project
Senate Bill No. 2014**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	24.50	\$800,674	\$2,459,138	\$3,259,812
2003-05 legislative appropriations	24.50	782,723	2,443,532	3,226,255
Legislative increase (decrease) to executive budget	0.00	(\$17,951)	(\$15,606)	(\$33,557)
Legislative increase (decrease) to 2001-03 appropriations	0.00	(\$23,803)	\$257,217	\$233,414

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Protection and Advocacy Project is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$10,971)	(\$14,127)	(\$25,098)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(1,204)	(1,479)	(2,683)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(5,776)		(5,776)
Total	0.00	(\$17,951)	(\$15,606)	(\$33,557)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 24.5 FTE positions, the same as the 2001-03 biennium.

**Public Employees Retirement System
Senate Bill Nos. 2024, 2013**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	29.00	\$0	\$4,400,690	\$4,400,690
2003-05 legislative appropriations	29.00		4,391,158	4,391,158
Legislative increase (decrease) to executive budget	0.00	\$0	(\$9,532)	(\$9,532)
Legislative increase (decrease) to 2001-03 appropriations	2.00	\$0	\$498,668	\$498,668

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Public Employees Retirement System is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$27,363)	(\$27,363)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(2,993)	(2,993)
Added funding of \$11,832 for health benefits and \$5,992 for a classification change for a new FTE position added to the Public Employees Retirement System, which were inadvertently omitted in the executive budget recommendation			17,824	17,824
Added funding for implementing Sections 15 through 18 of Senate Bill No. 2013 (See Related Legislation section below)			3,000	3,000
Total	0.00	\$0	(\$9,532)	(\$9,532)

FTE Changes

The Legislative Assembly did not change the executive recommendation to add 2 FTE positions, 1 FTE data processing coordinator II and 1 FTE auditor II. The number of FTE positions for the Public Employees Retirement System for the 2003-05 biennium is 29 FTE, 2 FTE more than the 27 FTE authorized for the 2001-03 biennium.

Other Sections in Bill

Appropriation line item transfers - Section 2 provides that the Public Employees Retirement System may transfer from the contingencies line item in Section 1 of the bill to all other line items and the agency shall notify the Office of Management and Budget of each transfer made.

Related Legislation

Job Service retirement plan - House Bill No. 1064 transfers the administrative responsibility for the Job Service retirement plan from Job Service North Dakota to the Public Employees Retirement System Board.

Public employees retirement fund appropriation - Senate Bill No. 2013 provides an appropriation of \$3,000 from the public employees retirement fund to the Public Employees Retirement System for implementing Sections 15 through 18 of Senate Bill No. 2013, relating to participation by nonteaching employees of the Department of Public Instruction in the Public Employees Retirement System.

State peace and correctional officers - Senate Bill No. 2033 allows peace and correctional officers employed by political subdivisions to participate in the National Guard retirement plan.

Employer-based wellness program and confidentiality of records - Senate Bill No. 2060 provides that the Public Employees Retirement Board develop an employer-based wellness program, and provides for the confidentiality of employee records.

Uniform group insurance program - Senate Bill No. 2176 provides that a retiree who accepts a retirement allowance from a participating political subdivision's retirement plan may elect to participate in the uniform group insurance program without meeting minimum requirements at age 65, when the employee's spouse reaches age 65, upon the receipt of a benefit, when the political subdivision joins the uniform group insurance plan if the retiree was a member of the former plan, or when the spouse terminates employment.

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

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	162.00	\$19,907,975	\$7,918,764	\$27,826,739
2003-05 legislative appropriations	162.00	19,740,511	7,888,476	27,628,987
Legislative increase (decrease) to executive budget	0.00	(\$167,464)	(\$30,288)	(\$197,752)
Legislative increase (decrease) to 2001-03 appropriations	(1.00)	(\$823,506)	(\$275,265)	(\$1,098,771)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Office of Management and Budget is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$117,789)	(\$27,016)	(\$144,805)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(13,446)	(3,272)	(16,718)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent, adjusted for salaries included in the information technology plan.		(132,989)		(132,989)
Added funding for the state's membership in the Education Commission of the States		96,760		96,760
Total	0.00	(\$167,464)	(\$30,288)	(\$197,752)

FTE Changes

The 2003-05 biennium appropriation includes funding for 162 FTE positions, a decrease of 1 FTE from the 2001-03 biennium authorized level of 163 FTE positions. The Legislative Assembly did not change the executive recommendation to remove 1 FTE business manager position at State Radio.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to provide funding of \$663,000 from the general fund for capital improvements on the Capitol grounds. The \$663,000 is \$657,620 less than the 2001-03 appropriation of \$1,320,620, all of which was from the general fund. The following projects are included in the funding level provided for the 2003-05 biennium:

Capitol cooling tower	\$268,000
Chiller overhaul	20,000
Parking lot and roadway repairs	160,000
Building automation	50,000
Wiring improvements	50,000
Agency office remodeling	40,000
Governor's residence maintenance	10,000
Contingency	65,000
Total	\$663,000

State Memberships

In addition to the funding for state memberships included in the executive recommendation, the Legislative Assembly added funding for the state's membership in the Education Commission of the States. A total of \$449,960 from the general fund was appropriated for state memberships as follows:

Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$66,000
Council of State Governments	138,500
Government Accounting Standards Board	4,000
Western Governors Association	74,300
National Governors Association	69,000
Midwest Governors Association	200
National Lieutenant Governors Conference	1,200
Education Commission of the States	96,760
Total	\$449,960

Transfers to the General Fund

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

Lands and minerals trust fund (Section 5)	\$2,000,000
Permanent oil tax trust fund (Section 6)	11,910,000
State bonding fund (Section 8)	2,800,000
Student loan trust fund (Section 12)	11,000,000
Total	\$27,710,000

Bank of North Dakota transfers - Section 9 provides for transfers of \$60 million from current earnings and accumulated and undivided profits of the Bank of North Dakota to the general fund, the same as the executive recommendation. The section provides that no more than \$15 million of the amount transferred may be from accumulated undivided profits.

Contingent Bank of North Dakota transfers - Section 10 provides for an additional contingent transfer from the Bank's earnings and accumulated and undivided profits to the general fund. The contingent transfer may not exceed the lesser of \$9 million or the revenue shortfall of actual collections compared to the March 2003 legislative forecast. The executive budget included a contingent transfer of up to \$25 million of the Bank's earnings and accumulated and undivided profits.

Bank of North Dakota capital structure - Section 11 provides that any transfer authorized by the 58th Legislative Assembly may only be made to the extent the transfer does not reduce the Bank's capital structure below \$140 million.

Other Sections in Bill

Higher education contracts to prepare meals - Section 13 creates a new section to North Dakota Century Code (NDCC) Chapter 15-10 allowing institutions of higher education to enter into contracts for the preparation and provision of meals for other persons or entities not affiliated with the institution, provided the institution establishes a policy addressing issues relating to competition with private sector entities.

Medical Center Advisory Council membership - Section 14 amends NDCC Section 15-52-03 to provide for equal majority and minority party legislative membership on the Medical Center Advisory Council.

State tuition fund payments - Section 15 provides that a student residing in a district other than the one the student wishes to attend as a result of a school district dissolution or reorganization, may attend the chosen district and the Superintendent of Public Instruction may forward payments from the state tuition fund made on behalf of the student to the student's chosen school district.

Bonding fund - Section 16 reduces the required reserve amount in the bonding fund from \$2.5 million to \$2 million.

Overtime and work-period claims - Section 17 amends NDCC Section 34-06-01 providing for overtime and work-period claims regardless of when the work in question was performed.

Horse racing - Section 18 provides that until December 31, 2004, the Racing Commission is to reinstate race dates and issue a license to any racetrack in the state which was operational after December 31, 2000.

Electric Industry Competition Committee - Sections 19, 20, and 21 define majority and minority party legislative membership on and continues the Electric Industry Competition Committee through August 1, 2007.

Presentation of budget data - Section 22 amends NDCC Section 54-44.1-06 to require the general fund executive budget recommendation to include any deficiency appropriation relating to general fund expenditures for the current biennium.

Projected deficiency appropriations and allotments - Section 23 amends NDCC Section 54-44.1-12 to provide that any allotment ordered by the Governor must be made to the extent necessary to address any projected deficiency appropriations for agencies receiving money from the fund. **The Governor vetoed this section.**

Information technology services consolidation - Sections 24, 28, and 29 provide for the establishment of an Information Technology Advisory Committee, for consolidation of information technology positions and functions, for a transfer of \$1.4 million from the Information Technology Department to the general fund from realized efficiencies from consolidation, and defines services to be provided by the Information Technology Department. **The Governor vetoed these sections.**

Information technology consolidation reports - Section 30 provides for reports to the Information Technology Committee and the Budget Section on consolidation by the Information Technology Department and any agency receiving consolidation services.

State Historical Board reports - Section 25 amends Section 2 of 2003 Senate Bill No. 2249 removing the requirement that the report of the mediator relating to historical significance determinations be published in the state newspaper and providing for the notice of the decision be given directly to the director of the State Historical Society.

Permanent oil tax trust fund - Section 26 amends NDCC Section 57-51.1-07.2 to provide that at the end of any biennium oil and gas production and oil extraction tax collections in excess of \$71 million, rather than \$62 million, be transferred from the general fund to the permanent oil tax trust fund. This amendment is effective for the 2003-05 biennium.

Support of telecommuting - Section 27 encourages state agencies to implement telecommuting by locating state employees away from central office settings and to incorporate language into job advertisements that any offer of filling the position by telecommuting will be considered.

Upgrading chamber sound systems - Section 31 provides a \$30,000 general fund appropriation to the Legislative Council for upgrading the sound systems in the House and Senate chambers.

Agriculture in the classroom - Section 32 provides a \$45,000 general fund appropriation to the Department of Agriculture for the agriculture in the classroom program.

Student loan trust fund budget information - Section 33 directs the Governor to submit any proposal to spend or transfer money from the student loan trust fund included as part of the 2005-07 biennium executive budget in a separate bill.

Continuing appropriations report - Section 34 requires executive branch agencies to report to the Appropriations Committees during the 2005 legislative session regarding expenditures made pursuant to continuing appropriations and justification for needing the continuing appropriation authority.

Baseline budgeting - Section 35 provided that the 2005-07 appropriation bills for four agencies--the Department of Public Instruction, Department of Corrections and Rehabilitation, State Treasurer, and Secretary of State--be introduced as approved by the 2003 Legislative Assembly. **The Governor vetoed this section.**

State employee reductions and compensation pool - Sections 36, 37, 38, and 39 provide for a reduction of 176 FTE positions during the 2003-05 biennium, the establishment of employee compensation pools resulting from savings from employee reductions, and for state employee salary increases of 1 percent in January 2004 and 2 percent in January 2005 contingent on the reductions. **The Governor vetoed these sections.**

Lodging reimbursement - Section 40 provides for additional lodging reimbursement for members of the Legislative Assembly who incur expenses greater than \$650 during the month of April 2003.

Public employee health insurance benefits study - Section 41 provides for a Legislative Council study of public employee health insurance benefits.

Specified exempt commodities and services report - Section 42 provides for the Office of Management and Budget to report to the Budget Section on specified exempt commodities and services relating to procurement requirements in NDCC Chapter 54-44.4.

Department of Commerce carryover authority - Section 43 allows the Department of Commerce to continue up to \$850,000 of its unspent 2001-03 biennium grants appropriation.

Prairie Public Broadcasting - Section 44 provides legislative intent that the 2005-07 executive budget provide for the funding for Prairie Public Broadcasting as a separate line item in the Office of Management and Budget's budget request.

Emergency measures

Section 45 - Provides an emergency clause for House Bill No. 1414, relating to infectious disease outbreaks and the ability for the State Department of Health to provide for quarantines.

Section 46 - Provides for an emergency clause for House Bill No. 1012, relating to the speed limit on paved two-lane county and township highways.

Section 47 - Provides an emergency clause for subdivision 3 of Section 1 and Sections 12 and 13 of House Bill No. 1015 relating to the partnership in assisting community expansion fund, the agriculture partnership in assisting community expansion fund, and the beginning farmer loan fund.

Section 48 - Provides an emergency clause for Senate Bill No. 2176 relating to participation by retired political subdivision employees in the uniform group insurance program.

Tax amnesty program - Section 49 provides for the Tax Commissioner to conduct a one-time tax amnesty program beginning before December 31, 2003. The authorizing language is intended to grant the Tax Commissioner discretionary authority to implement the program. General fund revenue of \$550,000 is included for the 2003-05 biennium relating to this program.

Related Legislation

Employee recruitment and retention bonus pilot program - House Bill No. 1093 removes the expiration date of the employee recruitment and retention bonus pilot program and provides that nonclassified employees may participate in the program.

State procurement process - House Bill No. 1180 requires all purchases made by the Office of Management and Budget, higher education institutions, or a state agency to which authority to purchase has been delegated, to follow the Office of Management and Budget's guidelines for contracts for services. The director of the Office of Management and Budget is to conduct a study during the 2003-04 interim of the state procurement process, including all relevant laws, rules, and guidelines. The director is to prepare and request introduction of a bill to address inefficiencies, inconsistencies, and outmoded procurement provisions discovered as a result of the study to the 59th Legislative Assembly.

Information technology consolidation - House Bill No. 1505 provides for the Office of Management and Budget, after receiving advice from the Information Technology Department, to establish state policies and guidelines for the purchase of information technology equipment and software. In addition, the Office of Management and Budget is to aggregate information technology equipment and software purchases and administer contracts to achieve the most cost-effective results for the state.

Information technology position transfer - House Bill No. 1505 provides for 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced from the Office of Management and Budget and transferred to the Information Technology Department.

911 wireless services fee - Senate Bill No. 2064 authorizes State Radio to charge political subdivisions a fee for digital mapping services of at least 20 cents per wireless access line for 911 wireless services.

Surplus property operating fund - Senate Bill No. 2075 provides that proceeds from all surplus property sold for less than \$3,000 must be retained in the surplus property operating fund unless the Office of Management and Budget determines the sale proceeds are subject to special requirements for distribution. At the end of each biennium the Office of Management and Budget is to transfer all funds in the surplus operating fund that exceed the amount needed for operating the surplus property function for one year to the general fund.

Central Personnel Division name change - Senate Bill No. 2092 changes the name of the Central Personnel Division to North Dakota Human Resources Management Services.

State employee compensation pools - Senate Bill No. 2423 provides legislative intent that state agencies eliminate 176 FTE positions (155 FTE positions from executive branch agencies and the office of the Governor, excluding other offices of state elected officials and higher education, 13 FTE positions from state elected officials, excluding the office of the Governor, and 8 FTE positions from the judicial branch) during the 2003-05 biennium, and that the savings resulting from these employee reductions be deposited in state employee compensation pools established by the Office of Management and Budget. The state employee compensation pool may be supplemented by accumulated savings from other vacant full-time equivalent positions in order for executive and judicial branch agencies to provide state employee salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005. At least 70 percent of the funding for the increases provided must be from pooled savings resulting from employee reductions.

Retirement and Investment Office
Senate Bill No. 2024

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	17.00	\$0	\$4,864,373	\$4,864,373
2003-05 legislative appropriations	17.00		4,843,329	4,843,329
Legislative increase (decrease) to executive budget	0.00	\$0	(\$21,044)	(\$21,044)
Legislative increase (decrease) to 2001-03 appropriations	(1.00)	\$0	\$2,032,482	\$2,032,482

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Retirement and Investment Office is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$19,290)	(\$19,290)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(1,754)	(1,754)
Total	0.00	\$0	(\$21,044)	(\$21,044)

FTE Changes

The Legislative Assembly did not change the executive recommendation to remove 1 FTE vacant administrative assistant I position. The number of FTE positions for the Retirement and Investment Office for the 2003-05 biennium is 17 FTE, 1 FTE less than the 18 FTE authorized for the 2001-03 biennium.

Other Sections in Bill

Appropriation line item transfers - Section 2 provides that the Retirement and Investment Office may transfer from the contingencies line item in Section 1 of the bill to all other line items and the agency shall notify the Office of Management and Budget of each transfer made.

**School for the Deaf
Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	51.85	\$5,122,675	\$871,449	\$5,994,124
2003-05 legislative appropriations	51.85	5,073,242	871,449	5,944,691
Legislative increase (decrease) to executive budget	0.00	(\$49,433)	\$0	(\$49,433)
Legislative increase (decrease) to 2001-03 appropriations	(1.25)	\$2,763	(\$224,175)	(\$221,412)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the School for the Deaf is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423 which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$48,273)		(\$48,273)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(5,779)		(5,779)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(3,586)		(3,586)
Provided funding to fully fund the salary composite schedule for teachers at the School for the Deaf		8,205		8,205
Total	0.00	(\$49,433)	\$0	(\$49,433)

FTE Changes

The 2003-05 biennium appropriation includes funding for 51.85 FTE positions, a decrease of 1.25 FTE positions from the 2001-03 biennium authorized level of 53.10 FTE positions. The legislative action did not change the executive recommendation to eliminate a .50 FTE cook position and a .75 FTE faculty nonclassified position.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to appropriate funding of \$32,723, of which \$29,923 is from the general fund, for extraordinary repairs at the School for the Deaf.

**Securities Department
Senate Bill No. 2011**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	8.00	\$1,093,303	\$311,580	\$1,404,883
2003-05 legislative appropriations	8.00	1,080,165	311,580	1,391,745
Legislative increase (decrease) to executive budget	0.00	(\$13,138)	\$0	(\$13,138)
Legislative increase (decrease) to 2001-03 appropriations	0.00	(\$42,782)	\$311,580	\$268,798

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Securities Department is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$10,392)		(\$10,392)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(826)		(826)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(1,920)		(1,920)
Total	0.00	(\$13,138)	\$0	(\$13,138)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 8 FTE positions, the same as the 2001-03 biennium.

Related Legislation

Securities Department - Senate Bill No. 2084 provides for an agency name change from the Office of the Securities Commissioner to the Securities Department. In addition, the bill provides for the Securities Department to administer the investor education and technology fund. Payments for tuition or other costs associated with educational services or materials provided by the department, grants or donations for the purpose of investor education received by the department, and various civil penalties assessed by the Securities Commissioner are to be deposited in the fund. Funds in the investor education and technology fund are to be appropriated for education services to the public relating to any of the financial services industries, including the securities industry, and to provide for technology needs of the department. Section 3 of the bill changes the nonprofit security registration fee of \$150 annually to an initial registration fee of \$150 and a subsequent year registration to be changed to a renewal fee of \$100. This change is anticipated to decrease general fund revenues by \$1,200 per biennium.

**Seed Department
Senate Bill No. 2018**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	32.00	\$0	\$5,671,315	\$5,671,315
2003-05 legislative appropriations	32.00		5,640,000	5,640,000¹
Legislative increase (decrease) to executive budget	0.00	\$0	(\$31,315)	(\$31,315)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$0	\$177,266	\$177,266

¹ Section 3 of House Bill No. 1505 requires the Office of Management and Budget to reduce the special funds appropriation authority for the Seed Department for the 2003-05 biennium by \$10,050 relating to an information technology reduction. Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer the \$10,050 of special funds reduced from the Seed Department's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Seed Department is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$28,167)	(\$28,167)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(3,148)	(3,148)
Total	<u>0.00</u>	<u>\$0</u>	<u>(\$31,315)</u>	<u>(\$31,315)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 32 FTE positions, the same as the 2001-03 biennium.

Other Sections in Bill

Section 2 of Senate Bill No. 1018 authorizes the Seed Department, upon approval from the State Seed Commission, to transfer funds from the contingency line item in its appropriation to all other line items except the capital assets line item.

Related Legislation

Continuing appropriation - Senate Bill No. 2326 provides for fees and other charges collected by the Seed Department relating to the regulation of wholesale potato dealers to be appropriated to the Seed Department on a continuing basis and may be disbursed upon order of the Seed Commissioner, with the approval of the Office of Management and Budget.

**State Fair Association
House Bill No. 1009**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	0.00	\$556,750	\$20,000	\$576,750
2003-05 legislative appropriations	0.00	581,750	20,000	601,750
Legislative increase (decrease) to executive budget	0.00	\$25,000	\$0	\$25,000
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$6,750	\$0	\$6,750

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

State Fair Premiums

The Legislative Assembly provided \$391,750 for premiums, \$371,750 of which is from the general fund and \$20,000 to be raised by the State Fair. The \$391,750 is \$6,750 more than the 2001-03 appropriation of \$385,000, of which \$365,000 was from the general fund and \$20,000 was to be raised by the State Fair. The 2003-05 executive budget recommended premium funding of \$366,750 of which \$346,750 was from the general fund. The Legislative Assembly increased the executive recommendation for premiums by \$25,000 from the general fund.

Debt Payments

The Legislative Assembly did not change the executive recommendation which provided \$210,000 from the general fund to continue the interest rate buydown on State Fair capital construction project payments for the 2003-05 biennium, the same level provided in the 2001-03 biennium.

Board of Directors Compensation

The Legislative Assembly increased the statutory compensation for the State Fair Association's Board of Directors from \$10 per day plus allowable reimbursable expenses to \$75 per day plus allowable reimbursable expenses.

**State Library
Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	28.75	\$3,056,718	\$1,630,863	\$4,687,581
2003-05 legislative appropriations	28.75	3,027,046	1,629,979	4,657,025
Legislative increase (decrease) to executive budget	0.00	(\$29,672)	(\$884)	(\$30,556)
Legislative increase (decrease) to 2001-03 appropriations	0.00	(\$110,072)	\$31,122	(\$78,950)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Library is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423 which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$20,069)	(\$781)	(\$20,850)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(2,890)	(103)	(2,993)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(6,713)		(6,713)
Total	0.00	(\$29,672)	(\$884)	(\$30,556)

FTE Changes

The 2003-05 biennium appropriation includes funding for 28.75 FTE positions, the same as the 2001-03 biennium authorized level.

Other Sections in Bill

State aid to public libraries - Section 11 provides that the grants line item for the State Library includes \$844,037 for aid to public libraries, a decrease in funding of \$44,438 from the amount appropriated for the 2001-03 biennium.

**Judicial Branch
House Bill Nos. 1002, 1505**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	336.00	\$56,327,658	\$2,046,235	\$58,373,893
2003-05 legislative appropriations	336.00	55,087,369	2,043,536	57,130,905
Legislative increase (decrease) to executive budget	0.00	(\$1,240,289)	(\$2,699)	(\$1,242,988)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$1,333,860	(\$174,285)	\$1,159,575

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Judicial Branch is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions. Sections 1 and 2 of Senate Bill No. 2423 establish a judicial branch state employee compensation pool funded by any savings resulting from a reduction of up to 8 FTE positions from the judicial branch.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added \$45,999 from the general fund for costs associated with information technology (See Related Legislation section below)		\$45,999		\$45,999
Supreme Court changes:				
Removed the judicial branch's proposed salary increase for Supreme Court justices		(53,805)		(53,805)
Removed funding recommended in the executive budget for state employee salary increases		(49,947)		(49,947)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(4,646)		(4,646)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(28,771)		(28,771)
Decreased general fund support for the Supreme Court		(25,000)		(25,000)
District Court changes:				
Removed the judicial branch's proposed salary increase for district		(461,779)		(461,779)

court judges

Removed funding recommended in the executive budget for state employee salary increases	(257,990)		(257,990)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy	(29,928)		(29,928)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.	(136,537)		(136,537)
Decreased general fund support for district courts	(235,000)		(235,000)
Judicial Conduct Commission changes:			
Removed funding recommended in the executive budget for state employee salary increases	(2,296)	(\$2,486)	(4,782)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy	(198)	(213)	(411)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.	(391)		(391)
Total	<u>0.00</u>	<u>(\$1,240,289)</u>	<u>(\$1,242,988)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 336 FTE positions, the same as the 2001-03 biennium.

Other Sections in Bill

Appropriation - Section 2 appropriates any funds received by the Supreme Court, district courts, and Judicial Conduct Commission and Disciplinary Board pursuant to federal acts and private gifts, grants, and donations for the purpose as designated in the federal acts or private gifts, grants, and donations.

Transfers - Section 3 provides that the director of the Office of Management and Budget and the State Treasurer shall make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon a finding by the court that the nature of the duties of the court and its staff requires the transfers to carry on properly the functions of the judicial branch.

Related Legislation

Court facilities improvement and maintenance fund continuing appropriation - House Bill No. 1088 provides a continuing appropriation to the district court from the court facilities improvement and maintenance fund, which consists of court administration fees, which may be used by the Court Facilities Improvement Advisory Committee to make grants to counties to provide funds for court facilities improvement and maintenance projects. The grants may only be used to improve or provide essential remodeling or maintenance to facilities used for chambers, courts, and court-related services.

Electronic filing administration fund continuing appropriation - House Bill No. 1390 provides a continuing appropriation to the judicial branch from the electronic filing administration fund, which consists of electronic filing processing fees established by court rule, to cover the actual costs of maintaining an electronic filing system.

Information technology appropriation - House Bill No. 1505 provides a general fund appropriation of \$45,999 to the judicial branch for costs associated with information technology.

Criminal Justice Information Sharing Board - Senate Bill No. 2041 establishes a Criminal Justice Information Sharing Board.

Restitution collection assistance fund continuing appropriation - Senate Bill No. 2044 provides a continuing appropriation to the judicial branch from the restitution collection assistance fund, which consists of fees imposed of the greater of \$10 or 25 percent of the amount of restitution ordered but which may not exceed \$1,000, for expenses incident to the collection of restitution, including operating expenses and the compensation of additional necessary personnel.

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

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	1,046.00	\$0	\$734,792,567	\$734,792,567
2003-05 legislative appropriations	1,046.00		784,385,918	784,385,918
Legislative increase (decrease) to executive budget	0.00	\$0	\$49,593,351	\$49,593,351
Legislative increase (decrease) to 2001-03 appropriations	5.00	\$0	\$44,089,280	\$44,089,280

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Transportation is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$1,027,153)	(\$1,027,153)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(108,154)	(108,154)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 2 percent. (See Related Legislation section below)			(350,000)	(350,000)
Changed the line item from operating expenses to capital assets in which \$11.6 million of funding for highway maintenance projects eligible for federal reimbursement is appropriated				0
Added funding for highway construction projects, of which \$33,750,000 is for construction costs and \$10 million is for consulting engineers. Of the \$43,750,000, \$35 million is federal funds and \$8,750,000 is from the highway fund.			43,750,000	43,750,000
Added federal funding for highway construction projects that do not require a state match			7,100,000	7,100,000

Added funding for highway construction projects to utilize the federal funding of \$182,926 and related state matching funds of \$45,732 which became available as a result of removing the funding for a state employee salary increase	228,658	228,658
Total	0.00	\$0
	\$49,593,351	\$49,593,351

FTE Changes

The Legislative Assembly did not change the executive recommendation to add 1 FTE telecommunications technician II position, 2 FTE transportation engineer positions, and 2 FTE engineering technician positions.

Federal Highway Construction Funds

The Legislative Assembly appropriated funding to match an estimated \$182.5 million per year of federal highway construction funds for federal fiscal years 2003 and 2004 compared to the executive budget recommendation, which included funding to match an estimated \$165 million per year. North Dakota received \$169 million of federal highway construction funds in federal fiscal year 2001 and \$181 million in federal fiscal year 2002.

Motor Vehicle Registration Fee Increase

The Legislative Assembly, in House Bill No. 1012, increased motor vehicle registration fees by \$3 per year. Of the \$3 increase, \$2 is deposited in the highway tax distribution fund and \$1 directly in the highway fund. For the 2001-03 biennium, \$2 of each motor vehicle registration fee was being deposited directly in the highway fund rather than in the highway tax distribution fund. The provisions added by the Legislative Assembly in House Bill No. 1012 increase the amount deposited directly into the highway fund by \$1 to \$3 and remove the expiration date of June 30, 2003, for the temporary \$2 allocation directly to the highway fund made by the 2001 Legislative Assembly. The \$3 motor vehicle registration fee increase is estimated to generate \$4.1 million, of which \$2.7 million will be deposited in the highway tax distribution fund and \$1.4 million directly in the highway fund. The state share will be \$3.1 million and the city and county share will be \$1 million.

Transfer of Information Technology Positions

Section 10 of House Bill No. 1505 authorizes the reduction and transfer of 2 FTE positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services, from the Department of Transportation to the Information Technology Department. The Department of Transportation is to establish an information technology services accounting code consisting of funding related to the salaries and wages for the identified employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs. The Department of Transportation is to use the funding contained in the information technology services account to purchase information technology services from the Information Technology Department. The Department of Transportation is entitled to receive from the Information Technology Department the equivalent in services that would have been performed by the employee in the transferred position at a cost not to exceed the amounts transferred to the agency's information technology services account.

Capital Assets

The Legislative Assembly did not change the executive recommendation which included \$1,719,000 from the highway fund for replacing and making improvements at section and salt buildings; \$5,469,901 from the highway fund for replacing road maintenance equipment; and \$3,175,000 from asbestos settlement proceeds, interest income, and other funds for partially remodeling the highway building (\$2,822,400) and for a lighting retrofit project (\$352,600).

Other Sections in Bill

Acquiring no-mow or managed-mow areas - Section 2, added by the Legislative Assembly, authorizes the department to acquire land to eliminate no-mow or managed-mow areas along state highways.

Mowing no-mow or managed-mow areas - Section 3, added by the Legislative Assembly, delays the effective date from January 1, 2004, to January 1, 2006, of a section allowing a landowner owning land next to a no-mow or managed-mow area to hay the no-mow or managed-mow area after July 15 without payment or penalty.

Speed limit on paved two-lane county and township roads - Section 6, added by the Legislative Assembly, sets the speed limit on paved two-lane county and township highways at 55 miles per hour unless posted differently.

Related Legislation

Overweight fees - House Bill No. 1112 increases overweight vehicle assessments and fees.

Blood/alcohol level for driving under the influence penalty - House Bill No. 1161 lowers the legal blood alcohol concentration level for operating a motor vehicle from .10 to .08 percent.

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$350,000 of special funds reduced from the Department of Transportation's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

Ethanol incentive funding - Senate Bill No. 2222 provides that 40 percent of all farm truck registration fee collections be deposited in the ethanol production incentive fund rather than the highway tax distribution fund and be used for providing production incentives to North Dakota ethanol plants.

**Upper Great Plains Transportation Institute
Senate Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	31.50	\$487,529	\$10,413,762	\$10,901,291
2003-05 legislative appropriations	31.50	483,099	10,361,651	10,844,750
Legislative increase (decrease) to executive budget	0.00	(\$4,430)	(\$52,111)	(\$56,541)
Legislative increase (decrease) to 2001-03 appropriations	3.00	(\$21,980)	\$2,978,303	\$2,956,323

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the Upper Great Plains Transportation Institute; however, the Legislative Assembly did provide the Upper Great Plains Transportation Institute with funding for state employee health insurance premium increases.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$4,241)	(\$48,986)	(\$53,227)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(177)	(3,125)	(3,302)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(12)		(12)
Total	0.00	(\$4,430)	(\$52,111)	(\$56,541)

FTE Changes

The 2003-05 biennium appropriation includes funding for 31.5 FTE positions, 6 fewer than the 2001-03 authorized level of 28.5 FTE positions. The Legislative Assembly did not change the executive recommendation to add 3 FTE positions as follows:

- 1 FTE research position for the Small Urban and Rural Transit Center
- 1 FTE research position for the Advanced Traffic Analysis Center
- 1 FTE research position for the North Dakota Department of Transportation Support Center

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2003-05 biennium.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2003-05 biennium.

Carryover authority - Section 5 of the bill authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2003-05 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2003-05 biennium.

Related Legislation

Powers and duties - House Bill No. 1087 increases the powers and duties of the Upper Great Plains Transportation Institute to conduct and supervise research in the field of logistics and to use research to influence the socioeconomic systems of the state, region, and country.

**Department of Veterans Affairs
House Bill No. 1007**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	5.00	\$485,963	\$43,935	\$529,898
2003-05 legislative appropriations	5.00	480,798	43,494	524,292
Legislative increase (decrease) to executive budget	0.00	(\$5,165)	(\$441)	(\$5,606)
Legislative increase (decrease) to 2001-03 appropriations	0.00	(\$15,758)	\$22,705	\$6,947

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Veterans Affairs is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$4,167)	(\$338)	(\$4,505)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(516)	(103)	(619)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(482)		(482)
Total	0.00	(\$5,165)	(\$441)	(\$5,606)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 5 FTE positions, the same as the 2001-03 biennium.

Other Sections in Bill

Veterans' postwar trust fund - Section 2 directs the Department of Veterans Affairs to report on the uses of the veterans' postwar trust fund to the Appropriations Committees of the 59th Legislative Assembly as part of the agency's budget presentation.

Performance audits - Section 3 directs the State Auditor's office to conduct a performance audit of the Department of Veterans Affairs and the Administrative Committee on Veterans Affairs during the 2003-05 biennium and report the results to the Legislative Audit and Fiscal Review Committee by July 1, 2004, and to the Appropriations Committees of the 59th Legislative Assembly as part of the agency's budget presentation.

Related Legislation

Administrative Committee on Veterans Affairs subcommittee - Senate Bill No. 2299 directs the chairman and secretary of the Administrative Committee on Veterans Affairs to jointly appoint a subcommittee to be responsible for supervision and governance of the Department of Veterans Affairs. A member of the subcommittee may not serve on the governing board of the Veterans Home. The subcommittee shall select, by majority vote of the members, a chairman to preside for the term of one year. The commissioner of the Department of Veterans Affairs serves at the pleasure of the subcommittee. The subcommittee governing the Department of Veterans Affairs shall conduct an annual performance evaluation of the commissioner and shall create and implement a strategic plan for the Department of Veterans Affairs.

**Veterans Home
House Bill No. 1007**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	88.01	\$3,325,274	\$7,318,664	\$10,643,938
2003-05 legislative appropriations	89.41	3,046,072	7,971,123	11,017,195
Legislative increase (decrease) to executive budget	1.40	(\$279,202)	\$652,459	\$373,257
Legislative increase (decrease) to 2001-03 appropriations	2.40	(\$333,296)	\$1,871,188	\$1,537,892

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Veterans Home is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$50,855)	(\$21,629)	(\$72,484)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(8,050)	(2,580)	(10,630)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)		(256)	(6,046)	(6,302)
Reduced funding for operating costs		(4,205)		(4,205)
Reduced funding for salaries and wages		(88,526)		(88,526)
Changed funding source and increased the salaries and wages line item by \$100,000		(100,000)	200,000	100,000
Removed funding for an information management analyst position		(91,483)		(91,483)
Removed a .6 FTE and funding for a chief financial officer position	(0.60)	(110,027)		(110,027)
Authorized 2 FTE positions within existing spending authority	2.00			0

Increased funding for additional skilled care beds (See Other Sections in Bill section below)			656,914	656,914
Changed a portion of the overall funding source		174,200	(174,200)	0
Total	1.40	(\$279,202)	\$652,459	\$373,257

FTE Changes

The 2003-05 appropriation includes funding for 89.41 FTE positions, 2.4 FTE more than the 2001-03 authorized level of 87.01 FTE positions. The Legislative Assembly authorized an unspecified additional 1.4 FTE positions, and approved the executive recommendation for 1 FTE information management analyst position.

Other Sections in Bill

Veterans Home strategic plan reports - Section 4 provides for a representative of the Veterans Home Governing Board to periodically report to the Budget Section on the status of the board's progress in developing and implementing a strategic plan for the Veterans Home.

Full-time equivalent positions - Section 5 authorizes the Veterans Home Governing Board to employ two new FTE positions for the Veterans Home prior to June 30, 2003, subject to the availability of funds.

Line item transfers - Section 6 provides for line item transfer authority of up to \$150,000 during the 2001-03 biennium within existing appropriation authority for implementing technology and telecommunications changes.

Skilled care beds addition - Section 7 provides for the Department of Human Services to purchase eight skilled nursing care beds available after April 14, 2003, from funding available from the bed reduction incentive program and to transfer the purchased beds to the Veterans Home.

Nursing home rate class limits study - Section 8 provides for a Legislative Council study of the feasibility and desirability of establishing a separate payment rate class for the Veterans Home and the related effect on the state's general fund and the long-term care industry in North Dakota. The study was not prioritized by the Legislative Council.

Department of Human Services appropriation - Section 9 appropriates \$96,924 from the general fund and \$205,586 from federal funds to the Department of Human Services for the purpose of Medicaid reimbursement to the Veterans Home relating to the addition of eight skilled nursing care beds.

Related Legislation

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$6,046 of special funds reduced from the Veterans Home information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

Administrator of the Veterans Home - Senate Bill No. 2299 changes the title of the commandant of the Veterans Home to the administrator and removes the requirement that a veteran serve in the position.

Veterans Home Governing Board - Senate Bill No. 2299 directs the chairman and secretary of the Administrative Committee on Veterans Affairs to jointly appoint a seven-member governing board for administration of the Veterans Home, from within or outside the committee, and shall establish term lengths for service on the governing board. The governing board is responsible for establishing the qualifications for and selection of an administrator of the Veterans Home. The administrator serves at the pleasure of the governing board. The board shall conduct an annual evaluation of the administrator, and shall create and implement a strategic plan for the Veterans Home.

Priorities for admission to the Veterans Home - Senate Bill No. 2299 provides that priorities for admission to the facility be based on the various levels of care that are provided by the Veterans Home. The rulemaking authority for establishing the priorities is subject to the Administrative Agencies Practices Act.

**North Dakota Vision Services - School for the Blind
Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	27.00	\$2,092,155	\$1,198,474	\$3,290,629
2003-05 legislative appropriations	27.00	2,089,825	1,167,383	3,257,208
Legislative increase (decrease) to executive budget	0.00	(\$2,330)	(\$31,091)	(\$33,421)
Legislative increase (decrease) to 2001-03 appropriations	(2.00)	(\$34,742)	(\$190,438)	(\$225,180)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for North Dakota Vision Services - School for the Blind is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$23,680)	(\$2,931)	(\$26,611)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(2,426)	(464)	(2,890)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)		(1,195)	(2,725)	(3,920)
Changed the funding source relating to the agency's summer outreach programs		24,971	(24,971)	
Total	0.00	(\$2,330)	(\$31,091)	(\$33,421)

FTE Changes

The 2003-05 biennium appropriation includes funding for 27 FTE positions, a decrease of 2 FTE positions from the 2001-03 biennium authorized level of 29 FTE positions. The legislative action did not change the executive recommendation to eliminate 1 FTE office assistant position and 1 FTE vision outreach specialist position.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to appropriate \$18,233 from other funds for extraordinary repairs at the North Dakota Vision Services - School for the Blind.

Other Sections in Bill

North Dakota Vision Services - School for the Blind operating fund - Section 12 provides that any money collected by North Dakota Vision Services - School for the Blind must be deposited in the agency's operating fund and may be spent subject to legislative appropriation.

Related Legislation

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$2,725 of special funds reduced from the North Dakota Vision Services - School for the Blind's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

**State Water Commission
Senate Bill No. 2022**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	85.00	\$0	\$150,385,990	\$150,385,990
2003-05 legislative appropriations	82.00	9,385,396	150,473,458	159,858,854
Legislative increase (decrease) to executive budget	(3.00)	\$9,385,396	\$87,468	\$9,472,864
Legislative increase (decrease) to 2001-03 appropriations	(7.00)	(\$429,755)	\$15,300,449	\$14,870,694

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Water Commission is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$82,282)	(\$17,347)	(\$99,629)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(1,445)	(7,327)	(8,772)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(53,276)		(53,276)
Removed funding for the Section 404 program, including four related vacant FTE positions	(4.00)		(393,714)	(393,714)
Provided funding for 1 FTE floodplain mapping coordinator position under the community assistance program from Federal Emergency Management Agency funding	1.00		100,000	100,000
Changed the funding source for administrative expenses of the State Water Commission from the water development trust fund to the general fund		9,522,399	(9,522,399)	0
Removed funding for rent, audit, and legal fees, which would have been incurred if the State Water Commission remained a special funded agency			(547,974)	(547,974)

Increased bonding authority for water projects			10,476,229	10,476,229
Total	(3.00)	\$9,385,396	\$87,468	\$9,472,864

FTE Changes

The 2003-05 biennium appropriation includes funding for 82 FTE positions, 7 fewer than the 2001-03 authorized level of 89 FTE positions. The Legislative Assembly did not change the executive recommendation to transfer or remove 4 FTE positions, as follows:

- 2 FTE water testing positions (one of these positions will be transferred to the State Department of Health along with the water testing duties conducted by these employees)
- 1 FTE assistant state engineer position (the person who currently fills this position also serves as the director of the Water Development Division)
- 1 FTE water resource engineer position

The Legislative Assembly removed four vacant FTE positions relating to assumption of the Section 404 program of the Clean Water Act. (The positions were contingent upon the State Water Commission assuming jurisdiction over and administering the Section 404 program, which did not occur.) In addition, the Legislative Assembly authorized 1 FTE federally funded floodplain mapping coordinator position.

Other Sections in Bill

Resources trust fund - Section 2 authorizes the State Water Commission to spend \$13,650,000 from the resources trust fund as appropriated in Section 1 of the bill. Section 10 appropriates revenues, in excess of \$13,650,000 in the resources trust fund to the State Water Commission, subject to Emergency Commission approval.

Water development trust fund - Section 3 authorizes the State Water Commission to spend \$32,946,225 from the water development trust fund as appropriated in Section 1 of the bill.

Water-related projects carryover authority - Section 4 authorizes the commission to spend money appropriated in the 2003-05 biennium for water-related projects for two years after June 30, 2005. Any unexpended funds appropriated from the resources trust fund must be transferred back to the resources trust fund and any unexpended funds appropriated from the water development trust fund must be transferred back to the water development trust fund after the period has expired.

Maintenance shop building - Sections 5 and 6 provide a continuing appropriation for the sale of land and existing shop building located at 2603 East Broadway Avenue, Bismarck. The Legislative Assembly provided that the State Water Commission may either sell all of its land and the existing shop building and use the proceeds to purchase replacement land and build a new shop building or sell a portion of the land adjacent to the existing shop and use the proceeds to build a new shop on the remaining property. The total appropriation for the purchase of land and construction of the new building is not to exceed \$977,100, the same as the 2001-03 biennium.

Line of credit - Sections 7 and 8 authorize a line of credit from the Bank of North Dakota of up to \$25 million for interim financing of water projects prior to the issuance of bonds.

Bond issuance authorization - Section 9 authorizes the State Water Commission to issue bonds in an amount not to exceed \$60 million, plus the costs of issuance, capitalized interest, and required reserves for water-related projects during the 2003-05 biennium.

Tobacco settlement trust fund collections - Section 11 amends North Dakota Century Code Section 54-27-25 relating to the uses of tobacco settlement collections. The section had provided for tobacco settlement collections to be distributed first to the water development trust fund based on the needed funding for interest and principal on bond payments before making distributions to the common schools trust fund. The Legislative Assembly removed the funding priority provided to the water development trust fund.

Devils Lake outlet - Sections 12 and 14 provide for the State Water Commission to do all things reasonably necessary to construct an outlet from Devils Lake and provides the necessary funding to complete the project from a continuing appropriation from the water development trust fund, the resources trust fund, or from bond proceeds issued by the State Water Commission.

Fargo flood control projects - Section 13 amends North Dakota Century Code Section 61-02.1-02.1 removing the reference which limits funding for Fargo flood control projects to \$5.5 million.

Administrative expenses - Section 15 authorizes a transfer of \$10,070,373 from the water development trust fund to the general fund during the 2003-05 biennium, which is based on the State Water Commission's administrative expenses included in the executive budget recommendation. The Legislative Assembly authorized \$9,385,396 from the general fund for administrative expenses.

Related Legislation

State Board of Higher Education - Section 12 of House Bill No. 1003 appropriates \$1,456,074 from the water development trust fund to the University of North Dakota (\$1,193,146) and North Dakota State University (\$262,928) for disaster response costs.

Information technology position transfer - House Bill No. 1505 provides for 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced from the State Water Commission and transferred to the Information Technology Department.

Parks and Recreation Department - Section 8 of Senate Bill No. 2021 appropriates \$575,287 from the water development trust fund to the Parks and Recreation Department for repaying principal and interest on disaster response loans from the Bank of North Dakota.

Devils Lake outlet - Senate Bill No. 2193 extends, through June 2005, the authority of the State Water Commission as provided in North Dakota Century Code Chapter 61-02.1 for construction of a Devils Lake outlet.

**Agricultural Experiment Station
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	435.07	\$36,099,888	\$42,558,300	\$78,658,188
2003-05 legislative appropriations	425.71	35,678,419	42,440,481	78,118,900
Legislative increase (decrease) to executive budget	(9.36)	(\$421,469)	(\$117,819)	(\$539,288)
Legislative increase (decrease) to 2001-03 appropriations	(25.43)	(\$505,226)	\$7,345,244	\$6,840,018

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not provide specific funding for salary increases for the Agricultural Experiment Station; however, the Legislative Assembly did provide the Agricultural Experiment Station with funding for state employee health insurance premiums.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	73.65	\$7,547,944	\$8,983,676	\$16,531,694
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$69,670)	(\$15,560)	(\$85,230)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(6,704)	(1,449)	(8,153)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(3,891)		(3,891)
Removed vacant professional position at the Hettinger Research Center and related funding	(1.00)		(83,669)	(83,669)
Transferred 1 FTE Extension Service position and funding from the Bismarck extension office to the Dickinson Research Center	1.00		84,405	84,405
Total legislative changes	0.00	(\$80,265)	(\$16,273)	(\$96,538)
Legislative appropriation - Branch research centers	73.65	\$7,467,679	\$8,967,403	\$16,435,082
Main Research Center				
Executive recommendation	358.55	\$28,551,944	\$32,404,239	\$60,956,183
The legislative action:				

Removed funding recommended in the executive budget for state employee salary increases		(\$314,140)	(\$144,467)	(\$458,607)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(25,640)	(13,380)	(39,020)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(21,424)		(21,424)
Removed vacant FTE positions and funding	(9.36)		(739,918)	(739,918)
Provided funding to the Main Research Center to be distributed to branch research centers to assist in offsetting Interactive Video Network costs in remote areas		20,000		20,000
Provided funding from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal and Range Science, pursuant to the provisions of Senate Bill No. 2334			800,000	800,000
Total legislative changes	(9.36)	(\$341,204)	(\$97,765)	(\$438,969)
Legislative appropriation - Main Research Center	349.19	\$28,210,740	\$32,306,474	\$60,517,214
Agronomy Seed Farm				
Executive recommendation	2.87	\$0	\$1,170,385	\$1,170,385
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$3,471)	(\$3,471)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(310)	(310)
Total legislative changes	0.00	\$0	(\$3,781)	(\$3,781)
Legislative appropriation - Agronomy Seed Farm	2.87	\$0	\$1,166,604	\$1,166,604
Total Agricultural Experiment Station				
Executive recommendation	435.07	\$36,099,888	\$42,558,300	\$78,658,188
The legislative action	(9.36)	(421,469)	(117,819)	(539,288)
Total legislative appropriation - Agricultural Experiment Station	425.71	\$35,678,419	\$42,440,481	\$78,118,900

FTE Changes

	2001-03 Authorized Positions	2003-05 Executive Budget	2003-05 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.94	14.94	15.94	1.00
Central Grasslands Research Extension Center	6.45	6.45	6.45	0.00
Hettinger Research Extension Center	10.65	9.65	8.65	(1.00) ²
Langdon Research Extension Center	7.94	7.44	7.44	0.00
North Central Research Extension Center	9.78	9.20	9.20	0.00
Williston Research Extension Center	7.78	7.41	7.41	0.00
Carrington Research Extension Center	19.56	18.56	18.56	0.00
Total branch research centers	78.10	73.65	73.65	0.00
Main Research Center	370.17	358.55	349.19	(9.36) ³
Agronomy Seed Farm	2.87	2.87	2.87	0.00
Total Agricultural Experiment Station	451.14	435.07	425.71	(9.36)

¹The Legislative Assembly removed a vacant professional position at the Hettinger Research Center.

²The Legislative Assembly transferred a position relating to the beefline program from the Bismarck extension office to the Dickinson Research Center.

³The Legislative Assembly removed the following 9.36 FTE vacant positions from the Main Research Center:

- 4 FTE academic staff positions
- 3 FTE professional positions
- 1 FTE research assistant position
- .71 FTE associate professor position
- .65 FTE acting chair position

Capital Projects

The Legislative Assembly appropriated \$1,120,000 of special funds to the Main Research Center for construction of an insulated and heated building to house a buhler semi-industrial research mill donated by the Nestle' Research and Development Center (\$1 million from gifts, grants, and contracts) and for construction of pesticide handling facilities (\$120,000 from the environment and rangeland protection fund). The Legislative Assembly also authorized construction of a new Dickinson Research Center headquarters office and multipurpose room building (phase 1) funded from oil revenues at the center (\$1 million) and local contributions (\$400,000). Revenues from oil royalties are anticipated to be \$2.4 million during the 2003-05 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2003-05 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate branch research directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, the branch research centers, and the Main Research Center.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2003-05 biennium.

Carryover authority - Section 5 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2003-05 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2003-05 biennium.

Environment and rangeland protection fund - Section 6 identifies \$120,000 of the estimated income line item of the Main Research Center as being from the environment and rangeland protection fund for the purpose of constructing chemical handling facilities at select research centers.

Minor use pesticide fund - Section 7 identifies \$250,000 of the estimated income line item of the Main Research Center as being from the minor use pesticide fund for the purpose of defraying the expenses of minor use pesticide research programs. These funds are to be transferred upon approval of the Crop Protection Product Harmonization and Registration Board.

Beef systems center of excellence - Sections 8 and 9 authorize the Main Research Center to receive \$800,000 from the Ag PACE fund for the establishment of a beef systems center of excellence by the department of animal and range science. The Main Research Center is to collect \$1 million in federal funds and \$1 million in special funds prior to spending the \$800,000 of funding from the Ag PACE fund.

**Workforce Safety and Insurance (formerly Workers Compensation Bureau)
Senate Bill No. 2023**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	228.00	\$0	\$32,673,205	\$32,673,205
2003-05 legislative appropriations	228.00		32,397,631	32,397,631
Legislative increase (decrease) to executive budget	0.00	\$0	(\$275,574)	(\$275,574)
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$0	\$756,291	\$756,291

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for Workforce Safety and Insurance is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$251,735)	(\$251,735)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(23,839)	(23,839)
Total	0.00	\$0	(\$275,574)	(\$275,574)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 228 FTE positions, the same as the 2001-03 biennium.

Related Legislation

Name change - House Bill No. 1065 changed the name of the Workers Compensation Bureau to Workforce Safety and Insurance.

Board of directors - House Bill No. 1150 increased the size of the Workers Compensation Bureau Board of Directors from 10 to 11 and reduced the board members' length of term from six years to four years.

Transfer of state agency information technology FTE positions - Section 10 of House Bill No. 1505 authorizes the reduction and transfer of 2 FTE positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services, from Workplace Safety and Insurance to the Information Technology Department. Workforce Safety and Insurance is to establish an information technology services accounting code consisting of funding related to the salaries and wages for the identified employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs. Workforce Safety and Insurance is to use the funding contained in the information technology services account to purchase information technology services from the Information Technology Department. Workforce Safety and Insurance is entitled to receive from the Information Technology Department the equivalent in services that would have been performed by employees in the transferred positions at a cost not to exceed the amounts transferred to the agency's information technology services account.

CAPITAL CONSTRUCTION - OVERVIEW

CAPITAL PROJECTS

The Legislative Assembly provided funding of \$746,372,853, an increase of \$55,382,132 from the executive recommendation of \$690,990,721, for the following capital projects:

- \$118,150,848 for major capital projects, including the energy improvement project.
- \$17,468,067 for extraordinary repairs.
- \$610,753,938 for other projects (including \$490,691,023 for the Department of Transportation and \$98,168,213 for the State Water Commission).

The following schedule provides information regarding the funding sources for major capital projects and extraordinary repairs and other projects included in the executive recommendation and authorized by the Legislative Assembly:

	2003-05 Executive Recommendation		2003-05 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
Major capital projects	\$3,397,129	\$109,044,228	\$395,500	\$117,755,348
Extraordinary repairs and other projects	25,348,427	553,200,937	25,391,927	602,830,078
Total	\$28,745,556	\$662,245,165	\$25,787,427	\$720,585,426

The Legislative Assembly approved the executive recommendation in Senate Bill No. 2022 to authorize the State Water Commission to issue up to \$60 million in bonds for water and flood control projects during the 2003-05 biennium.

STATE FACILITY ENERGY IMPROVEMENT PROGRAM

North Dakota Century Code Section 54-44.5-08 (1999 Senate Bill No. 2312) establishes the state facility energy improvement program and provides that all state agencies and institutions should, with the assistance of the Office of Management and Budget, identify capital improvements which may result in

energy savings. Those capital improvement projects, which are selected to be implemented, are financed with the resulting savings in energy costs.

The Legislative Assembly provided funding of \$105,326, a decrease of \$3,029,191 from the executive recommendation of \$3,134,517 for state facility energy improvement projects. The following are the state agencies and institutions with energy-saving improvement projects included in the executive recommendation and authorized by the Legislative Assembly:

	2003-05 Executive Recommendation		2003-05 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
University of North Dakota		\$1,951,214		
North Dakota State University		\$1,077,977		
Department of Corrections and Rehabilitation		105,326		\$105,326
Total	\$0	\$3,134,517	\$0	\$105,326

LEASE PAYMENTS

The Legislative Assembly approved the executive recommendation to provide funding in the budgets for the North Dakota University System, Department of Human Services, Department of Corrections and Rehabilitation, Adjutant General, State Department of Health, and Job Service North Dakota for the 2003-05 biennium general fund lease payments for repayment of notes issued to finance capital projects.

North Dakota Century Code Section 54-17.2-23 limits the amount of lease payments paid from the general fund for a biennium to 10 percent of an equivalent one-cent sales tax based on the projected sales, use, and motor vehicle excise tax collections presented to the Legislative Assembly at the close of the most recently adjourned regular legislative session. This maximum for the 2003-05 biennium is \$17,358,880 based on the March 2003 revenue forecast for sales, use, and motor vehicle excise tax collections. The estimated general fund lease payments for the 2003-05 biennium are \$15,985,849, which is \$1,373,031 less than the legal limit of debt service.

MAJOR NEW CAPITAL CONSTRUCTION FOR THE 2003-05 BIENNIUM

Bill No.	Agency or Institution	Project	2003-05 Executive Budget Recommendations			2003-05 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
HB 1003	North Dakota University System (215)	General fund capital projects pool	\$2,961,629					
HB 1003	Bismarck State College (227)	Student apartment construction		\$1,785,000			\$1,785,000	
HB 1003	Lake Region State College (228)	North Hall residence hall renovation (revenue bonds)			\$375,000			\$375,000
HB 1003	University of North Dakota (230)	Neuroscience research facility - Phase II		17,000,000			17,000,000	
		Carnegie Library renovation		3,300,000			3,300,000	
		Native American Center		3,500,000			3,500,000	
		Squires Dining Center renovation		1,500,000			1,500,000	
		Wellness center and athletic complex		21,000,000				21,000,000
		Airline security building		5,000,000			5,000,000	
		Airport hangar		2,000,000				2,000,000
HB 1003	North Dakota State University (235)	Bison sports arena renovation		15,000,000			15,000,000	
		Bison Court apartment building (revenue bonds)			11,000,000			11,000,000
HB 1003	State College of Science (238)	Student Union renovation		3,300,000			3,300,000	
		Blikre Activities Center		368,920			368,920	
HB 1003	Dickinson State University (239)	Whitney Stadium renovation and addition		5,000,000			5,000,000	
		Murphy Hall Phase I addition						5,882,047
HB 1003	Mayville State University (240)	Fieldhouse renovation and addition		4,000,000			1,000,000	3,000,000
		East Hall remodeling		150,000			150,000	
		Steamline replacement - Phase II						1,355,000
HB 1003	Valley City State University (242)	Graichen Gymnasium elevator and emergency exits						785,300
		Kolstoe Hall renovation						3,300,000
HB 1003	Forest Service (244)	Equipment and supply storage building - Towner		90,000			90,000	
		Equipment and supply storage building - Bottineau		25,000			25,000	
HB 1004	State Department of Health (301)	East Laboratory remodeling		450,000	614,865		450,000	614,865
		Morgue and storage annex			960,000			960,000
HB 1016	Department of Corrections and Rehabilitation (530)	Water line replacement (YCC)		82,500			82,500	
		Fire suppression system - Maple Cottage (YCC)	95,500			\$95,500		
		LaHaug Building renovation - Women's unit (JRCC)		1,243,727				
		Food service/laundry renovations - Phase II (JRCC)			2,662,890			2,662,890
		Energy improvement (MRCC)			105,326			105,326
HB 1021	Branch research centers (628)	Dickinson headquarters office and multipurpose room building - Phase I		1,400,000			1,400,000	
HB 1021	Main Research Center (640)	Nestles research building		1,000,000			1,000,000	
		Pesticide handling facilities - Fargo and Hettinger		120,000			120,000	
SB 2020	State Historical Society (701)	Former Governor's coachhouse stabilization	25,000	225,000		25,000	225,000	
		Chimney Park repair	50,000	37,000		50,000	37,000	
		Interpretive signage	40,000					
		Fort Buford officer of the day building	225,000			225,000		
		Confluence center exhibits						
SB 2416	State Historical Society (701)	Chateau de Mores and Fort Abercrombie Interpretive Center projects						2,000,000
SB 2019	Game and Fish Department (720)	Bismarck shop construction - Phase II		600,000			600,000	
		Land acquisition - Hunting areas		500,000			500,000	

Bill No.	Agency or Institution	Project	2003-05 Executive Budget Recommendations			2003-05 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
SB 2021	Parks and Recreation Department (750)	Relocate loop A comfort station - Devils Lake State Park		45,000	45,000		90,000	
		Administration office - Turtle River State Park		350,000	350,000			
		Renovate comfort station - Beaver Lake State Park		37,500	37,500		75,000	
		Rural water connection - Lake Sakakawea State Park		125,000	125,000		250,000	
		Road repair - Lake Sakakawea State Park			60,000		60,000	
		Road repair - Fort Abraham Lincoln State Park			30,000		30,000	
		Chip and seal - Beaver Lake State Park and Devils Lake State Park			55,000		55,000	
		Maintenance shop construction - Icelandic State Park		65,000	65,000			
		Sodbuster exhibit building - Fort Ransom State Park		75,000	15,000		90,000	
		Seasonal housing - Lake Sakakawea State Park, Devils Lake State Park, Fort Ransom State Park, Beaver Lake State Park			210,000			
		Rear screen amphitheaters - Icelandic and Lake Metigoshe State Parks		45,000	45,000			
		Interpretive center addition - Cross Ranch State Park		110,000	110,000			
		Campground rewiring and regrading - Lake Sakakawea State Park		100,000	150,000		250,000	
		FEMA construction projects - Turtle River State Park		500,000			500,000	
		Campground expansion - Fort Stevenson State Park			140,000		140,000	
		Lewis and Clark contingency			40,000			
		HB 1012	Department of Transportation (801)	District section buildings and expansions		1,719,000		1,719,000
Total			<u>\$3,397,129</u> \1	<u>\$91,848,647</u> \1	<u>\$17,195,581</u> \1	<u>\$395,500</u> \4	<u>\$64,692,420</u> \4	<u>\$55,040,428</u> \4

- \1 The executive budget recommendation also included \$558,075,280 for other projects consisting of:
\$438,012,365 for highway projects (all from other funds)
\$98,168,213 for water projects (\$38,168,213 from other funds, \$60 million from bonding)
\$17,919,723 for bond payments (\$15,906,226 from the general fund, \$2,013,497 from other funds)
\$3,974,979 for other projects and payments (\$94,987 from the general fund, \$3,879,992 from other funds)

\2 The Legislative Assembly provided that bonding authority for the State Department of Health East Laboratory remodeling project in the amount of \$614,865 must be reduced by any available money the department is able to use from the funding provided by the Centers for Disease Control and Prevention and Health Resources and Services Administration for bioterrorism programs.

\3 The Legislative Assembly reduced the capital assets line item for the State Historical Society by \$62,500 from the general fund and left the department responsible for determining the specific project funding to be reduced. The department estimates the general fund reduction of \$62,500 will result in removal of the interpretive signage (\$40,000) and a decrease in extraordinary repairs (\$22,500). The Legislative Assembly also provided that the State Historical Society may spend money appropriated in the capital assets line item to purchase compact storage units.

- \4 In addition, the legislative appropriations include \$610,753,938 for other projects consisting of:
\$490,691,023 for highway projects (all from other funds)
\$98,168,213 for water projects (\$38,168,213 from other funds, \$60 million from bonding)
\$17,919,723 for bond payments (\$15,906,226 from the general fund, \$2,013,497 from other funds)
\$3,974,979 for other projects and payments (\$94,987 from the general fund, \$3,879,992 from other funds)

EXTRAORDINARY REPAIRS FOR THE 2003-05 BIENNIUM

The executive budget recommendation also included \$20,474,084 for extraordinary repairs.

Agency or Institution	2003-05 Executive Budget Recommendations			2003-05 Legislative Appropriations		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Office of Management and Budget (110)						
Capitol cooling tower	\$268,000		\$268,000	\$268,000		\$268,000
Parking lot, curb, and sidewalk repairs	160,000		160,000	160,000		160,000
Other projects	235,000		235,000	235,000		235,000
Total Office of Management and Budget	<u>\$663,000</u>		<u>\$663,000</u>	<u>\$663,000</u>		<u>\$663,000</u>
North Dakota University System office (215)						
Campus extraordinary repairs	\$6,932,186		\$6,932,186			
Campus energy improvement projects		\$3,134,517	3,134,517			
Total North Dakota University System office	<u>\$6,932,186</u>	<u>\$3,134,517</u>	<u>\$10,066,703</u>			
Bismarck State College (227)						
Campus extraordinary repairs				\$250,000		\$250,000
Lake Region State College (228)						
Campus extraordinary repairs				\$44,831		\$44,831
Williston State College (229)						
Campus extraordinary repairs				\$88,790		\$88,790
University of North Dakota (230)						
Campus extraordinary repairs				\$2,362,136		\$2,362,136
North Dakota State University (235)						
Campus extraordinary repairs				\$1,737,531		\$1,737,531
State College of Science (238)						
Campus extraordinary repairs				\$773,500		\$773,500
Dickinson State University (239)						
Campus extraordinary repairs				\$393,962		\$393,962
Mayville State University (240)						
Campus extraordinary repairs				\$264,589		\$264,589
Minot State University (241)						
Campus extraordinary repairs				\$612,850		\$612,850
Valley City State University (242)						
Campus extraordinary repairs				\$265,334		\$265,334
Minot State University - Bottineau (243)						
Campus extraordinary repairs				\$209,663		\$209,663
Forest Service (244)						
Office repairs and improvements	\$29,861		\$29,861	\$29,861		\$29,861
Other projects	1,200		1,200	1,200		1,200
Total Forest Service	<u>\$31,061</u>		<u>\$31,061</u>	<u>\$31,061</u>		<u>\$31,061</u>
School for the Deaf (252)						
Parking lot	\$29,923	\$2,800	\$32,723	\$29,923	\$2,800	\$32,723
Vision Services - School for the Blind (253)						
New storage area		\$7,733	\$7,733		\$7,733	\$7,733

Agency or Institution	2003-05 Executive Budget Recommendations			2003-05 Legislative Appropriations		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
State Department of Health (301) Chemical laboratory and municipal facilities building improvements		\$86,040	\$86,040		\$86,040	\$86,040
Department of Human Services (325) Building remodeling projects associated with the Department of Corrections and Rehabilitation's purchase of the LaHaug Building for use as a women's prison (The Legislative Assembly did not appropriate funding to the Department of Corrections and Rehabilitation for the purchase of the LaHaug building from the State Hospital.)		\$400,000	\$400,000		\$400,000	\$400,000
Aeronautics Commission (412) International Peace Garden airport		\$110,000	\$110,000		\$110,000	\$110,000
Highway Patrol (504) Building refurbishing projects at the Law Enforcement Training Academy	\$19,000	\$6,000	\$25,000	\$19,000	\$6,000	\$25,000
Department of Corrections and Rehabilitation (530) Factory upgrade at Roughrider Industries		\$250,000	\$250,000		\$250,000	\$250,000
Maintenance and repairs at various facilities	\$407,000		407,000	\$407,000 ^b		407,000 ^b
Total Department of Corrections and Rehabilitation	\$407,000	\$250,000	\$657,000	\$407,000	\$250,000	\$657,000
Adjutant General (540) Miscellaneous repairs		\$2,619,636	\$2,619,636		\$2,619,636	\$2,619,636
State Seed Department (616) Miscellaneous building repairs and maintenance		\$50,000	\$50,000		\$50,000	\$50,000
Agricultural Experiment Station General repairs and maintenance	\$377,300		\$377,300	\$377,300		\$377,300
Greenhouse repairs	20,000		20,000	20,000		20,000
Other projects	18,000		18,000	18,000		18,000
Total Agricultural Experiment Station	\$415,300		\$415,300	\$415,300		\$415,300
State Historical Society (701) Repairs at various historical sites	\$179,200		\$179,200	\$156,700 ^c		\$156,700 ^c
Game and Fish Department (720) Fishing area projects - Dam repair, ramps, parking lots, miscellaneous		\$460,000	\$460,000		\$460,000	\$460,000
Other repairs and small projects at various sites		359,944	359,944		359,944	359,944
Garrison Dam fish hatchery repairs		100,000	100,000		100,000	100,000
Lonetree - Small development projects		60,000	60,000		60,000	60,000
Total Game and Fish Department		\$979,944	\$979,944		\$979,944	\$979,944
Parks and Recreation Department (750) Repairs at state parks	\$670,544	\$42,000	\$712,544	\$665,544	\$127,000	\$792,544
Department of Transportation (801) Asbestos abatement and lighting retrofit project in the State Highway Building		\$3,175,000	\$3,175,000		\$3,175,000	\$3,175,000
Other projects		263,200	263,200		263,200	263,200
Total Department of Transportation		\$3,438,200	\$3,438,200		\$3,438,200	\$3,438,200
Total extraordinary repairs	\$9,347,214	\$11,126,870	\$20,474,084	\$9,390,714	\$8,077,353	\$17,468,067

^a The executive budget recommendation for campus energy improvement projects included funding for projects at North Dakota State University (\$1,077,977) and the University of North Dakota (\$1,951,214) and inadvertently included funding of \$105,326 for an energy improvement project at the Department of Corrections and Rehabilitation. Therefore, the executive budget recommendation for higher education extraordinary repairs is overstated by \$105,326.

^b The Legislative Assembly reduced funding for Adult Services by a nonspecific general fund budget adjustment of \$2,096,187. The Department of Corrections and Rehabilitation may determine the specific areas to reduce.

^c The Legislative Assembly reduced the capital assets line item for the State Historical Society by \$62,500 from the general fund. The State Historical Society may determine the specific project funding to reduce. The department estimates the general fund reduction of \$62,500 will result in removal of the interpretive signage (\$40,000) and a decrease in extraordinary repairs (\$22,500). The Legislative Assembly also provided that the State Historical Society may spend money appropriated in the capital assets line item to purchase compact storage units.

CAPITAL CONSTRUCTION LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES

Project	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2001	Outstanding Principal Balance June 30, 2003	Outstanding Principal Balance June 30, 2005
			1999-2001 Actual Payments	2001-03 Estimated Payments	2003-05 Estimated Payments			
2003 Series A refunding revenue bonds - Used to refund 1993 Series A refunding revenue bonds which were used to refinance 1990 Series A, B, and C The 1990 Series A issue was originally used to fund: North Dakota State University computer center (\$5,375,000) University of North Dakota United Hospital north unit (\$1,720,000) State College of Science agricultural mechanics building (\$2,916,000) University of North Dakota Abbott Hall addition (\$3,300,000) Minot State University library (\$7,728,000) State Board of Higher Education selected handicapped access projects (\$1,600,000) The 1990 Series B issue was originally used to fund State Penitentiary Phase III construction (\$5,000,000) The 1990 Series C issue was originally used to fund Veterans Home construction and remodeling (\$1,169,000)	2003 Series A North Dakota Building Authority refunding revenue bonds (2.35% to 4.07% - 7-year bonds)	\$15,145,000 ¹	\$5,826,234	\$6,061,336	\$5,479,013	\$21,120,000	\$15,145,000	\$11,305,000

North Dakota University System - Various capital construction projects, including handicapped accessibility projects and special assessments (\$8,423,061)	2002 Series C lease revenue refunding bonds used to refund 1993 Series B North Dakota Building Authority revenue bonds (3% to 4.3% - 12-year bonds)	\$13,333,061 ²	10,665,000	2,452,079	2,267,902	2,067,370	12,095,000	10,665,000	9,350,000
Minot State University - Memorial Library renovation (\$2,550,000)									
Job Service North Dakota - Grand Forks office building (\$1,735,000)									
Adjutant General - Grand Forks Armory (\$375,000)									
Youth Correctional Center - Building demolition and asbestos removal (\$250,000)									
Bismarck State College Science and Mathematics Center (\$8,060,000)	2002 Series D lease revenue refunding bonds used to refund 1995 Series A North Dakota Building Authority revenue bonds (3% to 4.5% - 15-year bonds)	15,326,769 ³	16,425,000	2,826,980	1,636,981	2,875,763	15,865,000	15,480,000	13,890,000
University of North Dakota Abbott Hall renovations (\$2,371,769)									
North Dakota State University emission control renovations on power plant (\$2,145,000)									
Dickinson State University Klinefelter Hall renovations (\$2,750,000)									
State College of Science - Bute Gym remodeling (\$1,700,000)	1998 Series A North Dakota Building Authority revenue bonds (4.4% to 5.125% - 20-year bonds)	7,100,000 ⁴	8,360,000	1,065,262	1,266,007	1,320,063	7,830,000	7,255,000	6,625,000
Minot State University - Moore Hall renovation (\$4,000,000)									
Department of Corrections and Rehabilitation - Youth Correctional Center gymnasium renovation (\$1,400,000)									
1998 Series B refunding revenue bonds - Used to refinance 1991 Series A and 1992 Series A The 1991 Series A issue was used to refund the	1998 Series B North Dakota Building Authority refunding revenue bonds (4.5% to 5% - 13-year bonds)		11,340,000	2,433,659	3,070,687	2,960,800	11,255,000	9,090,000	6,880,000

1986 Series A which was originally used to fund:
 Developmental Center renovations (\$3,900,000)
 State Penitentiary Phase II construction (\$7,500,000)
 State Hospital renovations (\$3,400,000)

The 1992 Series A issue was originally used to fund the Department of Human Services - Southeast Human Service Center (\$2,475,000)

University of North Dakota - Renovation and addition to the Ed James Wing of the medical school building (\$3,000,000)	1998 Series C North Dakota Building Authority revenue bonds (3.2% to 4.35% - 10-year bonds)	3,000,000 ⁵	3,400,000	748,017	703,590	780,460	2,870,000	2,300,000	1,685,000
North Dakota State University - Animal facility (\$2,207,500) Youth Correctional Center - Pine Cottage (\$1,475,000)	2000 Series A North Dakota Building Authority revenue bonds (5.5% - 20-year bonds)	3,682,500 ⁶	4,430,000		526,745	735,704	4,430,000	4,145,000	3,835,000
Williston State College - Health and Wellness Center (\$3,000,000) Minot State University - Old Main renovation (\$7,850,000)	2001 Series A North Dakota Building Authority revenue bonds (4% to 5.125% - 20-year bonds)	10,850,000 ⁷	13,165,000		452,210	1,546,756	13,165,000	12,950,000	12,505,000
State Department of Health - Laboratory addition (\$2,700,000)	2002 Series A North Dakota Building Authority	5,002,000 ⁸	6,035,000			697,938		6,035,000	5,920,000

Job Service North Dakota - Bismarck service delivery office (\$2,302,000)	revenue bonds (4% to 5.125% - 20-year bonds)								
State Department of Health East Laboratory remodeling (\$614,865) Morgue and storage annex (\$960,000) Department of Corrections and Rehabilitation Food service/laundry renovations - Phase II (JRCC) (\$2,662,890) Dickinson State University Murphy Hall Phase I addition (\$5,882,047) Mayville State University Steamline replacement Phase II (\$1,355,000) Valley City State University Graichen Gymnasium elevator and emergency exits (\$785,300)	2003 Series B North Dakota Building Authority revenue bonds (4.29% 20-year bonds)	12,260,102 ⁹	13,785,000 ¹⁰					13,785,000	
Total		<u>\$70,554,432</u>	<u>\$102,750,000</u>	<u>\$15,352,231</u>	<u>\$15,985,458</u>	<u>\$18,463,867</u>	<u>\$88,630,000</u>	<u>\$83,065,000</u>	<u>\$85,780,000</u>
Breakdown of payments:									
General fund				\$13,488,831 ¹¹	\$13,875,945 ¹¹	\$15,985,849 ¹¹			
Agency contributions				1,863,400	2,109,513	2,478,018			
Total				<u>\$15,352,231</u>	<u>\$15,985,458</u>	<u>\$18,463,867</u>			

¹ House Bill No. 1037 (1989) included a section stating that it was the intent of the Legislative Assembly that up to a total of \$4.4 million from non-general fund sources be used to assist in the retirement of the debt incurred to finance the construction projects. The non-general fund sources will be the college development foundation at the University of North Dakota, North Dakota State University, and State College of Science and an additional student fee at Minot State University. A listing of the \$4.4 million by each institution is as follows:

Institution	Type of Facility	Total Contributions	Contributions Made Through the 2001-03		Remaining Contributions	
			Biennium			
North Dakota State University	Computer technology transfer center	\$1,343,000	\$1,176,875	\$166,125		(Biennial contributions are \$55,375)
North Dakota State College of Science	Agricultural mechanics technology facility	300,000	206,250	93,750		(Biennial contributions are \$31,250)
University of North Dakota	Abbott Hall addition	825,000	740,625	84,375		(Biennial contributions are \$28,125)
Minot State University	Library facility	1,932,000	1,338,750	593,250		(Biennial contributions are \$197,750)
Total		\$4,400,000	\$3,462,500	\$937,500		

In addition to the \$5,375,000 appropriated from bond proceeds for the North Dakota State University computer center, House Bill No. 1037 also appropriated \$5,375,000 from federal or other funds. The total amount appropriated for the project was \$10,750,000.

House Bill No. 1669 (1989) appropriated up to \$6.2 million for State Penitentiary Phase III construction from loan notes less the insurance proceeds received in the Penitentiary's fire loss of \$1.2 million.

Senate Bill No. 2096 (1989) authorized the issuance of bonds in the amount of \$1,169,000 to match federal funds available to construct, modify, or alter the facilities at the Veterans Home. Bond payments are to be made from the Veterans Home improvement fund.

² House Bill No. 1020 (1993) included a section stating that up to a total of \$1,990,000 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the construction projects. A listing of the \$1,990,000 by each institution is as follows:

Institution/Agency	Type of Facility	Total Contributions	Contributions Made Through the 2001-03		Remaining Contributions	
			Biennium			
Minot State University	Library renovation	\$255,000	\$255,000	\$0		(Biennial contributions were \$42,500)
Job Service North Dakota	Grand Forks office building	1,735,000				
Total		\$1,990,000	\$255,000	\$0		

In addition to the \$2,550,000 appropriated from bond proceeds for the Minot State University Memorial Library renovation, House Bill No. 1020 also appropriated \$4,800,000 from federal or other funds. The total amount appropriated for the library renovation was \$7,350,000.

Job Service North Dakota makes the entire bond payment, principal and interest, on the \$1,735,000 for the Grand Forks office building.

³ Senate Bill No. 2030 (1995) included a section stating that up to a total of \$2,206,769 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the construction projects. A listing of the \$2,206,769 by each institution is as follows:

Institution	Type of Facility	Total Contributions	Contributions Made Through the 2001-03		Remaining Contributions	
			Biennium			
Bismarck State College	Science and Mathematics Center	\$1,060,000	\$1,060,000	\$0		(Biennial contributions were \$353,334)
University of North Dakota	Abbott Hall renovation	871,769	871,769	0		(Biennial contributions were \$290,590)
Dickinson State University	Klinefelter Hall renovation	275,000	275,000	0		(Biennial contributions were \$91,666)
Total		\$2,206,769	\$2,206,769	\$0		

In addition to the \$2,371,769 appropriated from bond proceeds for the University of North Dakota Abbott Hall renovation, Senate Bill No. 2030 also appropriated \$1,771,769 from federal or other funds. The total amount appropriated for the renovation of Abbott Hall was \$4,143,538.

⁴ Senate Bill No. 2003 (1997) included a section stating that up to a total of \$300,000 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the renovation of Bute Gym. The bill also authorized an animal research facility at North Dakota State University and a renovation to the Ed James Wing of the medical school building at the University of North Dakota. The North Dakota State University project was delayed until the 1999 legislative session. The University of North Dakota project was handled through a separate bond issue (see 1998 Series C bond issue).

Institution	Type of Facility	Total Contributions	Contributions Made Through the 2001-03 Biennium	Remaining Contributions	
State College of Science	Bute Gym renovation	\$300,000	\$200,000	\$100,000	(Biennial contributions are \$100,000)

⁵ In addition to the \$3 million appropriated from bond proceeds for the University of North Dakota renovation to the Ed James Wing of the medical school building, Senate Bill No. 2003 also appropriated any available funds received from federal, public, or private sources.

⁶ House Bill No. 1022 (1999) authorized an animal research facility at North Dakota State University, renovation of Pine Cottage at the Youth Correctional Center, and a health and wellness center addition at Williston State College. The Williston State College project is to be handled through a separate bond issue (see 2001 Series A bond issue).

In addition to the \$2,207,500 appropriated from bond proceeds for the North Dakota State University animal research facility, House Bill No. 1022 also appropriated \$2,207,500 of federal or other funds. The total amount appropriated for the animal research facility was \$4,415,000.

In addition to the \$1,475,500 appropriated from bond proceeds for the Youth Correctional Center Pine Cottage project, House Bill No. 1022 also appropriated \$500,000 of federal or other funds. The total amount appropriated for the Pine Cottage project was \$1,975,000.

⁷ House Bill No. 1022 (1999) included a section stating that up to a total of \$3 million from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the Health and Wellness Center addition at Williston State College. Of the \$3 million, \$1.5 million is to be provided for the project before construction may begin, and the remaining \$1.5 million is to be paid in 10 annual payments of \$150,000. Because \$1.5 million is to be available prior to construction, the State Building Authority will only bond for \$3 million of the \$4.5 million project. Williston State College will have paid \$300,000 by the end of the 2001-03 biennium, with \$1,200,000 remaining.

Senate Bill No. 2023 (2001) included a section stating that \$2,299,000 must be available from non-general fund sources to assist in the retirement of the debt incurred to finance the renovation of Old Main. Minot State University's local responsibility is to be paid in 10 annual payments with each of the first two annual payments being \$315,000 and each of the remaining eight annual payments being \$208,625.

⁸ Senate Bill No. 2023 (2001) included a section stating that \$2,302,000 (Job Service North Dakota) and \$1,755,000 (State Department of Health) must be available from non-general fund sources to assist in the retirement of the debt incurred to finance the two projects.

The State Department of Health received authority from the Emergency Commission to receive and expend federal funds in the amount of \$823,878 in the capital improvements line item for the laboratory addition. The request was needed to cover the increase in the per square footage costs of \$338,817 and for the 1,700 square feet of additional space at \$485,061.

⁹ House Bill No. 1023 (2003) appropriated \$4,237,755 of special funds for the issuance of bonds for projects at the State Department of Health and the Department of Corrections and Rehabilitation. Of the total amount of bonds issued, it is anticipated that the amount of \$614,865 for the State Department of Health will be repaid by bioterrorism program dollars rather than by bonding.

House Bill No. 1003 (2003) appropriated \$8,022,347 of special funds for the issuance of bonds for three University System projects by the State Building Authority. In addition, \$830,000 of capital bond payments from the 2001-03 biennium is to be used for bond issuance buydown. Dickinson State University will also provide \$250,000 during the 2005-07 biennium to assist in the retirement of the bonds.

¹⁰ The estimated 2005-07 biennium payment on this bond issue, based on an estimated interest rate of 4.29 percent, is approximately \$1,930,067. This does not include the \$20 million of bonding for the Information Technology Department for ConnectND. These bonds will be repaid from charges collected by the Information Technology Department from higher education and other state agencies for the ConnectND Project. The bond issuance also does not include funding for the 2003-05 biennium state facility energy improvement program capital project that was recommended to be funded with bond proceeds. Bonds sold to finance the project under this program do not factor in the general fund lease payment limitation and will be repaid with resulting energy cost-savings. This bond issuance also does not include the bonding of \$2 million authorized in Senate Bill No. 2416 (2003) for two State Historical Society projects (Chateau de Mores and Fort Abercrombie interpretive centers), which are to be paid from federal, local, or donated funds collected by the State Historical Society.

¹¹ North Dakota Century Code Section 54-17.2-23 provided that 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax be deposited in the capital construction fund for lease payments associated with capital construction projects. The 1993 Legislative Assembly repealed the provisions of the capital construction fund and increased the maximum that lease payments can total for a biennium from 10 percent to 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The 1995 Legislative Assembly decreased the maximum that lease payments can total for a biennium from 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax to 11 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The 1997 Legislative Assembly decreased the maximum that lease payments can total for a biennium from 11 percent of a 1 percent sales, use, and motor vehicle excise tax to 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The 2001 Legislative Assembly clarified the statute to provide that the computation for the authorized general fund lease payments for a biennium must be based on the projected sales, use, and motor vehicle excise tax collections presented to the Legislative Assembly at the close of the most recently adjourned regular legislative session.

SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected general fund portion of the bond payments for the 2003-05 through the 2011-13 bienniums and what the 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax is projected to generate (using the March 2003 revenue forecast with a 4 percent growth in sales tax revenues for future bienniums and no prepayments of non-general fund amounts):

Biennium	Total Payments	Other Funds	General Fund	10 Percent of Equivalent of 1 Percent	Estimated Excess General Fund Resources Available for Bond Payments
2003-05	\$18,463,867	\$2,478,018	\$15,985,849	\$17,358,880	\$1,373,031
2005-07	\$20,699,981 *	\$2,648,625	\$18,051,356	\$18,053,235	\$1,879
2007-09	\$21,125,369 *	\$2,391,645	\$18,733,724	\$18,775,365	\$41,641
2009-11	\$14,578,546 *	\$1,813,072	\$12,765,474	\$19,526,379	\$6,760,905
2011-13	\$12,683,497 *	\$1,509,533	\$11,173,964	\$20,307,434	\$9,133,470

* The future biennium bond payments reflect estimated payments related to the bonding authorized by the 2003 Legislative Assembly but do not reflect any other future bond issues that may be authorized by future Legislative Assemblies.

STATE EMPLOYEES - OVERVIEW

SALARY INCREASE

The 2003-05 legislative appropriations provide for contingent salary increases for the executive and judicial branches up to 1 percent of salaries effective January 1, 2004, and up to 2 percent effective January 1, 2005. The increases are to be provided from savings resulting from the elimination of full-time equivalent (FTE) positions within executive and judicial branch agencies. The savings realized from the eliminated positions and savings from other vacant positions are to be pooled and used for executive and judicial branch employee salary increases. At least 70 percent of the funding for the increases provided must be from pooled savings of the eliminated positions. Specific language regarding the salary increases is included in Senate Bill No. 2423.

FTE POSITION ELIMINATION

The Legislative Assembly provided intent for the elimination of a total of 176 FTE positions (155 from executive branch agencies and the Office of the Governor, excluding other offices of state elected officials and higher education; 13 from state elected officials, excluding the Governor; and eight from the judicial branch) by December 31, 2004. A total of 88 positions (one-half of the total reduction) is to be realized by December 31, 2003. The resulting savings from the employee reductions are to be deposited in state employee compensation pools established by the Office of Management and Budget. (See **Salary Increase** section above).

CONSOLIDATION OF INFORMATION TECHNOLOGY FUNCTIONS

The legislative appropriations provide for 24 authorized full-time equivalent employee positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced and transferred from agencies to the Information Technology Department. Each agency affected is to use the funding related to the salaries and wages of the identified transferred employee and related funding for equipment, training, office rent, travel, contracted services, or other related costs to establish an information technology services accounting code. Each agency is entitled to receive from the Information Technology Department the equivalent in services that would have been performed by employees in the transferred positions at a cost not exceeding the amounts transferred to the agency's information technology services account.

The Information Technology Department is to determine the number of full-time equivalent positions necessary to provide the related information technology functions to state agencies. The department is authorized to employ the number of necessary employees and require all persons interested in filling the employee

positions to apply with the department. Specific language regarding the consolidation of information technology functions is included in House Bill No. 1505.

HIGHER EDUCATION

The Legislative Assembly did not provide higher education institutions specific funding for salary or health insurance increases, with the intent that funding for any increases is to be provided within the existing appropriation for the University System.

The State Board of Higher Education is authorized to adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions under its control. The State Board of Higher Education is to report any adjustments to the Office of Management and Budget prior to submission of the 2005-07 budget request.

ELECTED OFFICIALS

The legislative appropriation does not provide for salary increases for elected and appointed officials during the 2003-05 biennium.

JUDICIAL BRANCH

The legislative appropriation does not provide 2003-05 biennium salary increases for Supreme Court or district court judges. Salary increases for other employees of the judicial branch are the same level as provided for other state employees, or up to 1 percent effective January 1, 2004, and up to 2 percent effective January 1, 2005, as explained in the **Salary Increase** and **FTE Position Elimination** sections above.

HEALTH INSURANCE

The legislative appropriation continues funding for the cost of health insurance premiums for state employees. The appropriation provides \$488.70 per month for employee health insurance (an increase of \$79.61 compared to the 2001-03 premium). A recent history of monthly health insurance premiums provided for each employee is listed below:

1995-97	\$265
1997-99	\$301
1999-2001	\$350
2001-03	\$409
2003-05	\$489

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes in the 2003-05 legislative appropriation:

	General Fund	Special Funds	Total
Salary increase - Up to 1% on January 1, 2004 and up to 2% on January 1, 2005 ¹	\$0	\$0	\$0
Health insurance increase	8,027,122	8,258,216	16,285,338
Equity adjustment - Legislative Council	150,000		150,000
Equity adjustment - Public Employees Retirement System		80,362	80,362
Equity adjustment - Attorney General's office for assistant attorneys general		241,024	241,024
Equity adjustment - Department of Human Services Program and Policy Division		131,784	131,784
Equity adjustment - Department of Financial Institutions		167,000	167,000
Equity adjustment - Department of Corrections and Rehabilitation - Juvenile Services Division	99,856		99,856
Total	\$8,276,978	\$8,878,386	\$17,155,364

¹ Provides for executive and judicial branch employees to receive salary increases based on the elimination of positions and savings from vacant positions. See **Salary Increase** section for additional details.

FTE POSITIONS

The legislative appropriation for the 2003-05 biennium includes a total of 10,791.73 FTE positions, 869.44 FTE positions fewer than the 2001-03 authorized level and 37.86 FTE positions fewer than the executive recommendation.

The schedule below lists the authorized FTE positions for each biennium since 1991-93:

Biennium	FTE	Increase (Decrease) From Previous Biennium	Percentage Increase (Decrease) From Previous Biennium
1991-93	12,159.50	51.48	0.4%
1993-95	12,149.98	(9.52)	(0.1%)
1995-97	11,290.53 ¹	(859.45) ¹	(7.6%)
1997-99	11,541.00	250.47	2.2%
1999-2001	11,536.92	(4.08)	(0.0%)
2001-03	11,661.17	124.25	1.1%
2003-05	10,791.73 ²	(869.44) ²	(8.1%)

¹ Reflects the sale of the UND Rehabilitation Hospital (a reduction of 286.20 FTE positions) and the change in the method of assigning higher education FTE positions due to the conversion to the statewide integrated budget and reporting system (a reduction of 415.85 FTE positions).

² The FTE count for Higher Education was reduced by 688.17 FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund.

**ANALYSIS OF FULL-TIME EQUIVALENT (FTE) POSITIONS AUTHORIZED BY THE 2003 LEGISLATIVE ASSEMBLY
FOR THE 2003-05 BIENNIUM**

Comparison to 2001-03			Agency	Comparison to Executive Recommendation		
2001-03 FTE Positions	2003-05 FTE Positions	Increase (Decrease)		Executive Recommendation 2003-05 FTE Positions	2003-05 FTE Positions	Increase (Decrease)
GENERAL GOVERNMENT						
18.00	18.00	0.00	101 - Governor's Office	16.30	18.00	1.70
26.00	27.00	1.00	108 - Secretary of State	26.00	27.00	1.00
163.00 ^{v1}	162.00 *	(1.00)	110 - Office of Management and Budget	162.00	162.00 *	0.00
244.70	248.20 *	3.50	112 - Information Technology Department	248.20	248.20 *	0.00
55.00	55.00	0.00	117 - State Auditor	52.00	55.00	3.00
6.00	6.00	0.00	120 - State Treasurer	6.00	6.00	0.00
160.50	182.00	21.50	125 - Attorney General	171.00	182.00	11.00
143.00	137.00 *	(6.00)	127 - Tax Department	137.00	137.00 *	0.00
6.00	8.00	2.00	140 - Office of Administrative Hearings	8.00	8.00	0.00
33.00	33.00	0.00	160 - Legislative Council	33.00	33.00	0.00
336.00	336.00	0.00	180 - Judicial Branch	336.00	336.00	0.00
18.00	17.00	(1.00)	190 - Retirement and Investment Office	17.00	17.00	0.00
27.00	29.00	2.00	192 - Public Employees Retirement System	29.00	29.00	0.00
<u>1,236.20</u>	<u>1,258.20</u>	<u>22.00</u>	TOTAL GENERAL GOVERNMENT	<u>1,241.50</u>	<u>1,258.20</u>	<u>16.70</u>
EDUCATION						
95.25	93.25 *	(2.00)	201 - Department of Public Instruction	93.25	93.25 *	0.00
18.50	17.75	(0.75)	226 - Land Department	17.75	17.75	0.00
17.97 ^{v2}	17.97	0.00	244 - Forest Service	17.97	17.97	0.00
28.75	28.75	0.00	250 - State Library	28.75	28.75	0.00
53.10	51.85	(1.25)	252 - School for the Deaf	51.85	51.85	0.00
29.00	27.00	(2.00)	253 - Vision Services - School for the Blind	27.00	27.00	0.00
28.50	27.50	(1.00)	270 - State Board for Career and Technical Education	27.50	27.50	0.00

<u>271.07</u>	<u>264.07</u>	<u>(7.00)</u>	TOTAL EDUCATION	<u>264.07</u>	<u>264.07</u>	<u>0.00</u>
			HIGHER EDUCATION			
20.00	20.00	0.00	215 - North Dakota University System office	2,382.41	20.00	(2,362.41)
144.78	123.30	(21.48)	227 - Bismarck State College	0.00	123.30	123.30
41.34	36.85	(4.49)	228 - Lake Region State College	0.00	36.85	36.85
50.23	46.17	(4.06)	229 - Williston State College	0.00	46.17	46.17
1,144.54 ^{\3}	905.65 ^{\4}	(238.89)	230 - University of North Dakota	0.00	905.65 ^{\3}	905.65
805.49	545.02	(260.47)	235 - North Dakota State University	0.00	545.02	545.02
229.90	174.95	(54.95)	238 - State College of Science	0.00	174.95	174.95
130.15	114.81	(15.34)	239 - Dickinson State University	0.00	114.81	114.81
81.47	69.97	(11.50)	240 - Mayville State University	0.00	69.97	69.97
266.21	217.49	(48.72)	241 - Minot State University	0.00	217.49	217.49
109.03	92.12	(16.91)	242 - Valley City State University	0.00	92.12	92.12
<u>47.44</u>	<u>36.08</u>	<u>(11.36)</u>	243 - Minot State University - Bottineau	<u>0.00</u>	<u>36.08</u>	<u>36.08</u>
<u>3,070.58</u>	<u>2,382.41</u> ^{\5}	<u>(688.17)</u>	TOTAL HIGHER EDUCATION	<u>2,382.41</u>	<u>2,382.41</u> ^{\5}	<u>0.00</u>
			HEALTH AND WELFARE			
316.00	313.00 *	(3.00)	301 - State Department of Health	312.00	313.00 *	1.00
87.01	89.41	2.40	313 - Veterans Home	88.01	89.41	1.40
3.00	3.00	0.00	316 - Indian Affairs Commission	3.00	3.00	0.00
5.00	5.00	0.00	321 - Department of Veterans Affairs	5.00	5.00	0.00
1.00	0.80	(0.20)	324 - Children's Services Coordinating Committee	0.70	0.80	0.10
1,263.43 ^{\6}	1,182.48	(80.95)	325 - Department of Human Services (excluding State Hospital and Developmental Center)	1,166.18	1,182.48	16.30
473.14 ^{\6}	458.04	(15.10)	- Developmental Center	458.04	458.04	0.00
<u>507.00</u> ^{\6}	<u>416.90</u>	<u>(90.10)</u>	- State Hospital	<u>416.90</u>	<u>416.90</u>	<u>0.00</u>
<u>2,243.57</u>	<u>2,057.42</u> *	<u>(186.15)</u>	- Department of Human Services Subtotal	<u>2,041.12</u>	<u>2,057.42</u> *	<u>16.30</u>
24.50	24.50	0.00	360 - Protection and Advocacy Project	24.50	24.50	0.00
<u>389.78</u>	<u>367.17</u> *	<u>(22.61)</u>	380 - Job Service North Dakota	<u>367.17</u>	<u>367.17</u> *	<u>0.00</u>
<u>3,069.86</u>	<u>2,860.30</u>	<u>(209.56)</u>	TOTAL HEALTH AND WELFARE	<u>2,841.50</u>	<u>2,860.30</u>	<u>18.80</u>

45.50	45.50	0.00	REGULATORY			
			401 - Insurance Department	45.50	45.50	0.00
63.00	58.37 *	(4.63)	405 - Industrial Commission	58.37	58.37 *	0.00
10.00	10.00	0.00	406 - Labor Commissioner	10.00	10.00	0.00
41.00	41.00	0.00	408 - Public Service Commission	41.00	41.00	0.00
6.00	6.00	0.00	412 - Aeronautics Commission	6.00	6.00	0.00
23.50	25.00	1.50	413 - Department of Banking and Financial Institutions	25.00	25.00	0.00
8.00	8.00	0.00	414 - Securities Department	8.00	8.00	0.00
178.50	178.50 *	0.00	471 - Bank of North Dakota	178.50	178.50 *	0.00
38.00	43.00 *	5.00	473 - Housing Finance Agency	43.00	43.00 *	0.00
121.00	125.00	4.00	475 - Mill and Elevator Association	125.00	125.00	0.00
228.00 ¹⁷	228.00 *	0.00	485 - Workforce Safety and Insurance	228.00	228.00 *	0.00
<u>762.50</u>	<u>768.37</u>	<u>5.87</u>	TOTAL REGULATORY	<u>768.37</u>	<u>768.37</u>	<u>0.00</u>
			PUBLIC SAFETY			
196.00	192.00 *	(4.00)	504 - Highway Patrol	181.00	192.00 *	11.00
20.00	20.00	0.00	512 - Division of Emergency Management	20.00	20.00	0.00
615.18	644.18 *	29.00	530 - Department of Corrections and Rehabilitation	717.18	644.18 *	(73.00)
136.00	139.00	3.00	540 - Adjutant General	139.00	139.00	0.00
<u>967.18</u>	<u>995.18</u>	<u>28.00</u>	TOTAL PUBLIC SAFETY	<u>1,057.18</u>	<u>995.18</u>	<u>(62.00)</u>
			AGRICULTURE AND ECONOMIC DEVELOPMENT			
55.50	57.00	1.50	602 - Agriculture Department	57.00	57.00	0.00
57.00	57.00	0.00	605 - Commerce Department	57.00	57.00	0.00
32.00	32.00	0.00	616 - Seed Department	32.00	32.00	0.00
28.50 ¹⁸	31.50	3.00	627 - Upper Great Plains Transportation Institute	31.50	31.50	0.00
78.10 ¹⁸	73.65	(4.45)	628 - Branch research centers	73.65	73.65	0.00
281.72 ¹⁸	270.57	(11.15)	630 - NDSU Extension Service	277.57	270.57	(7.00)
8.17 ¹⁸	8.17	0.00	638 - Northern Crops Institute	8.17	8.17	0.00
370.17 ¹⁸	349.19	(20.98)	640 - Main Research Center	358.55	349.19	(9.36)

2.87 ¹⁸	2.87	0.00	649 - Agronomy Seed Farm	2.87	2.87	0.00
<u>914.03</u>	<u>881.95</u>	<u>(32.08)</u>	TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT	<u>898.31</u>	<u>881.95</u>	<u>(16.36)</u>
			NATURAL RESOURCES AND HIGHWAYS			
56.00	57.00	1.00	701 - State Historical Society	57.00	57.00	0.00
5.00	5.00	0.00	709 - Council on the Arts	5.00	5.00	0.00
136.00	147.00 *	11.00	720 - Game and Fish Department	139.00	147.00 *	8.00
42.75	44.25	1.50	750 - Department of Parks and Recreation	44.25	44.25	0.00
89.00	82.00 *	(7.00)	770 - State Water Commission	85.00	82.00 *	(3.00)
<u>1,041.00</u>	<u>1,046.00 *</u>	<u>5.00</u>	801 - Department of Transportation	<u>1,046.00</u>	<u>1,046.00 *</u>	<u>0.00</u>
<u>1,369.75</u>	<u>1,381.25</u>	<u>11.50</u>	TOTAL NATURAL RESOURCES AND HIGHWAYS	<u>1,376.25</u>	<u>1,381.25</u>	<u>5.00</u>
			SUMMARY TOTALS			
1,236.20	1,258.20	22.00	General Government	1,241.50	1,258.20	16.70
271.07	264.07	(7.00)	Education	264.07	264.07	0.00
3,069.86	2,860.30	(209.56)	Health and Welfare	2,841.50	2,860.30	18.80
762.50	768.37	5.87	Regulatory	768.37	768.37	0.00
967.18	995.18	28.00	Public Safety	1,057.18	995.18	(62.00)
914.03	881.95	(32.08)	Agriculture and Economic Development	898.31	881.95	(16.36)
<u>1,369.75</u>	<u>1,381.25</u>	<u>11.50</u>	Natural Resources and Highways	<u>1,376.25</u>	<u>1,381.25</u>	<u>5.00</u>
<u>8,590.59</u>	<u>8,409.32</u>	<u>(181.27)</u>	TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)	<u>8,447.18</u>	<u>8,409.32</u>	<u>(37.86)</u>
<u>3,070.58</u>	<u>2,382.41</u>	<u>(688.17)</u>	Higher Education	<u>2,382.41</u>	<u>2,382.41</u>	<u>0.00</u>
<u>11,661.17</u>	<u>10,791.73 ¹⁹</u>	<u>(869.44)</u>	GRAND TOTAL ALL DEPARTMENTS	<u>10,829.59</u>	<u>10,791.73 ¹⁹</u>	<u>(37.86)</u>

* Section 10 of House Bill No. 1505 provides for the reduction and transfer to the Information Technology Department of state agency information technology employee positions related to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services as part of a consolidation of information technology functions. The reductions and transfers are to be made on November 1, 2003, as follows:

AGENCY	FTE POSITIONS
Office of Management and Budget	1
Tax Department	1
Department of Public Instruction	1
State Department of Health	1
Department of Human Services	5
Job Service North Dakota	3
Industrial Commission	1
Bank of North Dakota	1
Housing Finance Agency	1
Workforce Safety and Insurance	2
Highway Patrol	1
Department of Corrections and Rehabilitation	2
Game and Fish Department	1
State Water Commission	1
Department of Transportation	2
Total	<u>24</u>

- \1 Includes 31 FTE positions from State Radio Communications, which was consolidated with the Office of Management and Budget.
- \2 The FTE positions listed for the Forest Service were adjusted by .16, from 17.81 to 17.97 in accordance with Section 9 of 2001 Senate Bill No. 2003.
- \3 Includes 227.37 FTE positions from the UND School of Medicine and Health Sciences, which was consolidated with the University of North Dakota.
- \4 Includes 198.91 FTE positions from the UND School of Medicine and Health Sciences.
- \5 The 2003-05 biennium appropriation decreases the FTE positions for higher education from 3,070.58 to 2,382.41 to reflect institutional reductions and to report only the number of FTE positions funded from the general fund.
- \6 The 2001-03 FTE positions for the Department of Human Services, the Developmental Center, and the State Hospital have been adjusted. Section 5 of 2001 House Bill No. 1012 authorizes the department to transfer FTE positions at the human service centers, State Hospital, and Developmental Center.

Changes made are as follows:

	2001-03 Legislative Authorized FTE	Adjustments	Adjusted 2001-03 Authorized FTE
Developmental Center	471.14	2.00	473.14
State Hospital	509.00	(2.00)	507.00
Human service centers	896.33	5.00	901.33
Central office	362.10	0.00	362.10
Total	<u>2,238.57</u>	<u>5.00</u>	<u>2,243.57</u>

17 The FTE positions listed for Workforce Safety and Insurance were adjusted from 218.00 to 228.00 in accordance with Section 2 of 2001 House Bill No. 1024.

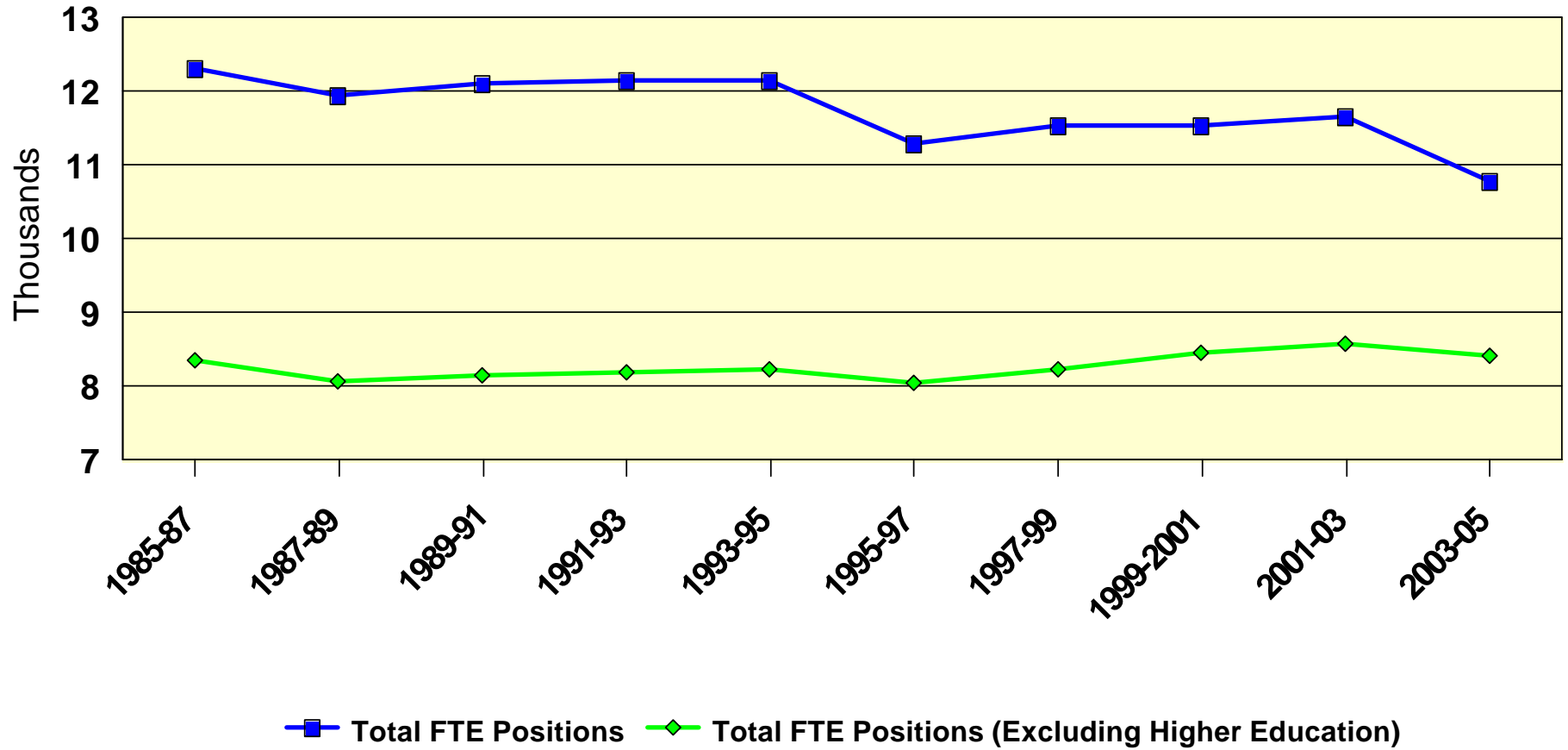
18 The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 4 of 2001 Senate Bill No. 2021:

	2001-03 Legislative Authorization	Adjusted FTE Level	Variance
Upper Great Plains Transportation Institute	27.75	28.50	0.75
NDSU Extension Service	275.81	281.72	5.91
Northern Crops Institute	8.00	8.17	0.17
Agronomy Seed Farm	2.90	2.87	(0.03)
Branch research centers	76.36	78.10	1.74
Main Research Center	349.48	370.17	20.69
Total	<u>740.30</u>	<u>769.53</u>	<u>29.23</u>

19 Senate Bill No. 2423 provides legislative intent for the elimination of 176 FTE positions (155 from executive branch agencies and the Office of the Governor, excluding other offices of state-elected officials and higher education; 13 from state-elected officials, excluding the Governor; and eight from the judicial branch) by December 31, 2004. A total of 88 positions (one-half of the total reduction) is to be realized by December 31, 2003. The resulting savings from the employee reductions are to be deposited in state employee compensation pools established by the Office of Management and Budget.

NUMBER OF STATE EMPLOYEES - HISTORY

The following is a summary of authorized state FTE employee positions for the 1985-87 through 2003-05 bienniums:



Biennium	General Government	Education (Other Than Higher Education)	Higher Education	Health and Welfare	Regulatory	Public Safety	Agriculture and Economic Development	Natural Resources and Highways	Total FTE Positions	Total FTE Positions Excluding Higher Education
1985-87	915.50	396.39	3,956.84	3,393.11	996.43	552.80	802.28	1,294.50	12,307.85	8,351.01
1987-89	975.55	296.10	3,909.16	3,079.89 ¹	1,021.93	648.77	770.58	1,273.00	11,974.98	8,065.82
1989-91	916.25	309.36	3,963.02	3,028.11	1,047.94	699.27	785.57	1,357.50	12,107.02	8,144.00
1991-93	949.85	327.91	3,965.80	2,876.26	1,078.92	727.69	826.57	1,406.50	12,159.50	8,193.70
1993-95	1,016.10	322.44	3,912.91	2,794.66	1,138.81	774.04	787.02 ²	1,404.00	12,149.98	8,237.07
1995-97	1,004.42	313.38	3,249.13 ³	3,103.11 ⁴	665.50 ⁴	774.52	777.97	1,402.50	11,290.53	8,041.40
1997-99	1,039.90	312.54	3,297.30	3,124.00	696.00	894.64	817.12	1,359.50	11,541.00	8,243.70
1999-2001	1,164.00 ⁵	308.19	3,068.64 ⁶	3,099.06	723.00	954.68	856.35	1,363.00	11,536.92	8,468.28
2001-03	1,236.20	271.07	3,070.58	3,069.86	762.50	967.18	914.03	1,369.75	11,661.17	8,590.59
2003-05	1,258.20 ⁷	264.07	2,382.41 ⁸	2,860.30	768.37	995.18 ⁷	881.95	1,381.25	10,791.73 ⁹	8,409.32

¹ Reflects a phaseout of FTE positions at San Haven (258.47 FTE positions reduction) and a reduction of 46 FTE positions at the Grafton State School.

² Excludes 14.1 authorized FTE positions for commodity groups because 1993 House Bill No. 1203 provided statutory continuing appropriations for these agencies to spend funds they collect without a specific legislative appropriation.

³ The state colleges and universities changed the formula for counting FTE teacher positions based on the number of months worked during the year. Those who worked 12 months were reduced from a 1.2 FTE position to 1 FTE position, and those who worked nine months were reduced from 1 FTE position to a .75 FTE position. The net reduction from the change is 415.85 FTE positions. In addition, the University of North Dakota Rehabilitation Hospital was privatized resulting in a reduction of 286.2 FTE positions.

⁴ Job Service North Dakota and its 420.5 FTE positions were switched from Regulatory to Health and Welfare.

⁵ The judicial branch added 129.5 FTE positions with the clerk of court unification.

⁶ Reflects elimination of 203.3 FTE positions associated with local funds at the University of North Dakota School of Medicine and Health Sciences.

⁷ Reflects an increase of 31 FTE positions in general government and a corresponding reduction in Public Safety due to Radio Communications being consolidated with the Office of Management and Budget.

⁸ The FTE count for Higher Education was reduced by 688.17 FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund.

⁹ Senate Bill No. 2423 provides legislative intent for the elimination of a total of 176 FTE positions (155 from executive branch agencies and the Office of the Governor, excluding other offices of state-elected officials and higher education; 13 from state-elected officials, excluding the Governor; and eight from the judicial branch) by December 31, 2004. A total of 88 positions (one-half of the total reduction) is to be realized by December 31, 2003. The resulting savings from the employee reductions are to be deposited in state employee compensation pools established by the Office of Management and Budget.

ANALYSIS OF FUNDING FOR STATE EMPLOYEE SALARY INCREASES

Year	Salary Increase Provided	Annual Inflation*
1973	5%	6.2%
1974	4%	11.0%
1975	5% (in addition to an 11.9% salary adjustment)	9.1%
1976	5%	5.7%
1977	5%	6.5%
1978	5%	7.6%
1979	6.5%	11.3%
1980	6.5%	13.5%
1981	9% (in addition to a 10% salary adjustment)	10.3%
1982	8% (reduced by Governor's budget allotments)	6.2%
1983	2% contribution to retirement	3.2%
1984	2% contribution to retirement	4.3%
1985	9.5% higher education faculty and senior administrative staff, 5.5% for all other state employees	3.5%
1986	4% with a minimum of \$50 per month; the Governor deferred this increase for agencies under his control to January 1, 1987	1.9%
1987	0%	3.7%
1988	0%	4.1%
1989	11.4% higher education faculty at the University of North Dakota and North Dakota State University; 9.5% higher education faculty at other four-year universities; 7.3% higher education faculty at two-year colleges; 9.1% faculty at the medical school; administrative, professional, and classified employees at the institutions of higher education received increases averaging between 8.7% and 9.7%; 7.1% for all other state employees	4.8%
1990	7% higher education faculty at four-year universities, 5% higher education faculty at two-year colleges, 0% all other state employees	5.4%
1991	4% with a minimum of \$50 per month	4.2%
1992	\$40 per month	3.0%
1993	\$60 per month	3.0%
1994	3% (to the extent available from agency savings)	2.6%
1995	2%	2.8%
1996	3% (includes 1% for salary inequity correction and merit increases)	2.9%
1997	3% (includes 1.5% for salary inequity correction and merit increases)	2.3%
1998	3% (includes 1.5% for salary inequity correction and merit increases; in addition, the University System received a \$3.2 million pool of funds for the 1997-99 biennium to address salary compression, market, and equity problems)	1.5%
1999	2% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity. The North Dakota University System provided an overall system average salary increase of 4.2%.	2.2%
2000	2% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity. An additional 1% may be provided to the extent the increase can be paid with existing agency resources. The North Dakota University System provided an overall system average salary increase of 4.2%.	3.4%
2001 ¹	3% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity. The North Dakota University System provided an overall system average salary increase of 4.8%.	2.8%
2002 ¹	2% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity. The North Dakota University System provided an overall system average salary increase of 4.8%.	1.6%

2003	Up to 1% effective on January 1, 2004, for the executive and judicial branches to the extent that the increase can be provided from pool savings realized from the eliminated FTE positions and from accumulated savings from other vacant FTE positions. At least 70% of the funding for the increase provided must be from pooled savings of the eliminated FTE positions. No specific funding was provided to higher education institutions for salary increases, with the intent that any salary increases provided be from existing appropriation authority.	2.4% (projected)
2004	Up to 2% effective on January 1, 2005, for the executive and judicial branches to the extent that the increase can be provided from pool savings realized from eliminated FTE positions and from accumulated savings from other vacant FTE positions. At least 70% of the funding for the increase provided must be from pooled savings of the eliminated FTE positions. No specific funding was provided to higher education institutions for salary increases, with the intent that any salary increases provided be from existing appropriation authority.	2.0% (projected)

* Percentage change, consumer price index annual rate, Economy.com

¹ In addition, the Legislative Assembly provided:

\$5 million, \$2.7 million of which is from the general fund, for market equity compensation adjustments for classified employees as approved by the Central Personnel Division.

\$4,628,824 from the general fund for equity and special needs for entities under the control of the State Board of Higher Education. A portion of this amount may be used for salary increases to address equity issues.

\$178,233, \$142,697 of which is from the general fund, for salary equity adjustments for elected and appointed officials.

ANALYSIS OF ELECTED OFFICIALS' SALARIES

The Legislative Assembly did not authorize a 2003-05 biennium salary increase for elected officials. The executive recommendation provided for salary increase of 1 percent effective January 1, 2004, and 2 percent effective January 1, 2005, for elected officials. The schedule below shows for each elected official the salary authorized by the 2001 Legislative Assembly and the 2003 Legislative Assembly.

State Official	Statutory Annual Salary Authorized by 2001 Legislative Assembly		Effective July 1, 2002	Statutory Annual Salary Authorized by 2003 Legislative Assembly Continuation of Increase Effective July 1, 2002	
	Effective July 1, 2001	Effective January 1, 2002 \1		Effective July 1, 2002	Effective July 1, 2002
Governor	\$85,506	\$85,506 *	\$87,216	\$87,216	
Lieutenant Governor	\$66,380	\$66,380 *	\$67,708	\$67,708	
Secretary of State	\$64,742	\$66,684	\$68,018	\$68,018	
Attorney General	\$71,072	\$73,204	\$74,668	\$74,668	
Superintendent of Public Instruction	\$69,648	\$75,916	\$77,434	\$77,434	
Tax Commissioner	\$68,277	\$72,374	\$73,821	\$73,821	
Insurance Commissioner	\$64,742	\$66,684	\$68,018	\$68,018	
Public Service Commissioner	\$66,509	\$68,504	\$69,874	\$69,874	
Public Service Commissioner	\$66,509	\$68,504	\$69,874	\$69,874	
Public Service Commissioner	\$66,509	\$68,504	\$69,874	\$69,874	
Agriculture Commissioner	\$66,509	\$68,504	\$69,874	\$69,874	
State Auditor	\$64,742	\$66,684	\$68,018	\$68,018	
State Treasurer	\$62,974	\$62,974 *	\$64,233	\$64,233	

The Legislative Assembly did not authorize salary increases for Supreme Court justices or district judges for the 2003-05 biennium. The budget as submitted by the judicial branch provided for salary increases of approximately 3 percent for the first year of the biennium and 3 percent for the second year of the biennium for judges, and 3 percent for the first year of the biennium and 2 percent for the second year of the biennium for justices.

For each judge, the following schedule shows the current salary and the salary authorized by the 2003 Legislative Assembly:

	Statutory Annual Salary Authorized by 2001 Legislative Assembly		Statutory Annual Salary Authorized by 2003 Legislative Assembly Continuation of Increase Effective July 1, 2002	
	July 1, 2001	July 1, 2002	Effective July 1, 2002	Effective July 1, 2002
Supreme Court Chief Justice	\$94,858	\$102,021	\$102,021	\$102,021
Other Supreme Court justices	\$92,289	\$99,122	\$99,122	\$99,122
District court presiding judges	\$86,754	\$93,343	\$93,343	\$93,343
Other district court judges	\$84,765	\$90,671	\$90,671	\$90,671

\1 Pay equity adjustments were provided on January 1, 2002, for elected officials being paid less than similar positions in neighboring states.

* Was not provided a pay equity increase on January 1, 2002.

ANALYSIS OF THE STATE BONDING FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$4,903,455	\$4,819,455
Add estimated revenues		
Investment income	(\$85,000)	\$100,000
State bonding fund claims collections	80,000	80,000
Other income	6,000	6,000
Total estimated revenues	1,000	186,000
Total available	\$4,904,455	\$5,005,455
Less estimated expenditures		
Insurance Department - Administration (2001 HB 1010; 2003 SB 2010)	\$25,000 ¹	\$35,000
Transfer to state general fund (2003 SB 2015)	0	2,800,000
State bonding claims losses	35,000	140,000
Claims-related payments	25,000	25,000
Total estimated expenditures	85,000	3,000,000
Estimated ending balance	\$4,819,455	\$2,005,455

NOTE: The state bonding fund was created in 1915 and is maintained for bond coverage of public employees. The state bonding fund is managed by the Insurance Commissioner and the amount of coverage provided to each state agency, department, industry, and institution is determined by the commissioner based upon the amount of money and property handled and the opportunity for default. North Dakota Century Code Section 26.1-21-09, as amended by the 2003 Legislative Assembly in Senate Bill No. 2015, provides that premiums for bond coverage are to be determined by the Insurance Commissioner but can be waived if the state bonding fund's balance is in excess of \$2 million. Provisions of 2003 SB 2015 lowered the minimum fund balance from \$2.5 million to \$2 million. No premium has been charged possibly since 1953 because the bonding fund's balance has exceeded the minimum level established by the Legislative Assembly.

¹ The 2001 Legislative Assembly provided a \$67,431 special funds appropriation of \$67,431 from the state bonding fund for bonding fund administrative expenses for the 2001-03 biennium. The department is currently estimating to spend only \$25,000 of the \$67,431 special funds appropriation.

ANALYSIS OF THE CAPITOL BUILDING FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$61,885	\$144,024
Add estimated revenues		
Investment income	\$6,099	\$14,221
Rentals, royalties, bonuses, and contracts	179,708	173,280
Total estimated revenues	185,807	187,501
Total available	\$247,692	\$331,525
Less estimated expenditures		
Administrative expenses	\$23,178	\$22,525
Income payments to counties	5,490 ¹	5,071 ¹
Capitol Grounds Planning Commission operating expenses - 2001 HB 1015; 2003 SB 2015	25,000	25,000
Capitol Grounds Planning Commission - Continuing appropriation	50,000	50,000
Total estimated expenditures	103,668	102,596
Ending balance	\$144,024	\$228,929

NOTE: The analysis reflects the legislative appropriation for the 2003-05 biennium and does not include the land owned by the fund.

¹ The 1999 Legislative Assembly passed Senate Bill No. 2088 which provides that the Board of University and School Lands is to pay a fee to the board of county commissioners of each county in which the state retains original grant lands. The total fees paid may not exceed 5 percent of the net revenue generated from the original grant lands in that county during the year preceding the payment. The board of county commissioners is to forward a prorated portion of any fees received to the organized townships in which the original grant lands are located. The funds are to be used for repair, maintenance, and construction of roads and bridges. Any remaining funds are to be used by the county for repair, maintenance, and construction of roads and bridges in unorganized townships in which the original grant lands are located.

**ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND INVESTMENT
AND INTEREST INCOME FOR THE 2001-03 AND 2003-05 BIENNIUMS**

	2001-03 Biennium	2003-05 Biennium
Beginning balance - Investment and interest income	\$0 ¹	\$56,080 ¹
Add estimated revenues		
Investment income	\$1,695,911	\$857,530
School construction loan income	1,263,090	1,580,000
Oil, gas, and coal impact loan income	385,890	285,000
Total estimated revenues	3,344,891	2,722,530
Total available	\$3,344,891	\$2,778,610
Less estimated expenditures and transfers		
Administrative expenses	\$17,776	\$14,760
Transfer to the general fund	3,271,035	2,700,000
Total estimated expenditures and transfers	3,288,811	2,714,760
Estimated ending balance - Investment and interest income	\$56,080 ²	\$63,850 ²

NOTE: North Dakota Century Code (NDCC) Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota provide that the income from the coal development trust fund must be used first to replace any uncollectible loans made from the fund and any remaining income must be deposited in the state general fund. The amounts shown on the preceding analysis include only the income in excess of any allowance for uncollectible loans made from the fund and do not include any revenues or expenses affecting the permanent fund balance.

¹ Beginning balance - July 1, 2001, and 2003 - The beginning balance does not include the value of permanent assets of the coal development trust fund which must be maintained pursuant to NDCC Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota. As of March 31, 2003, the total value of permanent fund assets was \$56.2 million, of which \$32.4 million was school construction loans receivable, \$3 million was coal, oil, and gas impact loans receivable, and \$20.8 million was either invested or was a receivable of investment or other earnings.

² Estimated ending balance - The estimated ending balance does not include the value of permanent assets of the coal development trust fund which must be maintained pursuant to NDCC Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota. As of March 31, 2003, the total value of permanent fund assets was \$56.2 million, of which \$32.4 million was school construction loans receivable, \$3 million was coal, oil, and gas impact loans receivable, and \$20.8 million was either invested or was a receivable of investment or other earnings.

FUND HISTORY

The coal development trust fund originated in 1979 with passage of House Bill No. 1257, now codified as various sections of NDCC Chapter 57-62. In 1980 the voters of North Dakota approved constitutional measure No. 5, creating Article X, Section 21, of the Constitution of North Dakota and establishing the coal development trust fund as a constitutional trust fund.

North Dakota Century Code Section 57-62-02 provides that 30 percent of the coal severance tax must be deposited in the coal development trust fund. Section 57-62-02 provides that the Board of University and School Lands shall administer the fund and use money in the fund for loans to coal-impacted counties, cities, and school districts and for loans to school districts for school construction.

North Dakota Century Code Section 57-61-01.5 provides that 70 percent of the money deposited in the coal development trust fund must be transferred to the lignite research fund. Consequently, 30 percent of the coal severance taxes deposited in the fund (4.5 percent of total coal severance taxes collected) remain in the coal development trust fund to be used for the purposes provided in Section 57-62-02.

ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$5,290,078	\$5,528,378
Add estimated revenues		
Transfers to date from the tobacco settlement trust fund	\$5,333,055 ¹	
Remaining transfers from the tobacco settlement trust fund		\$4,594,414
Total estimated revenues	5,333,055 ²	4,594,414 ²
Total available	\$10,623,133	\$10,122,792
Less estimated expenditures		
State Department of Health		
Tobacco prevention and control (2001 SB 2004; 2003 HB 1004)	\$4,700,000 ³	\$4,700,000 ³
Dentists' loan program (2001 SB 2276; 2003 HB 1004)	80,000 ⁴	380,000 ⁴
Community health grants (2001 SB 2380; 2003 SB 2297)	200,000 ⁵	750,000 ⁵
Tobacco "quit line" (2003 HB 1004)	0	680,000 ⁶
Department of Human Services		
Breast and cervical cancer assistance (2001 HB 1472; 2003 SB 2012)	114,755 ⁷	114,755 ⁷
Total estimated expenditures	5,094,755 ³	6,624,755 ³
Estimated ending balance	\$5,528,378 ⁴	\$3,498,037

¹ As of May 1, 2003, nine transfers have been made from the tobacco settlement trust fund totaling \$5,333,055. Total transfers of \$10,623,133 have been made to date from the tobacco settlement trust fund to the community health trust fund.

² Revenues - Interest earned on the community health trust fund is deposited in the state general fund. The tobacco settlement revenues for the community health trust fund were estimated to be \$6,114,358 for the 2001-03 biennium at the end of the 1999 legislative session. The decrease in the amount of revenues collected from the tobacco settlement trust fund of \$781,303 is the result of volume adjustments made to payments received. A volume adjustment is an adjustment made to a settlement payment to reflect increases or decreases in tobacco manufacturers' operating income from cigarette sales. The original estimate was calculated before the anticipated effect of volume adjustments on tobacco settlement collections was determined. The revenues for the community health trust fund originally estimated during the 1999 legislative session and the estimated collections as revised by the Office of Management and Budget to reflect anticipated volume adjustments are:

Biennium	1999 Original Estimated Collections	Office of Management and Budget Revised Estimated Collections
1999-2001	\$5,759,377	\$5,290,078
2001-03	6,114,358	5,333,055
2003-05	5,127,121	4,594,414
2005-07	5,127,121	4,594,414
2007-17 (\$8,223,108/\$7,368,727 per biennium)	41,115,540	36,843,633
2017-25 (\$5,859,149/\$5,250,383 per biennium)	23,436,596	21,001,532
Total	\$86,680,113	\$77,657,126

³ 1999 House Bill No. 1475 (North Dakota Century Code (NDCC) Section 54-27-25) provides that money in the community health trust fund may be used by the State Department of Health, subject to legislative appropriation, for community-based public health programs and other public health programs, including programs with

emphasis on preventing or reducing tobacco usage. The Legislative Assembly provided an appropriation of \$4.7 million, the same as the 2001-03 biennium appropriation, to the State Department of Health for tobacco prevention and control programs.

⁴ 2001 Senate Bill No. 2276 provided an appropriation of \$180,000 to the State Health Council for a dentists' loan repayment program. Each year the State Health Council is to select up to three dentists who agree to provide dental services in the state. The dentists are eligible to receive funds for the repayment of their educational loans. The funds are payable over a four-year period and may not exceed \$80,000 per applicant. The 2001 Legislative Assembly added intent to Senate Bill No. 2276 that the 2003 Legislative Assembly provide sufficient funds for continuation of the program. The annual selection of the dentists is to be based on the size of the community that will be served as follows:

- One dentist serving a community with less than 2,500 residents.
- One dentist serving a community with less than 10,000 residents.
- One dentist serving a community with 10,000 or more residents.

Three dentists were accepted into the program during the 2001-03 biennium, two serving communities over 10,000 residents (both Minot) and one serving a community with less than 2,500 residents (Larimore). Actual 2001-03 expenditures are anticipated to be \$80,000, due to only one dentist applying for the four available loan repayment programs for dentists who agree to practice in a community with less than 10,000 residents. The Legislative Assembly, as provided in 2003 Senate Bill No. 2378, changed the dental loan repayment program effective for the 2003-05 biennium from requiring one dentist from each of the community size categories to providing the highest priority for acceptance into the program to dentists willing to serve the smallest and most underserved communities in North Dakota.

⁵ The community health grant program was established in 2001 Senate Bill No. 2380 (NDCC Section 23-38-01) with the intent to prevent or reduce tobacco usage. The 2001 Legislative Assembly appropriated \$350,000 for funding the Community Health Grant Advisory Committee (\$100,000) and to provide grants to cities and counties for tobacco education and cessation programs (\$250,000). The State Department of Health estimates actual 2001-03 biennium expenditures for city and county government cessation programs to be \$100,000. The Legislative Assembly, as provided in 2003 Senate Bill No. 2297, appropriated \$600,000 for funding the Community Health Grant Advisory Committee (\$100,000) and for providing for city, county, and state employee tobacco education and cessation programs (\$500,000). In addition, the Legislative Assembly authorized any unexpended 2001-03 appropriated funds for city and county tobacco cessation and education programs, estimated to be \$150,000, to be carried forward to the 2003-05 biennium. The grants to cities and counties for cessation programs are to be matched with a \$1 local match for every \$3 of state funds.

⁶ The Legislative Assembly appropriated \$680,000 for establishing a telephone tobacco "quit line."

⁷ The Legislative Assembly appropriated \$114,755, the same as the 2001-03 biennium, to the Department of Human Services for providing medical assistance coverage for women screened and found to have breast and cervical cancer.

FUND HISTORY

The community health trust fund was created by the 1999 Legislative Assembly through passage of House Bill No. 1475. This bill creates a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund must be transferred as follows, within 30 days of its deposit in the fund:

- Ten percent to the community health trust fund.
- Forty-five percent to the common schools trust fund.
- Forty-five percent to the water development trust fund.

ANALYSIS OF THE ENVIRONMENT AND RANGELAND PROTECTION FUND 2001-03 AND 2003-05 BIENNIUMS

	<u>2001-03 Biennium</u>	<u>2003-05 Biennium</u>
Beginning balance	\$1,079,213	\$702,398
Add estimated revenues	<u>2,700,000¹</u>	<u>2,705,000¹</u>
Total available	\$3,779,213	\$3,407,398
Less estimated expenditures		
Agriculture Commissioner		
Noxious weed control (2001 HB 1009; 2003 SB 2009)	\$1,404,602	\$1,494,285
Pesticide disposal project (Safe Send) (2001 HB 1009; 2003 SB 2009)	596,842	307,436
Pesticide programs (2001 HB 1009; 2003 SB 2009)	314,620	387,732
Agriculture in the classroom program (2003 SB 2009)		50,000
Employee compensation package	25,751	
Saltcedar control (2003 SB 2319)		250,000
Pesticide Control Board		
Minor use pesticide registration (2001 HB 1497; 2003 SB 2009)	500,000 ²	200,000 ²
Crop Protection Product Harmonization and Registration Board		
Crop protection product registration and labeling and grants (2001 HB 1328; 2003 SB 2009)	35,000 ³	25,000 ³
State Department of Health		
Ground water testing (2001 SB 2004; 2003 HB 1004)	200,000	200,000
North Dakota Stockmen's Association environmental services program (2003 HB 1004)		50,000
Agricultural Experiment Station		
Chemical storage expenditures (2003 HB 1021)		<u>120,000</u>
Total estimated expenditures	<u>3,076,815</u>	<u>3,084,453</u>
Estimated ending balance	<u><u>\$702,398</u></u>	<u><u>\$322,945</u></u>

¹ The 1999 Legislative Assembly approved Senate Bill No. 2009 which included a provision increasing the biennial pesticide registration fee by \$50, from \$300 to \$350 only for the 1999-2001 biennium. The 2001 Legislative Assembly approved House Bill No. 1009 which extended the \$350 biennial pesticide registration fee for the 2001-03 biennium. This increase was estimated by the 2001 Legislative Assembly to generate \$416,650, resulting in \$2,499,900 total estimated revenues to be deposited in the environment and rangeland protection fund. The additional \$200,100 increase in estimated revenues is due to a higher number of products registered than previously anticipated. House Bill No. 1066 (2003) provides for a Project Safe Send pesticide and pesticide container collection user fee for rinsate. The rinsate collection fee is to be established at a level that will generate enough revenue to cover the cost of disposal associated with the rinsate that is collected. This fee is estimated to generate \$5,000 in additional revenues to be deposited in the environment and rangeland protection fund. Senate Bill No. 2319 (2003) extends the \$350 pesticide registration fee for the 2003-05 biennium. This increase is estimated to generate \$450,000, resulting in \$2,705,000 total estimated revenues to be deposited in the environment and rangeland protection fund during the 2003-05 biennium.

² This amount is transferred to the minor use pesticide fund and appropriated to the Crop Protection Product Harmonization and Registration Board on a continuing basis. House Bill No. 1328 (2001) changed the control of the minor use pesticide fund from the Agriculture Commissioner to the Crop Protection Product Harmonization and Registration Board.

³ The 2001 Legislative Assembly in House Bill No. 1328 and House Bill No. 1009 created the Crop Protection Product Harmonization and Registration Board. The duties of the board consists of the following:

Identify and prioritize crop protection product labeling needs.

Explore the extent of authority given to North Dakota under the federal Insecticide, Fungicide, and Rodenticide Act.

Identify the data necessary to enable registration of a use to occur in a timely manner.

Determine what research, if any, is necessary to fulfill data requirements for responsibilities of the board.

Request the Agriculture Commissioner to pursue specific research funding options from public and private sources.

Request the North Dakota State University Agriculture Experiment Station to pursue specific research to coordinate registration efforts.

Pursue any opportunities to make more crop protection product options available to agriculture producers in this state through any means the board determines advisable.

The board may administer a grant program through which agriculture commodity groups may apply for funds to be used to address issues related to the registration of crop protection products.

The members of the Crop Protection Product Harmonization and Registration Board consist of the following:

The Governor or the Governor's designee (chairman).

The Agriculture Commissioner or the commissioner's designee.

The chairman of the House Agriculture Committee or the chairman's designee.

The chairman of the Senate Agriculture Committee or the chairman's designee.

A member of the House or Senate Agriculture Committee who is not a member of the faction in which the committee chairman is a member, appointed by the Legislative Council chairman.

A crop protection product dealer in the state appointed by the Governor from a list of three nominees submitted by the North Dakota Agricultural Association.

A consumer of crop protection products appointed by the Governor from a list of three nominees submitted by the North Dakota Grain Growers Association.

A consumer of crop protection products appointed by the Governor from a list of three nominees submitted by the North Dakota Oilseed Council.

A representative of the crop protection product manufacturing industry appointed by the chairman of the Legislative Council (nonvoting).

The director of the Agricultural Experiment Station (nonvoting).

North Dakota Century Code Section 19-18-02.1 created by 1991 Senate Bill No. 2451 establishes the environment and rangeland protection fund. The fund contains collections from pesticide registration fees. The biennial fee is \$350 per pesticide product registered in the state for the 1999-2001 biennium and the 2001-03 biennium. Of this amount, \$300 is deposited in the environment and rangeland protection fund and \$50 in the general fund. The 2003 Legislative Assembly extended the \$350 pesticide registration fee through June 30, 2005, after which the fee reverts to \$300 for a two-year period, of which \$250 is deposited in the environment and rangeland protection fund and \$50 in the general fund.

ANALYSIS OF THE FIRE AND TORNADO FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$16,688,094	\$14,442,949
Add estimated revenues		
Premium collections	\$7,460,000	\$7,500,000
Investment income	(200,000)	800,000
Boiler inspection fees	280,000	280,000
Loss claims and insurance recoveries	2,590,000	2,300,000
Anhydrous ammonia storage facility inspection fund (2001 HB 1010; 2003 SB 2010)	75,000	175,000
	10,205,000	11,055,000
Total estimated revenues	10,205,000	11,055,000
Total available	\$26,893,094	\$25,497,949
Less estimated expenditures		
Loss claims payments	\$8,650,000	\$8,650,000
Insurance Department administration (2001 HB 1010; 2003 SB 2010) and anhydrous ammonia tank inspection costs	831,145	988,576
State Fire Marshal program (2001 HB 1003; 2003 SB 2003)	143,000 ¹	300,000
Firefighter's Association grants (2001 HB 1015; 2003 SB 2015)	126,000	126,000
Claims-related payments	2,700,000	2,870,000
Total estimated expenditures	12,450,145	12,934,576
Estimated ending balance	\$14,442,949	\$12,565,373

NOTE: The state fire and tornado fund originated in 1919. The fund is maintained to insure the various political subdivisions and state industries against loss to public buildings and permanent fixtures. North Dakota Century Code Section 26.1-22-14 requires that if the fire and tornado reserve balance is less than \$12 million, the Insurance Commissioner must increase assessments on policies.

¹ The 2001 Legislative Assembly provided the Attorney General a special funds appropriation of \$385,143 from the state fire and tornado fund for defraying the expenses relating to the State Fire Marshal program for the 2001-03 biennium. The Attorney General is currently estimating to spend only \$143,000 of the \$385,143 special funds appropriation.

ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$10,517,143	\$9,071,563
Add estimated revenues		
Oil extraction tax allocations	\$4,055,059 ¹	\$4,758,764 ³
Total available	\$14,572,202	\$13,830,327
Less estimated expenditures		
Transfer to foundation aid program	\$5,500,639 ²	\$0 ²
Estimated ending balance	\$9,071,563	\$13,830,327

¹ 2001-03 estimated revenues - Based on actual oil extraction tax allocations through April 2003 and estimated allocations for the remainder of the 2001-03 biennium per the April 2003 executive revenue forecast.

² Estimated expenditures - As provided in Article X, Section 24, of the Constitution of North Dakota, the principal of the foundation aid stabilization fund can only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. For the 2001-03 biennium, funding of \$5,500,639 was transferred to the Department of Public Instruction to offset a reduction in state school aid and special education payments resulting from a 1.05 percent budget allotment ordered by Governor Hoeven in July 2002. No revenue shortfall is currently anticipated for the 2003-05 biennium.

³ 2003-05 estimated revenues - Based on the estimated allocations for the 2003-05 biennium per the April 2003 executive revenue forecast.

FUND HISTORY

The foundation aid stabilization fund was created in 1994 when the voters of North Dakota approved a constitutional amendment, now Article X, Section 24, of the Constitution of North Dakota, to provide that 20 percent of oil extraction tax revenue be allocated as follows:

Fifty percent (of the 20 percent) to the common schools trust fund.

Fifty percent (of the 20 percent) to the foundation aid stabilization fund.

The principal of the foundation aid stabilization fund may only be spent upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. North Dakota Century Code Section 54-44.1-12 provides that the director of the budget may order an allotment to control the rate of expenditures of state agencies. This section provides that an allotment must be made by specific fund and all departments and agencies that receive money from a fund must be allotted on a uniform percentage basis, except that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund.

Article X, Section 24, of the Constitution of North Dakota, provides that the interest income of the foundation aid stabilization fund must be transferred to the state general fund on July 1 of each year. However, the State Treasurer's office allocates the interest income to the general fund on a monthly basis. For the 2001-03 biennium, through May 2003, \$219,053 of interest from the foundation aid stabilization fund has been allocated to the state general fund.

ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$39,147,532	\$27,044,587
Add estimated revenues		
2000 government nursing facility funding pool payment (July 2001)	\$15,398,174	
2001 government nursing facility funding pool payment (July 2002)	19,572,290	
2002 government nursing facility funding pool payment (July 2003)		\$12,430,686
2003 government nursing facility funding pool payment (July 2004)		6,165,373
Investment earnings (market loss through February 2003)	(1,659,018)	
Loan repayments - Principal and interest	252,000	1,064,504
Total estimated revenues	33,563,446	19,660,563
Total available	\$72,710,978	\$46,705,150
Less estimated expenditures		
Department of Human Services		
Grants - 1999-2001 commitments - Department estimate (\$100,226 appropriated)	\$8,183	
Loans - 1999-2001 commitments	2,696,435	
Loans - 2001-03 biennium	9,303,565	
Service payments for elderly and disabled (SPED)	6,898,302	
Health Insurance Portability and Accountability Act (HIPAA) computer project - State matching and other technology projects	3,000,000	
Basic care employee compensation enhancement	202,080	
Basic care facility personal care allowance increase	180,000	
Nursing home bed reduction incentive	4,000,000	
Nursing facility employee compensation enhancement	8,189,054	
Nursing facility rate limit increases resulting from rebasing	681,846	
Nursing facility and intermediate care facility for the mentally retarded personal care allowance increase	309,600	
Qualified service provider training grants (\$140,000 appropriated) (pending reduction from \$140,000)	50,000	
Senior citizen mill levy match	250,000	
Medical assistance - Targeted case management	338,530	
Independent living center grants (pending removal of \$100,000 in 2003-05)	100,000	
Statewide long-term care needs assessment (\$241,006 appropriated)	237,285	
Administrative costs	71,158	
Medical assistance deficiency appropriation (2003 SB 2025)	7,506,238	

Nursing facility deficiency appropriation (2003 HB 1200)	850,000		
State Department of Health			
Quick response unit pilot project	225,000		\$225,000
Scholarship and nurses student loan repayment grant program	489,500		489,500
Bank of North Dakota administrative fee	79,615		79,615
Transfer to general fund (2003 SB 2012)			<u>35,911,035</u>
Total estimated expenditures and transfers		<u>45,666,391</u>	<u>36,705,150</u>
Ending balance		<u>\$27,044,587¹</u>	<u>\$10,000,000</u>

¹ Section 39 of House Bill No. 1196 provides that the State Treasurer may not approve payments from the fund that would reduce the fund's unobligated balance below \$13 million except for payments to repay the federal government for disputed claims until the Department of Human Services certifies to the State Treasurer that the federal Health Care Financing Administration's claim for the return of \$13 million of the state's first-year (FY 2000) payment has been resolved. The department has certified to the State Treasurer that the federal government will not require the state to return the \$13 million from the state's first-year claim.

The health care trust fund was established by the 1999 Legislative Assembly (Senate Bill No. 2168) for providing nursing alternative loans or grants. The 2001 Legislative Assembly in House Bill No. 1196 provided that money in the fund may be transferred to the long-term care facility loan fund for nursing facility renovation projects and used for other programs as authorized by the Legislative Assembly. Money is generated for the health care trust fund as a result of the Department of Human Services making government nursing facility funding pool payments to two government nursing facilities--McVille and Dunseith. Payments are made based on the average amount Medicare rates exceed Medicaid rates for all nursing care facilities in the state multiplied by the total of all Medicaid resident days of all nursing homes. Federal Medicaid funds are available for these payments and require a state match. Payments are made to the two government nursing facilities and are subsequently returned to the state, less a \$50,000 transaction fee retained by each of the two government nursing facilities. Once returned to the state, the state's matching share is returned to its source, and the federal funds are deposited in the health care trust fund. Money in the fund is invested by the State Investment Board and any investment earnings are retained in the fund. The federal government has adopted rules to eliminate this inter-governmental transfer program. As a result, North Dakota's final intergovernmental transfer payment is expected to be received in July 2004.

ANALYSIS OF THE LANDS AND MINERALS TRUST FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$2,053,626	\$476,674
Add estimated revenues		
Production royalties	\$2,231,006	\$2,318,000
Mineral leases	90,440	100,000
Oil and gas bonuses	104,959	178,634
Investment earnings	195,458	66,764
Loan repayments from facilities providing services to the developmentally disabled (1983 SB 2020; 1985 SB 2249)	1,593,829	2,367,717 ²
	<u>4,215,692</u>	<u>5,031,115</u>
Total estimated revenues	<u>\$6,269,318</u>	<u>\$5,507,789</u>
Total available		
Less estimated expenditures and transfers		
Payments to common schools trust fund - DD loan fund Nos. 2 and 3 (2001 HB 1012; 2003 SB 2012)	\$2,077,969 ¹	\$3,261,556 ³
Industrial Commission - Oil and Gas Division		
Transfer to the general fund (2001 HB 1015; 2003 SB 2015)	3,545,102	2,000,000
Administrative costs/other fees	169,573	195,000
	<u>5,792,644</u>	<u>5,456,556</u>
Total estimated expenditures and transfers	<u>\$476,674</u>	<u>\$51,233</u>
Estimated ending balance	<u>\$476,674</u>	<u>\$51,233</u>

¹ The 2001-03 biennium appropriation in 2001 House Bill No. 1012 totals \$2,261,556.

² The Legislative Assembly increased anticipated payments relating to DD loans by \$1 million to reflect potential loan prepayments.

³ Although the Land Department anticipates actual payments to the common schools trust fund to total \$2,077,969 during the 2003-05 biennium, 2003 Senate Bill No. 2012 appropriates \$3,261,556 to reflect potential loan prepayments or other loan activity.

FUND HISTORY

The lands and minerals trust fund originated in 1977 when the Legislative Assembly transferred to the Board of University and School Lands possessory interest in properties obtained by the Bank of North Dakota, including tracts of real property and reserved mineral interests. All income from the sale, lease, and management of the mineral interests relating to these properties is deposited in the lands and minerals trust fund, pursuant to North Dakota Century Code Section 15-08.1-08.

The principal and interest of the trust fund may be used only for purposes approved by the Legislative Assembly.

ANALYSIS OF THE LIGNITE RESEARCH FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$11,812,939	\$10,105,000
Add estimated revenues		
Separate two-cent coal severance tax	\$1,237,023	\$1,200,000
Fifty percent of coal severance taxes deposited in the coal development trust fund (result of passage of measure No. 3 in June 1990)	3,479,195	3,375,000
Twenty percent of coal severance taxes deposited in the coal development trust fund (committed to clean coal projects) (result of passage of constitutional amendment passed by voters in June 1994)	1,391,584	1,350,000
Investment income on Dakota Gasification Company ammonia plant project	97,860	
Interest income	273,182	240,000
Total estimated revenues	6,478,844	6,165,000
Total available	\$18,291,783	\$16,270,000
Less estimated expenditures		
Lignite marketing feasibility study	\$1,360,000	\$1,300,000
Administration and development of the lignite research, development, and marketing program (includes funding for clean coal demonstration projects and bond payments)	6,826,783 ^{1,2}	14,970,000 ^{1,2}
Total estimated expenditures	8,186,783	16,270,000 ³
Ending balance	\$10,105,000	\$0

NOTE: North Dakota Century Code Section 57-61-01.5(2) and Article X, Section 21, of the Constitution of North Dakota provide for 70 percent of the taxes collected and deposited in the coal development trust fund to be deposited in the lignite research fund. The remaining 30 percent of the funds deposited in the coal development trust fund are to be held in trust and administered by the Board of University and School Lands, which has the authority to invest the funds, and may, as provided by law, lend money from the fund to political subdivisions.

¹ The Industrial Commission has a policy stating that 30 percent of lignite research fund income will be used for small research projects and 70 percent for large demonstration research projects. The commission has further directed that no single large demonstration project can receive more than 37.5 percent of available funds.

² The Industrial Commission has waived the fund allocation policy and has committed \$11,572,540 through the 2007-09 biennium with \$2,235,040 anticipated to be spent during the 2001-03 biennium, \$1,537,500 anticipated to be spent during the 2003-05 biennium, and the remaining \$7,800,000 during 2005-07 biennium for the Lignite Vision 21 program. The object of the Lignite Vision 21 program is to construct new lignite-fired power plants in North Dakota.

³ The 2003 Legislative Assembly appropriated \$16,270,000 for lignite research grants; however, at the present time the Industrial Commission anticipates spending \$10,256,502 for lignite research grants during the 2003-05 biennium.

ANALYSIS OF THE PERMANENT OIL TAX TRUST FUND 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$13,179,298 ¹	\$11,910,000
Add estimated revenues		
Oil and gas production tax and oil extraction tax collections	\$6,674,494	\$734,700
Total estimated revenues	6,674,494 ²	734,700 ⁵
Total available	\$19,853,792	\$12,644,700
Less estimated expenditures		
Department of Human Services deficiency appropriation (Section 2 of 2003 Senate Bill No. 2025)	\$7,943,792 ³	\$0
Transfer to the general fund (Section 6 of 2003 Senate Bill No. 2015)	0	11,910,000
Total estimated expenditures	7,943,792 ⁴	11,910,000 ⁴
Estimated ending balance	\$11,910,000	\$734,700

NOTE: North Dakota Century Code (NDCC) Section 57-51.1-07.2 (1997 Senate Bill No. 2366) establishes a permanent oil tax trust fund and provides that at the end of each biennium beginning after June 30, 1997, all revenues deposited in the general fund during that biennium and derived from taxes imposed on oil and gas under Chapters 57-51 (Oil and Gas Gross Production Tax) and 57-51.1 (Oil Extraction Tax) which exceed \$62 million are to be transferred into the permanent oil tax trust fund. The State Treasurer is to transfer the interest earned on the fund to the general fund at the end of each fiscal year. Section 26 of 2003 Senate Bill No. 2015 amends Section 57-51.1-07.2 to provide that all revenue deposited in the general fund during that biennium and derived from taxes imposed on oil and gas and which exceed \$71 million, rather than \$62 million, must be transferred to the permanent oil tax trust fund.

¹ Beginning balance - July 1, 2001 - The general fund revenues derived from oil and gas production taxes and oil extraction taxes totaled \$75,179,298 for the 1999-2001 biennium. Since revenues exceeded the \$62 million statutory limit, \$13,179,298 was transferred into the permanent oil tax trust fund on June 30, 2001. Any interest earned is deposited in the general fund.

² Estimated revenues - 2001-03 - The revised revenue forecast for the 2001-03 biennium projects oil and gas production tax and oil extraction tax revenues deposited in the general fund to exceed \$62 million by \$6,674,494. Therefore, there is a projected transfer of \$6,674,494 to the permanent oil tax trust fund at the end of the biennium.

³ Deficiency payment - Section 2 of 2003 Senate Bill No. 2025 provides an appropriation of \$7,943,762 from the permanent oil tax trust fund to the Department of Human Services for certain medical assistance expenses.

⁴ Estimated expenditures - Pursuant to NDCC Section 57-51.1-07.2, the principal of the permanent oil tax trust fund may only be spent upon a two-thirds vote of the members elected to each house of the Legislative Assembly.

⁵ Estimated revenues - 2003-05 - The revenue forecast for the 2003-05 biennium projects sufficient oil and gas production tax and oil extraction tax revenues to transfer \$734,700 into the permanent oil tax trust fund. Section 26 of 2003 Senate Bill No. 2015 amends NDCC Section 57-51.1-07.2 to provide that all revenue deposited in the general fund which exceeds \$71 million must be transferred to the permanent oil tax trust fund. The 2003-05 biennium oil and gas production tax and oil extraction tax revenues are projected to exceed \$71 million by \$734,700, including the effect of 2003 House Bill No. 1145 which provides for a 24-month exemption from gross production tax for new or recompleted shallow gas wells, which is anticipated to reduce oil and gas production tax by \$13,300.

ANALYSIS OF THE RESOURCES TRUST FUND 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$14,727,288	\$3,695,891
Add estimated revenues		
Oil extraction tax collections	\$8,173,330	\$9,398,037
Repayments and reimbursements	1,815,739	1,800,704
Investment earnings/miscellaneous	697,565	89,962
Total estimated revenues	10,686,634	11,288,703
Total available	\$25,413,922	\$14,984,594
Less estimated expenditures		
State Water Commission		
Grants and administration (2001 HB 1023; 2003 SB 2022)	\$21,718,031 ¹	\$13,650,000 ²
Total estimated expenditures	21,718,031	13,650,000
Ending balance	\$3,695,891	\$1,334,594

NOTE: The resources trust fund was created pursuant to passage of measure No. 6 in the November 1980 general election. Measure No. 6 created a 6.5 percent oil extraction tax, 10 percent of which was to be allocated to the resources trust fund. In June 1990 the Constitution of North Dakota was amended to establish the resources trust fund as a constitutional trust fund and provide that the principal and income of the fund could be spent only upon legislative appropriations for:

- Constructing water-related projects, including rural water systems.
- Energy conservation programs.

In November 1994 the voters of North Dakota approved a constitutional amendment, which is now Article X, Section 24, of the Constitution of North Dakota, to provide that 20 percent of oil extraction taxes be allocated as follows:

- Fifty percent (of the 20 percent) to the common schools trust fund.
- Fifty percent (of the 20 percent) to the foundation aid stabilization fund.

North Dakota Century Code Section 57-51.1-07 provides that oil extraction tax revenues be distributed as follows:

- Twenty percent to the resources trust fund.
- Twenty percent allocated as provided in Article X, Section 24, of the Constitution of North Dakota.
- Sixty percent to the state general fund.

¹ Section 3 of 2001 House Bill No. 1023 appropriated \$21,718,031 from the resources trust fund to the State Water Commission. The State Water Commission has available 2001-03 biennium spending authority from the water development trust fund and the resources trust fund and has indicated the actual ending balance may be higher depending on the funding source used for remaining water project expenditures.

² The Legislative Assembly appropriated \$13,650,000 from the resources trust fund to the State Water Commission for water development projects. Section 10 of Senate Bill No. 2022 provides if 2003-05 biennium revenues are in excess of \$13,650,000, any excess is appropriated to the State Water Commission, subject to Emergency Commission approval.

ANALYSIS OF THE RISK MANAGEMENT FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$2,263,605	\$452,008
Add estimated revenues		
Premiums	\$3,613,938 ¹	\$4,131,567 ²
Total estimated revenues	3,613,938	4,131,567
Total available	\$5,877,543	\$4,583,575
Less estimated expenditures		
Administration - 2001 HB 1015; 2003 SB 2015	\$891,067	\$730,002
Claims-related expenses - Continuing appropriation	2,073,468	942,010
Claims and litigation	2,461,000	2,578,000
Total estimated expenditures	5,425,535	4,250,012
Ending balance	\$452,008	\$333,563

NOTE: The analysis reflects the Hoeven executive budget recommendations for the 2003-05 biennium.

¹ In response to an actuarial review completed in 2000 by Aon Risk Services, the Risk Management Division has assessed a total of \$3,613,938 in risk management premiums to state agencies, boards and commissions, and the North Dakota University System for the 2001-03 biennium.

² In response to an actuarial review completed in 2002 by Aon Risk Services, the Risk Management Division plans to assess a total of \$5,397,553 in risk management premiums to state agencies, boards and commissions, and the North Dakota University System for the 2003-05 biennium. State Fleet Services and the Department of Human Services have a credit of \$1,265,986 because of previous overpayment of federal funds for these agencies into the North Dakota insurance risk fund (NDIRF). When this credit is applied to the premiums, a total of \$4,131,567 is projected to be collected during the 2003-05 biennium.

FUND HISTORY

In September 1994 the North Dakota Supreme Court abolished the doctrine of sovereign immunity. As a result of this court decision, the 1995 Legislative Assembly passed the Tort Claims Act (1995 Senate Bill No. 2080) which created a risk management fund and assigned the responsibility of administering a risk management program to the Office of Management and Budget.

ANALYSIS OF THE STATE AID DISTRIBUTION FUND 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$0	\$0
Add estimated receipts		
Sales, use, and motor vehicle excise taxes (based on 4/10 of 1%)	66,383,566	69,435,478
Total available	\$66,383,566	\$69,435,478
Less estimated expenditures		
Payments to political subdivisions		
County share (53.7%)	\$35,647,975	\$37,286,852
City share (46.3%)	30,735,591	32,148,626
Total estimated expenditures	66,383,566	69,435,478
Ending balance	\$0	\$0

NOTE: The amounts shown above reflect the 2001-03 revenue forecast and the 2003-05 revenue forecast as approved by the 2003 Legislative Assembly (March 2003).

North Dakota Century Code (NDCC) Section 57-39.2-26.1 provided, prior to January 1, 1999, for the deposit of a portion of sales, use, and motor vehicle excise tax collections equal to 60 percent of an amount determined by multiplying the quotient of 1 percent divided by the general sales tax rate that was in effect when the sales were collected times the net sales, use, and motor vehicle excise tax allocations by the State Treasurer in the state aid distribution fund. The State Tax Commissioner certified to the State Treasurer the portion of sales, use, and motor vehicle excise tax net revenues that were deposited in the state aid distribution fund. The state aid distribution fund had historically been allocated, subject to legislative appropriation, with 50 percent of revenues for state revenue sharing and 50 percent for personal property tax replacement.

The 1997 Legislative Assembly amended NDCC Section 57-39.2-26.1 to provide that, effective January 1, 1999, deposits into the state aid distribution fund are based on an amount equal to 40 percent of 1 percent of the net sales, use, and motor vehicle excise tax collections instead of an amount equal to 60 percent of 1 percent of the net sales, use, and motor vehicle excise tax collections. In addition, a continuing appropriation was added which appropriates all revenues deposited in the state aid distribution fund for payments to political subdivisions.

The 1997 Legislative Assembly also changed the allocation of the state aid distribution fund from 50 percent for personal property tax replacement and 50 percent for revenue sharing to 53.7 percent for counties and 46.3 percent for cities. The allocation for each county includes townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the Southwest Water Authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within the cities. The allocation for each city includes park districts and other taxing districts within the city, excluding school districts. The county allocation to townships must be based on the same percentage allocation that a township received in calendar year 1996.

State revenue sharing funding was allocated to political subdivisions based on population and mill levies, and personal property tax funding was allocated to political subdivisions based on the historic real property taxes levied. The new allocation provides for 53.7 percent of the revenues to be distributed to counties and 46.3 percent to be distributed to cities. The distribution to the counties and cities is based on population categories. Each population category receives a percentage of the county or city share of the total and is then allocated to the counties or cities within the categories based on population. The following chart shows the allocation of the fund to the various county and city population categories:

Population Category			
Counties	Percentage	Cities	Percentage
100,000 or more	10.4	20,000 or more	53.9
40,000 or more but less than 100,000	18.0	10,000 or more but less than 20,000	16.0
20,000 or more but less than 40,000	12.0	5,000 or more but less than 10,000	4.9
10,000 or more but less than 20,000	14.0	1,000 or more but less than 5,000	13.1
5,000 or more but less than 10,000	23.2	500 or more but less than 1,000	6.4
2,500 or more but less than 5,000	18.3	200 or more but less than 500	3.5
Less than 2,500	4.1	Less than 200	2.2
Total	100.0	Total	100.0

House Bill No. 1025 (2003), which becomes effective after July 31, 2003, revises the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 federal census. The bill provides for total distribution percentages to cities and counties to remain at current levels--53.7 percent to counties and 46.3 percent to cities; however, the allocation formula to specific counties and cities will be as follows:

Population Category			
Counties	Percentage	Cities (Based on Population)	Percentage
17 counties with the largest population (allocated equally)	20.48	80,000 or more	19.4
17 counties with the largest population (allocated based on population)	43.52	20,000 or more but less than 80,000	34.5
Remaining counties (allocated equally)	14.40	10,000 or more but less than 20,000	16.0
Remaining counties (allocated based on population)	21.60	5,000 or more but less than 10,000	4.9
		1,000 or more but less than 5,000	13.1
		500 or more but less than 1,000	6.1
		200 or more but less than 500	3.4
		Less than 200	2.6
Total	100.00	Total	100.0

ANALYSIS OF THE STUDENT LOAN TRUST FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium ¹	2003-05 Biennium ¹
Beginning balance	\$60,078,000	\$53,393,000
Add estimated revenues		
Fund earnings	\$4,505,072	\$4,536,000
Total available	\$64,583,072	\$57,929,000
Less estimated expenditures		
Transfers to the general fund	\$9,000,000 ²	\$26,258,969 ³
Fund administration costs	2,190,072	4,980,031
Total estimated expenditures	11,190,072	31,239,000
Estimated ending balance	\$53,393,000	\$26,690,000

¹ This analysis reflects estimated revenues, expenditures, and ending balance for the **1979 bond resolution only**.

² The 2001 Legislative Assembly provided for a \$9,000,000 transfer from the student loan trust fund to the general fund. (Section 13 of 2001 House Bill No. 1015)

³ The 2003 Legislative Assembly provided for the following transfers totaling \$26,258,969 from the student loan trust fund to the general fund:

- Section 12 of Senate Bill No. 2015 - \$11,000,000
- Section 19 of House Bill No. 1003 - \$14,258,969
- Section 6 of House Bill No. 1019 - \$1,000,000

FUND HISTORY

The 1971 Legislative Assembly authorized the Industrial Commission to acquire and hold all unpaid government-guaranteed or reinsured student loans and North Dakota student loans belonging to the state or any of its agencies. As a result, the student loan trust fund was created, which enabled the state to sell tax-exempt bonds and use the proceeds for purchasing student loans made or acquired by the Bank of North Dakota.

The student loan trust fund is not in the business of making loans to students or servicing loans which it acquires. The Bank of North Dakota continues to service those loans which the student loan trust fund holds.

The student loan trust is comprised of funds held under two general bond resolutions. The first general bond resolution includes funds from bonds issued in 1979, 1988, 1989, and 1992. The second general bond resolution referred to as the 1996 bond resolution includes funds from bonds issued in 1996, 1997, 1998, and 2000. All issuances with bonds outstanding are insured by Ambac Insurance Corporation.

Under both of the bond resolutions, assets may only be used for:

- Purchase of student loans.
- Payment of debt service to bondholders.
- Providing financial assistance to the North Dakota Student Loan Guarantee Agency.
- Payment of any rebate liability to the federal government.
- Administration of the student loan trust fund.

After all bonds in a general bond resolution have matured, been redeemed or defeased, and all expenses paid, any remaining assets held under the general bond resolution would be transferred to the Industrial Commission for use at its discretion. In order to use assets held under the general bond resolution for a purpose other than those stated in the general bond resolution, the administrator of the student loan trust fund must receive permission from the bond insurer, and the trustee of the bond (Bank of North Dakota) would have to certify that sufficient reserves remain for bond payments and other related program costs.

The 2003 Legislative Assembly with the passage of Senate Bill No. 2232 authorized the Industrial Commission to issue subordinate or residual bonds of up to \$23 million.

ANALYSIS OF THE TOBACCO SETTLEMENT TRUST FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	2001-03 BIENNIUM	2003-05 BIENNIUM
Beginning balance	\$0	\$0
Add revenues		
Tobacco settlement revenues collected to date	\$53,330,545 ¹	
Projected tobacco settlement revenues		\$45,944,134
Total revenues	53,330,545 ²	45,944,134 ²
Total available	\$53,330,545 ³	\$45,944,134
Less expenditures and transfers		
Transfers to the community health trust fund (10%)	\$5,333,055	\$4,594,414
Transfers to the common schools trust fund (45%)	23,998,745	20,674,860
Transfers to the water development trust fund (45%)	23,998,745	20,674,860
Total expenditures and transfers	53,330,545	45,944,134
Estimated ending balance	\$0	\$0

¹ Nine 2001-03 biennium tobacco settlement payments have been received by the state as of May 15, 2003, totaling \$53,330,545. Total tobacco settlement collections of \$106,231,329 have been received to date by North Dakota.

² Revenues - 1999 House Bill No. 1475 (North Dakota Century Code Section 54-27-25) provides that interest on the money in the tobacco settlement trust fund must be retained in the fund, and the principal and interest must be allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. The interest earned on the money in the tobacco settlement trust fund will increase the amount available for transfers to the other funds. However, because of uncertainty regarding the timing of the receipt of the tobacco settlement proceeds, interest earned on the balance of the tobacco settlement trust fund has not been included in this analysis. Tobacco settlement revenues collected to date have been transferred immediately to the proper trust funds; therefore, no interest has been earned by the tobacco settlement trust fund to date.

³ The tobacco settlement proceeds for the 2001-03 biennium were estimated to be \$61,143,578 at the end of the 1999 legislative session. The decrease in the amount of tobacco settlement revenues collected for the biennium of \$7,813,033 is the result of volume adjustments made to payments received. A volume adjustment is an adjustment made to a settlement payment to reflect increases or decreases in tobacco manufacturers' operating income from cigarette sales. The original estimate was calculated before the anticipated effect of volume adjustments on tobacco settlement collections was determined. The total original estimated tobacco settlement collections made during the 1999 legislative session and the total estimated collections as revised by the Office of Management and Budget to reflect anticipated volume adjustments are:

	1999 Original Estimated Collections	Office of Management and Budget Revised Estimated Collections
1999-2001	\$57,593,770	\$52,900,784
2001-03	61,143,578	53,330,545
2003-05	51,271,214	45,944,134
2005-07	51,271,214	45,944,134
2007-17 (\$82,231,080/\$73,687,266 per biennium)	411,155,400	368,436,330
2017-25 (\$58,591,490/\$52,503,832 per biennium)	234,365,960	210,015,328
Total	\$866,801,136	\$776,571,255

FUND HISTORY

North Dakota Century Code Section 54-27-25 created by 1999 House Bill No. 1475 established a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund, including interest, must be transferred as follows, within 30 days of their deposit in the fund:

Ten percent to the community health trust fund.

Forty-five percent to the common schools trust fund.

Forty-five percent to the water development trust fund.

North Dakota Century Code Section 54-27-25 requires transfers that would otherwise be made to the common schools trust fund during the biennium must be made to the water development trust fund until the amount in the water development trust fund is sufficient to make required bond payments for bonds issued for water projects authorized by Section 61-02.1-04. Once the amount required for the biennium is transferred to the water development trust fund, an equal amount must be transferred to the common schools trust fund, if available, from the money deposited in the tobacco settlement trust fund during the biennium. Once an equal amount has been deposited in each fund, transfers from the tobacco settlement trust fund will be allocated equally for the remainder of the biennium--45 percent to the water development trust fund and 45 percent to the common schools trust fund. The State Engineer has stated that the deposit of 45 percent of the tobacco settlement trust fund into the water development trust fund would be adequate during the 2001-03 biennium. Therefore, transfers to date for the common schools trust fund have not been redirected to the water development trust fund. Section 54-27-25 was amended in 2003 Senate Bill No. 2022, removing the water development trust fund funding priority.

ANALYSIS OF THE STATE TUITION FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$1,081,145 ¹	\$1,281,131 ¹
Add estimated revenues		
Fines for violation of state laws	\$9,501,781 ²	\$9,557,512 ²
Transfers from the common schools trust fund	57,793,000	60,000,000
Total estimated revenues	67,294,781	69,557,512
Total available	\$68,375,926	\$70,838,643
Less estimated expenditures		
Tuition payments to schools	67,094,795 ³	69,495,371 ³
Estimated ending balance	\$1,281,131 ¹	\$1,343,272 ¹

¹ Beginning/ending balance - North Dakota Century Code (NDCC) Section 15.1-28-03 provides for the distribution of money in the state tuition fund in August, October, December, February, and April of each fiscal year. Fines proceeds deposited in the tuition fund during May and June of each fiscal year are carried forward for distribution in August of the subsequent year.

² Fines for violation of state laws - The amount of state tuition fund distributions from fines proceeds is shown below:

Fiscal Year	Revenue From Fines	Percentage Increase From Previous Year
1998	\$3,384,890 (actual)	
1999	\$3,818,890 (actual)	12.8%
2000	\$4,866,644 (actual)	27.4%
2001	\$4,241,256 (actual)	(12.9%)
2002	\$4,778,756 (actual)	12.7%
2003	\$4,723,025 (estimate) ^a	(1.2%)
2004	\$4,778,756 (estimate) ^a	1.2%
2005	\$4,778,756 (estimate) ^a	0.0%

^a The estimated amounts were calculated by the Office of Management and Budget and used in developing the executive recommendation for 2003-05 biennium distributions from the state tuition fund.

³ Tuition payments - Tuition fund payments for the 2001-03 biennium are currently estimated to be \$67,094,795, \$144,230 less than the 2001-03 appropriation of \$67,239,025. Pursuant to NDCC Section 15.1-28-03, payments are made on the basis of census units, which is the number of school-age children in each district as determined by the last census. Actual and estimated census unit payments are shown below for fiscal years 1998 through 2005:

Fiscal Year	Tuition Fund Payments Per Census Unit	Percentage Increase From Previous Year
1998	\$216 (actual)	
1999	\$223 (actual)	3.2%
2000	\$248 (actual)	11.2%
2001	\$244 (actual)	(1.6%)
2002	\$310 (actual)	27.0%
2003	\$310 (actual)	0.0%
2004	\$335 (estimate)	8.1%
2005	\$335 (estimate)	0.0%

FUND HISTORY

The state tuition fund originated in 1889 with enactment of the Constitution of North Dakota. The original constitutional provisions have not changed significantly since enactment and are currently contained in Article IX, Section 2, of the Constitution of North Dakota, which provides that payments to the common schools of the state include:

- Interest and income from the common schools trust fund.
- All fines for violation of state laws.
- All other amounts provided by law.

North Dakota Century Code Section 15.1-28-01 provides that the state tuition fund consist of the net proceeds from all fines for violation of state laws and leasing of school lands (included in transfers from the common schools trust fund) and the interest income from the state common schools trust fund. Section 15.1-28-03 directs the Office of Management and Budget, on or before the third Monday in February, April, August, October, and December of each year, to certify to the Superintendent of Public Instruction the amount of the state tuition fund. The Superintendent of Public Instruction then apportions the money in the fund among the school districts in the state based on the number of school-age children in the district.

ANALYSIS OF THE VETERANS' POSTWAR TRUST FUND 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$4,448,289	\$4,317,031
Add estimated revenues		
Investment income	\$350,000	\$200,000
Sale of vans	17,242	17,500
Total estimated revenues	367,242	217,500
Total available	\$4,815,531	\$4,534,531
Less estimated expenditures		
Department of Veterans Affairs - Anticipated expenditures pursuant to continuing appropriation authority contained in Article X of the North Dakota Constitution as approved by the voters in November 1996		
Grants	\$200,000	\$200,000
Salaries	57,420	62,000
Rent	6,080	6,080
Computer	1,200	1,200
Operating expenses	9,800	2,000
Reserve account transfer	150,000	100,000
Veterans' memorials	2,000	0
Veterans Home activities	32,000	0
Vehicles - Vans	18,000	20,000
Other veterans' programs	13,500	7,500
Board travel	8,500	9,000
Total estimated expenditures	498,500	407,780
Estimated ending balance	\$4,317,031	\$4,126,751

NOTE: The principal balance of the fund is \$4,101,849, leaving an estimated available investment income balance of \$215,182 as of June 30, 2003, and \$24,902 as of June 30, 2005.

FUND HISTORY Established

The fund was created by Section 6 of 1981 Senate Bill No. 2271:

SECTION 6. TRANSFER OF VIETNAM BONUS FUNDS TO VETERANS' POSTWAR TRUST FUND. All unobligated moneys in the Vietnam veterans' adjusted compensation funds in the state treasury after July 1, 1981, shall be transferred by the state treasurer to the veterans' postwar trust fund. Any obligations of such funds as a result of any amendment of section 37-25-10 by the forty-seventh legislative assembly shall be paid out of the veterans' postwar trust fund and the moneys necessary to meet those obligations are hereby appropriated.

1988 Initiated Measure No. 4

Initiated measure No. 4, approved by the voters in the November 1988 general election, provided the following:

1. Established the veterans' postwar trust fund as a permanent fund.
2. Required the State Treasurer to transfer \$740,000 per year for five years commencing July 1, 1989, from the state general fund or other sources as appropriated by the Legislative Assembly to the veterans' postwar trust fund to total \$3,700,000.
3. Appropriated the income from the veterans' postwar trust fund on a continuing basis to the Administrative Committee on Veterans Affairs to be spent for veterans' programs as authorized by law.
4. Required the State Treasurer to invest the fund in legal investments as provided by North Dakota Century Code Section 21-10-07.

The principal balance in the fund on December 8, 1988, was \$401,849.

Senate Bill No. 2009 (1989) transferred \$1,480,000, \$740,000 on July 1, 1989, and \$740,000 on July 1, 1990, from the state general fund to the veterans' postwar trust fund. The bill also appropriated up to \$274,000 of investment income earned on the veterans' postwar trust fund balance to the Veterans Home for its operating costs. Because of net budget reductions during the 1989-91 biennium, the transfer from the general fund to the veterans' postwar trust fund for the second year of the 1989-91 biennium was reduced by \$95,005, from \$740,000 to \$644,995.

Senate Bill No. 2001 (1991) transferred \$1,575,005 from the general fund to the veterans' postwar trust fund during the 1991-93 biennium. This amount restored the \$95,005 which was not transferred during the 1989-91 biennium because of net budget reductions. Because of budget allotments ordered by the Governor during the 1991-93 biennium, the transfer from the general fund to the veterans' postwar trust fund for the second year of the 1991-93 biennium was reduced by \$5,670, from \$740,000 to \$734,330.

House Bill No. 1001 (1993) transferred \$745,670 from the general fund to the veterans' postwar trust fund during the 1993-95 biennium. This was the final transfer required by the initiated measure and includes \$5,670 to restore the reduction made during 1991-93 because of budget reductions.

1996 Initiated Constitutional Measure No. 4

Initiated constitutional measure No. 4, approved by the voters in the November 1996 general election, created the following new section to Article X of the North Dakota Constitution:

The veterans' postwar trust fund shall be a permanent trust fund of the state of North Dakota and shall consist of moneys transferred or credited to the fund as authorized by legislative enactment. Investment of the fund shall be the responsibility of the state treasurer who shall have full authority to invest the fund only in the same manner as the state investment board is authorized to make investments. All income received from investments is to be utilized for programs which must be of benefit and service to veterans, who are defined by legislative enactment, or their dependents, and such income is hereby appropriated to the administrative committee on veterans' affairs on a continuing basis for expenditure upon those programs selected at the discretion of the administrative committee on veterans' affairs.

ANALYSIS OF THE WATER DEVELOPMENT TRUST FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$23,805,353	\$23,305,804
Add estimated revenues		
Transfers to date from tobacco settlement trust fund	\$23,998,745 ¹	
Remaining transfers from tobacco settlement trust fund		\$20,674,860
Total estimated revenues	23,998,745 ²	20,674,860 ²
Total available	\$47,804,098	\$43,980,664
Less estimated expenditures		
Transfer to the general fund	\$9,733,820 ³	\$10,070,373 ³
State Water Commission		
Water development projects	9,234,320 ⁴	27,521,452 ⁵
Bond payments	5,430,398 ⁶	5,424,773 ^{5,6}
State Department of Health		
Total maximum daily load and pollution control plans	99,756 ⁷	
Repayment of 2001-03 loans used for the state's matching share of federal disaster relief funding		
University of North Dakota (HB 1003)		1,193,146
North Dakota State University (HB 1003)		262,928
Parks and Recreation Department (SB 2021)		575,287
Total estimated expenditures	24,498,294 ⁸	45,047,959 ⁹
Estimated ending balance	\$23,305,804	(\$1,067,295)

¹ As of May 15, 2003, nine transfers have been made from the tobacco settlement trust fund totaling \$23,998,745. Total transfers of \$47,804,098 have been made to date from the tobacco settlement trust fund to the water development trust fund.

² Revenues - Interest earned on the water development trust fund is deposited in the state general fund. The tobacco settlement revenues for the water development trust fund were estimated to be \$27,514,610 for the 2001-03 biennium at the end of the 1999 legislative session. The decrease in the amount of revenues collected from the tobacco settlement trust fund of \$3,515,865 is the result of volume adjustments made to payments received. A volume adjustment is an adjustment made to a settlement payment to reflect increases or decreases in tobacco manufacturers' operating income from cigarette sales. The original estimate was calculated before the anticipated effect of volume adjustments on tobacco settlement collections was determined. The revenues for the water development trust fund originally estimated during the 1999 legislative session and the estimated collections as revised by the Office of Management and Budget to reflect anticipated volume adjustments are:

Biennium	1999 Original Estimated Collections	Office of Management and Budget Revised Estimated Collections
1999-2001	\$25,917,197	\$23,805,353
2001-03	27,514,610	23,998,745
2003-05	23,072,046	20,674,860
2005-07	23,072,046	20,674,860
2007-17 (\$37,003,986/\$33,159,270 per biennium)	185,019,930	165,796,350
2017-25 (\$26,366,170/\$23,626,724 per biennium)	105,464,680	94,506,896
Total	\$390,060,509	\$349,457,064

- ³ Section 19 of 2001 House Bill No. 1023 provided for a transfer of \$9,733,820, the amount for the State Water Commission administrative expenses, from the water development trust fund to the general fund. A general fund appropriation was then provided by the 2001 Legislative Assembly for the administrative expenses. Section 22 of 2001 House Bill No. 1023 provided legislative intent that the water development trust fund not be used as a source of funding for State Water Commission administrative expenses after the 2001-03 biennium. The 2003 Legislative Assembly authorized, in Section 15 of 2003 Senate Bill No. 2022, a transfer of \$10,070,373 from the water development trust fund to the general fund. The 2003-05 biennium appropriation for the State Water Commission's administrative expenses of \$9,385,396 is funded from the general fund.
- ⁴ House Bill No. 1475 (1999) (North Dakota Century Code (NDCC) Section 54-27-25) provides that money in the water development trust fund is to be used to address the long-term water development and management needs of the state. Section 4 of 2001 House Bill No. 1023 authorized \$37,631,684 to the State Water Commission from the water development trust fund, consisting of \$28,572,333 included in the water projects line item in Section 1 of the bill, \$422,953 of additional operating costs relating to water projects, and \$8,636,398 for bond payments. The 2001-03 biennium water project expenditures from the water development trust fund are estimated by the State Water Commission and the Office of Management and Budget to be \$9.2 million.
- ⁵ Senate Bill No. 2022 (2003) includes \$32,946,225 from the water development trust fund to the State Water Commission. The funding is for bond payments (approximately \$5.4 million), reimbursement to the State Department of Health for nonpoint sources of pollution control expenses (up to \$300,000), and water control projects (approximately \$27.2 million).
- ⁶ Senate Bill No. 2188 (1999) (NDCC Section 61-02.1-02) authorized the State Water Commission to borrow up to \$84.8 million for state water projects to be repaid from the water development trust fund. In March 2000 the State Water Commission issued bonds totaling \$27.5 million (\$23 million for Grand Forks flood control and \$4.5 million for the Southwest Pipeline Project). For the 2001-03 biennium, bond payments on the March 2000 issuance totaled \$5,430,398. The State Water Commission does not anticipate any new borrowing for water projects during the 2001-03 biennium. The 2003 Legislative Assembly authorized, in Senate Bill No. 2022, the State Water Commission to issue up to \$60 million in bonds during the 2003-05 biennium. Bond payments on the March 2000 issuance for the 2003-05 biennium will be approximately \$5.4 million. The State Water Commission does not anticipate issuing additional bonds during the first year of the 2003-05 biennium, thus any additional bond payments would not be due until the 2005-07 biennium.
- ⁷ Senate Bill No. 2004 (2001) appropriated \$99,756 from the water development trust fund to replace the general fund share of the cost of 2 FTE positions and related operating expenses and equipment to develop total maximum daily loads and pollution control plans.
- ⁸ The 2001 Legislative Assembly authorized the State Water Commission to spend up to \$67.8 million from the water development trust fund, resources trust fund, and bond proceeds on new water development projects for the 2001-03 biennium. Section 14 of 2001 House Bill No. 1023 limited the bonding authority for the new projects to \$20 million plus the cost of issuing bonds. Contracts for water projects to be paid from the water development trust fund may initially be issued up to an amount equal to 75 percent of the amount appropriated from that fund. Contracts for the remaining 25 percent appropriated may only be issued to the extent uncommitted funds are available in the water development trust fund. The State Water Commission was also authorized in 2001 House Bill No. 1015 to spend up to \$5 million from the resources trust fund or bond proceeds for levees at Devils Lake, which increases the bonding limit to \$25 million and the water project limit to \$72.8 million. The State Water Commission has available 2001-03 biennium spending authority from the water development trust fund and the resources trust fund and has indicated the actual ending balance may vary depending on the funding source used for remaining water project expenditures.
- ⁹ Senate Bill No. 2022 (2003) appropriated to the State Water Commission a total of \$32,946,225 from the water development trust fund. The funding is for bond payments (approximately \$5.4 million), reimbursement to the State Department of Health for nonpoint sources of pollution control expenses (up to \$300,000), and water control projects (approximately \$27.2 million). In addition, the Legislative Assembly authorized the State Water Commission to issue up to \$60 million in bonds during the 2003-05 biennium and appropriates \$13,650,000 from the resources trust fund for purposes authorized by the Legislative Assembly. Funding for water projects is contingent upon available funds in the water development trust fund. Based on current projections, water project funding from the water development trust fund will be reduced by \$1,067,295, from \$27,521,452 to \$26,454,157.

FUND HISTORY

North Dakota Century Code Section 54-27-25, created by 1999 House Bill No. 1475, established a water development trust fund to be used for the long-term water development and management needs of the state. This section creates a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund must be transferred as follows, within 30 days of its deposit in the fund:

Ten percent to the community health trust fund.

Forty-five percent to the common schools trust fund.

Forty-five percent to the water development trust fund.

North Dakota Century Code Section 54-27-25 also provides that transfers that would otherwise be made to the common schools trust fund during the biennium must be made to the water development trust fund until the amount in the water development trust fund is sufficient to make required bond payments for bonds issued for water projects authorized by Section 61-02.1-04. Once the amount required for the biennium is transferred to the water development trust fund, an equal amount must be transferred to the common schools trust fund, if available, from the money deposited in the tobacco settlement trust fund during the biennium. Once an equal amount has been deposited in each fund, transfers from the tobacco settlement trust fund will be allocated equally for the remainder of the biennium--45 percent to the water development trust fund and 45 percent to the common schools trust fund. The State Engineer has stated that deposit of 45 percent of the tobacco settlement trust fund into the water development trust fund would be adequate during the 2001-03 biennium. Therefore, transfers to date for the common schools trust fund have not been redirected to the water development trust fund. North Dakota Century Code Section 54-27-25 was amended in 2003 Senate Bill No. 2022 removing the water development trust fund funding priority.

North Dakota Century Code Section 61-02.1-04, created by 1999 Senate Bill No. 2188, provides that the principal and interest on bonds issued for flood control projects, the Southwest Pipeline Project, and an outlet to Devils Lake must be repaid with money appropriated from the water development trust fund.

GENERAL FUND STATEMENTS - HISTORY

The schedule below provides a summary of actual and estimated general fund balances, revenues, expenditures, and transfers:

	<u>Actual</u>		<u>Estimated</u>	
	<u>1997-99</u>	<u>1999-2001</u>	<u>2001-03</u>	<u>2003-05</u>
Beginning balance	\$65,000,000	\$61,114,425	\$62,240,652	\$5,450,180
Revenues	1,413,062,305	1,535,718,248	1,560,693,446	1,651,717,313
Transfers to general fund	<u>70,442,745</u>	<u>59,539,802</u>	<u>109,159,975</u>	<u>156,746,577</u>
Total available	\$1,548,505,050	\$1,656,372,475	\$1,732,094,073	\$1,813,914,070
Expenditures	<u>(1,487,390,625)</u>	<u>(1,594,131,823)</u>	<u>(1,726,643,893)</u>	<u>(1,803,661,161)</u>
Ending balance	<u><u>\$61,114,425</u></u>	<u><u>\$62,240,652</u></u>	<u><u>\$5,450,180</u></u>	<u><u>\$10,252,909</u></u>

MEMORANDUM ON TOTAL GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2003-05 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

The following schedule presents the general fund and special funds appropriations for the 1967-69 through 2003-05 bienniums. It includes an analysis of the relationship between appropriations and the total personal income in the state. This analysis indicates that the percentage of general fund appropriations to personal income has varied with the highest percentage occurring in the 1985-87 biennium and the lowest percentage occurring in the 1973-75 biennium. Regarding all funds appropriations, the

highest percentage occurred in the 1991-93 biennium and the lowest percentage in the 1973-75 biennium.

The biennial appropriation totals include major deficiency appropriations for the various bienniums made by subsequent Legislative Assemblies. The special funds appropriation totals do not necessarily reflect total expenditures of special funds since in some instances federal funds and certain fees are not specifically appropriated but authorized to be spent by Emergency Commission action or continuing appropriations.

TOTAL RESTATED GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2003-05 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

Biennium	Total General Fund Appropriations ¹	Total Special Funds Appropriations ¹	Grand Total All Funds Appropriations	Total Personal Income	Percentage of Appropriations to Personal Income	
					General Fund	All Funds
1967-69	\$145,638,671	\$205,351,205	\$350,989,876	\$3,326,700,000 ²	4.38%	10.55%
1969-71	\$183,686,131	\$261,745,459	\$445,431,590	\$3,869,200,000 ²	4.75%	11.51%
1971-73	\$226,255,732	\$267,845,499	\$494,101,231	\$4,840,000,000 ³	4.67%	10.21%
1973-75	\$297,820,935	\$356,127,664	\$653,948,599	\$7,620,000,000 ³	3.91%	8.58%
1975-77	\$442,529,561	\$436,181,752	\$878,711,313	\$7,700,000,000 ³	5.75%	11.41%
1977-79	\$575,067,852	\$565,096,709	\$1,140,164,561	\$8,800,000,000 ³	6.53%	12.96%
1979-81	\$680,417,154	\$772,341,770	\$1,452,758,924	\$10,900,000,000 ³	6.24%	13.33%
1981-83	\$910,249,232	\$1,205,292,293	\$2,115,541,525	\$14,450,000,000 ³	6.30%	14.64%
1983-85	\$1,017,861,170	\$1,148,055,629	\$2,165,916,799	\$16,600,000,000 ³	6.13%	13.05%
1985-87	\$1,134,183,661 ⁴	\$1,339,411,840	\$2,473,595,501	\$16,800,000,000 ³	6.75%	14.72%
1987-89	\$1,058,708,224 ⁵	\$1,440,445,277	\$2,499,153,501	\$16,900,000,000 ⁸	6.26%	14.79%
1989-91	\$1,061,507,822 ⁶	\$1,760,553,694 ⁷	\$2,822,061,516	\$18,600,000,000 ⁸	5.71%	15.17%
1991-93	\$1,202,891,103 ⁹	\$2,028,208,088	\$3,231,099,191	\$20,900,000,000 ⁸	5.76%	15.46%
1993-95	\$1,251,925,967	\$2,162,505,820	\$3,414,431,787	\$22,500,000,000 ¹⁰	5.56%	15.18%
1995-97	\$1,352,467,281	\$2,242,848,894	\$3,595,316,175	\$24,800,000,000 ¹⁰	5.45%	14.50%
1997-99	\$1,510,747,421	\$2,485,617,317	\$3,996,364,738	\$26,400,000,000 ¹⁰	5.72%	15.14%
1999-2001	\$1,614,882,210	\$3,265,271,344	\$4,880,153,554	\$31,713,000,000 ¹¹	5.09%	15.39%
2001-03	\$1,728,640,384 ¹²	\$3,049,996,983	\$4,778,637,367	\$34,089,000,000 ¹¹	5.07%	14.01%
2003-05	\$1,803,661,161	\$3,255,778,235	\$5,059,439,396	\$36,212,000,000 ¹¹	4.98%	13.97%

¹ Appropriation amounts are restated to reflect, where appropriate, deficiency appropriations provided by a subsequent Legislative Assembly.

² Source: *Personal Income and State Expenditures*, a report to the Legislative Council's Budget "B" Committee, June 11, 1975.

³ Source: Chase Econometrics Associates, Inc., Regional Forecasting Service.

⁴ In addition, changes made to general fund appropriations were (a) reductions of \$12,965,250 as a result of 1987 Legislative Assembly action; (b) a \$44,125,917 reduction as of May 1987 as a result of a 4 percent allotment reduction made by the Governor; and (c) an increase of \$4,388,862 for Emergency Commission action and 1983-85 carryover.

⁵ In addition, changes made to general fund appropriations were reductions of \$3,175,000 required because of the cable television sales tax referral and \$21,000,000 budget allotment mandated by the Governor in September 1988.

- ⁶ This amount is adjusted for revisions made to general fund appropriations, including reductions of \$95,763,770 resulting from the December 1989 sales and individual income tax referrals, increases of \$5,967,192 relating to the use of the budget stabilization fund, and increases of \$22,395,712 resulting from an August 1990 2 percent unallotment.
- ⁷ This amount is adjusted for revisions made to special funds appropriations, including reductions of \$14,876,540 resulting from the December 1989 gas tax referral and a net reduction of \$1,003,977 resulting from higher education tuition increases and Department of Human Services estimated income adjustments.
- ⁸ Estimated amount from Wharton Econometric Forecasting Associates (WEFA), Inc., Regional Forecasting Service.
- ⁹ In addition, the 1991 Legislative Assembly, in House Bill No. 1046, appropriated up to \$9.5 million from the general fund for rural development if 1991-93 biennium revenues were more than 1991-93 revenue estimates made by the 1991 Legislative Assembly, excluding the effect of Sunday opening, by at least \$11 million. This did not become effective. This amount does not reflect budget allotments ordered by the Governor during the 1991-93 biennium of \$4,305,000.
- ¹⁰ Source: WEFA, Inc. - *Regional Economic Service - State Summary, Spring 1999*.
- ¹¹ Source: Economy.com, Inc. - Economic Service.
- ¹² The general fund appropriation amount for the 2001-03 biennium has been restated to reflect the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

**COMPARISON OF EXECUTIVE BUDGET RECOMMENDATIONS TO FINAL BUDGETS
APPROVED BY THE LEGISLATIVE ASSEMBLY FOR THE 1967-69 THROUGH 2003-05 BIENNIUMS¹**

	General Fund Appropriations	Special Fund Appropriations	Total All Appropriations	General Fund Revenues ²
1967-69				
Executive budget	\$132,496,141	\$204,346,811	\$336,842,952	\$148,269,822
Legislative increase (decrease)	<u>13,142,530</u>	<u>1,004,394</u>	<u>14,146,924</u>	<u>16,980,000</u>
Legislative budget	\$145,638,671	\$205,351,205	\$350,989,876	\$165,249,822
1969-71				
Executive budget	\$166,602,105	\$216,086,092	\$382,688,197	\$181,000,000
Legislative increase (decrease)	<u>17,084,026</u>	<u>45,659,367</u>	<u>62,743,393</u>	<u>22,092,623</u>
Legislative budget	\$183,686,131	\$261,745,459	\$445,431,590	\$203,092,623
1971-73				
Executive budget	\$226,640,383	\$257,317,128	\$483,957,511	\$241,840,000
Legislative increase (decrease)	<u>(384,651)</u>	<u>10,528,371</u>	<u>10,143,720</u>	<u>1,769,348</u>
Legislative budget	\$226,255,732	\$267,845,499	\$494,101,231	\$243,609,348
1973-75				
Executive budget	\$267,951,706	\$314,124,492	\$582,076,198	\$307,075,000
Legislative increase (decrease)	<u>6,733,531</u>	<u>38,835,098</u>	<u>45,568,629</u>	<u>(5,705,492)</u>
Legislative budget	\$274,685,237	\$352,959,590	\$627,644,827	\$301,369,508
Add				
Deficiency appropriations provided by the 1975 Legislative Assembly	23,135,698	3,168,074	26,303,772	
Legislative budget as restated	<u>\$297,820,935</u>	<u>\$356,127,664</u>	<u>\$653,948,599</u>	<u>\$301,369,508</u>
1975-77				
Executive budget	\$438,882,752	\$394,903,834	\$833,786,586	\$530,645,000
Legislative increase (decrease)	3,646,809	41,277,918	44,924,727	5,461,978
Reduction to June 30, 1975, general fund balance for deficiency appropriations for 1973-75				(23,135,698)
Legislative budget	<u>\$442,529,561</u>	<u>\$436,181,752</u>	<u>\$878,711,313</u>	<u>\$512,971,280</u>

1977-79				
Executive budget	\$538,440,978	\$477,421,009	\$1,015,861,987	\$647,900,000
Legislative increase (decrease)	35,376,433	87,268,156	122,644,589	371,650
Legislative budget	<u>\$573,817,411</u>	<u>\$564,689,165</u>	<u>\$1,138,506,576</u>	<u>\$648,271,650</u>
Add				
Deficiency appropriations provided by the 1979 Legislative Assembly	1,250,441	407,544	1,657,985	
Legislative budget as restated	<u>\$575,067,852</u>	<u>\$565,096,709</u>	<u>\$1,140,164,561</u>	<u>\$648,271,650</u>
1979-81				
Executive budget	\$646,401,970	\$710,607,537	\$1,357,009,507	\$694,467,657
Legislative increase (decrease)	8,317,480	57,780,260	66,097,740	10,028,475
Reduction to June 30, 1979, general fund balance for deficiency appropriations for 1977-79				(1,250,441)
Legislative budget	<u>\$654,719,450</u>	<u>\$768,387,797</u>	<u>\$1,423,107,247</u>	<u>\$703,245,691</u>
Add				
Deficiency appropriations provided by the 1981 Legislative Assembly	25,697,704	3,953,973	29,651,677	
Legislative budget as restated	<u>\$680,417,154</u>	<u>\$772,341,770</u>	<u>\$1,452,758,924</u>	<u>\$703,245,691</u>
1981-83				
Executive budget	\$1,030,540,733	\$1,043,972,705	\$2,074,513,438	\$1,129,692,934
Legislative increase (decrease)	(126,944,501)	133,544,456	6,599,955	(102,960,239)
Legislative budget	<u>\$903,596,232</u>	<u>\$1,177,517,161</u>	<u>\$2,081,113,393</u>	<u>\$1,026,732,695</u>
Add				
Deficiency appropriations provided by the 1983 Legislative Assembly	6,653,000	27,775,132	34,428,132	
Legislative budget as restated	<u>\$910,249,232</u>	<u>\$1,205,292,293</u>	<u>\$2,115,541,525</u>	<u>\$1,026,732,695</u>
1983-85				
Executive budget	\$924,455,265 ³	\$1,114,112,221	\$2,038,567,486	\$974,408,000
Legislative increase (decrease)	80,655,781	25,386,761	106,042,542	68,097,250
Legislative budget	<u>\$1,005,111,046</u>	<u>\$1,139,498,982</u>	<u>\$2,144,610,028</u>	<u>\$1,042,505,250</u>
Add				
Deficiency appropriations provided by the 1985 Legislative Assembly	12,750,124	8,556,647	21,306,771	
Legislative budget as restated	<u>\$1,017,861,170</u>	<u>\$1,148,055,629</u>	<u>\$2,165,916,799</u>	<u>\$1,042,505,250</u>

1985-87				
Executive budget	\$1,188,601,469 ⁴	\$1,292,110,406	\$2,480,711,875	\$1,219,290,080
Legislative increase (decrease)	<u>(63,055,462)</u>	<u>42,502,011</u>	<u>(20,553,451)</u>	<u>(62,146,218)</u>
Legislative budget	\$1,125,546,007	\$1,334,612,417	\$2,460,158,424	\$1,157,413,862
Add				
Deficiency appropriations provided by the 1987 Legislative Assembly	130,000	4,799,423	4,929,423	
49th Legislative Assembly personal property tax replacement deficiency appropriation not spent until 1985-87 biennium	8,507,654		8,507,654	
Impact of revised revenue estimate				<u>(75,126,740)</u>
Legislative budget as restated	<u>\$1,134,183,661⁵</u>	<u>\$1,339,411,840</u>	<u>\$2,473,595,501</u>	<u>\$1,082,017,122</u>
1987-89				
Executive budget	\$1,114,031,918	\$1,406,353,403	\$2,520,385,321	\$1,119,465,000
Legislative increase (decrease)	<u>(56,862,745)</u>	<u>32,891,874</u>	<u>(23,970,871)</u>	<u>(56,462,787)</u>
Legislative budget	\$1,057,169,173	\$1,439,245,277	\$2,496,414,450	\$1,063,002,213
Add				
Deficiency appropriations provided by the 1989 Legislative Assembly	1,539,051	1,200,000	2,739,051	
Legislative budget as restated	<u>\$1,058,708,224⁶</u>	<u>\$1,440,445,277</u>	<u>\$2,499,153,501</u>	<u>\$1,063,002,213</u>
1989-91				
Executive budget	\$1,115,265,227	\$1,690,091,064	\$2,805,356,291	\$1,126,110,000
Legislative increase (decrease)	<u>4,520,393</u>	<u>86,034,147</u>	<u>90,554,540</u>	<u>(2,152,095)</u>
Legislative budget	\$1,119,785,620	\$1,776,125,211	\$2,895,910,831	\$1,123,957,905
Add				
Deficiency appropriations provided by the 1991 Legislative Assembly	9,123,068	309,000	9,432,068	
Reductions due to sales, individual income, and gas tax referrals	(95,763,770)	(14,876,540)	(110,640,310)	(103,240,108)
Increase in June 30, 1989, balance				7,361,495
Adjustments for higher education tuition increases and Department of Human Services estimated income adjustments		(1,003,977)	(1,003,977)	
Use of budget stabilization fund	5,967,192		5,967,192	
Two percent unallotment (August 1990)	<u>22,395,712</u>		<u>22,395,712</u>	
Legislative budget as restated	<u>\$1,061,507,822</u>	<u>\$1,760,553,694</u>	<u>\$2,822,061,516</u>	<u>\$1,028,079,292</u>

1991-93				
Executive budget	\$1,166,588,941	\$1,901,143,193	\$3,067,732,134	\$1,185,456,000
Legislative increase (decrease)	32,041,733	125,939,720	157,981,453	36,936,959
Legislative budget	<u>\$1,198,630,674⁷</u>	<u>\$2,027,082,913</u>	<u>\$3,225,713,587⁷</u>	<u>\$1,222,392,959</u>
Add				
Deficiency appropriations provided by the 1993 Legislative Assembly	4,260,429	1,125,175	5,385,604	
Legislative budget as restated	<u>\$1,202,891,103</u>	<u>\$2,028,208,088</u>	<u>\$3,231,099,191</u>	<u>\$1,222,392,959</u>
1993-95				
Executive budget	\$1,228,289,194	\$2,248,975,882	\$3,477,265,076	\$1,253,054,000
Legislative increase (decrease)	22,940,773	(88,551,589)	(65,610,816)	7,099,865
Legislative budget	<u>\$1,251,229,967</u>	<u>\$2,160,424,293</u>	<u>\$3,411,654,260</u>	<u>\$1,260,153,865</u>
Add				
Deficiency appropriations provided by the 1995 Legislative Assembly	696,000	2,081,527	2,777,527	
Legislative budget as restated	<u>\$1,251,925,967</u>	<u>\$2,162,505,820</u>	<u>\$3,414,431,787</u>	<u>\$1,260,153,865</u>
1995-97				
Executive budget	\$1,345,660,131	\$2,207,522,902	\$3,553,183,033	\$1,355,491,421
Legislative increase (decrease)	1,284,129	34,396,992	35,681,121	2,668,581
Legislative budget	<u>\$1,346,944,260</u>	<u>\$2,241,919,894</u>	<u>\$3,588,864,154</u>	<u>\$1,358,160,002</u>
Add				
Deficiency appropriations provided by the 1997 Legislative Assembly	5,523,021	929,000	6,452,021	
Legislative budget as restated	<u>\$1,352,467,281</u>	<u>\$2,242,848,894</u>	<u>\$3,595,316,175</u>	<u>\$1,358,160,002</u>
1997-99				
Executive budget	\$1,494,395,064	\$2,507,943,925	\$4,002,338,989	\$1,504,489,758
Legislative increase (decrease)	(5,154,977)	(22,576,608)	(27,731,585)	(4,393,735)
Legislative budget	<u>\$1,489,240,087</u>	<u>\$2,485,367,317</u>	<u>\$3,974,607,404</u>	<u>\$1,500,096,023</u>
Add				
Deficiency appropriations provided by the 1999 Legislative Assembly	21,507,334	250,000	21,757,334	
Legislative budget as restated	<u>\$1,510,747,421</u>	<u>\$2,485,617,317</u>	<u>\$3,996,364,738</u>	<u>\$1,500,096,023</u>

1999-2001

Executive budget	\$1,615,319,416	\$2,711,061,796	\$4,326,381,212	\$1,625,566,507
Legislative increase (decrease)	<u>(21,280,878)</u>	<u>504,237,505⁸</u>	<u>482,956,627</u>	<u>(20,209,113)</u>
Legislative budget	\$1,594,038,538	\$3,215,299,301	\$4,809,337,839	\$1,605,357,394
Add				
Deficiency appropriations provided by the 2001 Legislative Assembly	20,843,672	49,972,043	70,815,715	
Legislative budget as restated	<u>\$1,614,882,210</u>	<u>\$3,265,271,344</u>	<u>\$4,880,153,554</u>	<u>\$1,605,357,394</u>

2001-03

Executive budget	\$1,706,299,108	\$2,970,092,352	\$4,676,391,460	\$1,720,969,291
Legislative increase (decrease)	<u>40,684,605</u>	<u>52,604,631</u>	<u>93,289,236</u>	<u>38,009,116</u>
Legislative budget	\$1,746,983,713	\$3,022,696,983 ⁹	\$4,769,680,696	\$1,758,978,407
Add				
Deficiency appropriations provided by the 2003 Legislative Assembly		27,300,000	27,300,000	
Less				
1.05 percent budget allotment	<u>(18,343,329)</u>		<u>(18,343,329)</u>	
Legislative budget as restated	<u>\$1,728,640,384¹⁰</u>	<u>\$3,049,996,983</u>	<u>\$4,778,637,367¹⁰</u>	<u>\$1,758,978,407</u>

2003-05

Executive budget	\$1,762,103,934	\$3,231,267,168	\$4,993,371,102	\$1,772,149,343
Legislative increase (decrease)	<u>41,557,227</u>	<u>24,511,067</u>	<u>66,068,294</u>	<u>41,764,727</u>
Legislative budget	\$1,803,661,161	\$3,255,778,235	\$5,059,439,396	\$1,813,914,070

¹ This schedule presents totals of appropriations and revenues recommended in the executive budget compared to the appropriations and revenues approved by the Legislative Assembly. Appropriation totals are adjusted to reflect deficiency appropriations made by succeeding Legislative Assemblies which are reflected in the previous biennium appropriation amounts.

² The general fund revenues include estimated general fund balances at the beginning of a biennium, which are in several instances adjusted to reflect deficiency appropriations.

The following is a summary of major action by the Legislative Assembly affecting general fund revenues:

The 1967 Legislative Assembly increased the sales tax from 2.25 percent to 3 percent.

The 1969 Legislative Assembly repealed the personal property tax, increased the sales tax from 3 percent to 4 percent, and enacted the business privilege tax. Also, the Legislative Assembly reduced the executive budget general fund revenue estimates (primarily income tax estimates) by \$4.7 million.

The 1973 Legislative Assembly increased the estimated July 1, 1973, general fund balance from the executive estimate by \$3 million and increased executive budget 1973-75 revenue estimates for sales and income tax collections by \$3.3 million. In addition, revenue estimates were reduced by exempting food purchases from the sales tax, revising the income tax rates, and repealing the tax on oleomargarine.

The 1975 Legislative Assembly increased the July 1, 1975, estimated general fund balance from the executive estimate by \$14 million because of increased sales and income tax collections and increased the executive budget 1975-77 revenue estimates for sales and income tax collections by \$10 million. In addition, a coal conversion tax and a coal severance tax were enacted. Also, revenue estimates were reduced by enacting the income tax inflation credit, reducing the

business privilege tax, requiring driver's license fees to be deposited in the highway fund rather than the general fund, and amending the estate tax laws so no portion of estate tax collections are deposited in the state general fund.

The executive budget and legislative revenue estimates for the 1977-79 biennium reflect the reduction of the sales tax from 4 percent to 3 percent.

The 1979 Legislative Assembly increased the June 30, 1979, estimated general fund balance from the executive budget estimate by \$4 million because of increased income tax collections for the 1977-79 biennium and increased estimated income tax collections for the 1979-81 biennium by \$7 million.

The 1981 Legislative Assembly reduced estimated income tax collections by \$51,700,000 as a result of an updating of the definition of federal taxable income and reducing income tax rates, changed the percentage of oil extraction tax going to the general fund from 45 to 30 percent resulting in a reduction of \$39,766,667, transferred a portion of the oil and gas production tax to the highway tax distribution fund and townships resulting in a reduction of \$32,000,000 to general fund revenues, and added \$21,500,000 due to a March 19, 1981, Executive Budget Office revision of revenue estimates.

The 1983 Legislative Assembly reduced revenues by \$58,406,000 due to revised revenue estimates of the Executive Budget Office; increased revenues by \$86,030,000 to change the percentage of oil extraction tax going to the general fund from 30 to 90 percent; and provided major tax increases of \$102,750,000 for personal and corporate income taxes, \$41,590,000 in accelerated tax collections, \$8,200,000 in coal conversion taxes, \$9,500,000 in cigarette taxes, and \$4,200,000 in liquor taxes. Also, the executive budget and legislative revenue estimates for the 1983-85 biennium reflect an increase in the sales tax from 3 percent to 4 percent.

The 1985 Legislative Assembly reduced general fund revenues by \$56,057,658 due to revised revenue estimates of the Executive Budget Office; and increased revenues by \$9,415,651 relating to a transfer from the coal development impact fund to the general fund, by \$5,320,000 to remove the sales tax exemption from candy and selected carbonated beverages, and by \$7,832,450 related to keeping the percentage of the oil extraction tax allocated to the general fund at 90 percent rather than 85 percent in the original executive budget.

Revenues for the 1985-87 biennium were reduced by \$75,126,740 after the 1985 legislative session consisting of a reduction of \$110,386,758 due to revised revenue estimates of the Executive Budget Office, primarily a result of significant oil tax revenue shortfalls; an increase of \$18,984,018 due to a higher than estimated July 1, 1985, general fund balance; and increases totaling \$16,276,000 as a result of the 1986 special session action, of which \$13,276,000 relates to a one-cent sales and use tax increase for the last six months of the 1985-87 biennium, and a \$3,000,000 increase relating to increasing the individual income tax from 10.5 to 14 percent and implementing mandatory withholding effective January 1, 1987 (this is the fiscal impact after the referral measure relating to the income tax increase was defeated in March 1987).

The 1987 Legislative Assembly increased general fund revenues by \$9,220,000 due to revised revenue estimates of the Executive Budget Office, by \$46,140,000 due to a temporary .5 percent sales, use, and aircraft excise tax increase from 5 to 5.5 percent and to include cable television, by \$8,300,000 due to a one-year 10 percent individual income tax surtax, by \$9,724,000 due to a nine-cent per package cigarette tax increase, and by \$4,255,000 due to removing the royalty owners exemption from the oil extraction tax. Revenues were reduced by \$4,625,000 to provide a 15-month oil extraction tax exemption and to reduce the oil extraction tax rate from 6.5 to 4 percent for new wells.

The 1989 Legislative Assembly increased general fund revenues by \$32,236,000 due to revised revenue estimates of the Executive Budget Office, by \$87,241,000 due to a one-cent sales and use tax increase from 5 to 6 percent (the actual increase was from 5.5 to 6 percent; however, .5 percent was a temporary tax and the rate would have reverted to 5 percent), by \$4,714,200 for a 6 percent sales tax on bingo, by \$42,600,000 to increase the individual income tax from 14 to 17 percent of federal tax liability and the equivalent increases in the long-form rates, and by \$4,600,000 to increase the insurance premium tax rates on accident, health, and other lines, except life insurance, from 1.25 to 1.75 percent.

The 1991 Legislative Assembly increased general fund revenues by \$16.3 million due to allowing Sunday opening and by \$23.2 million due to a transfer from Bank of North Dakota earnings.

The 1993 Legislative Assembly increased general fund revenues by \$11.8 million due to repealing the capital construction fund which received a portion of the sales, use, and motor vehicle excise tax, by \$15.5 million due to increasing the cigarette tax by 15 cents (from 29 cents to 44 cents) and other tobacco products from 22 to 28 percent of the wholesale price, and by \$8.2 million due to increasing the tax on charitable gaming tickets (pull tabs) from 2 to 4.5 percent.

The 1995 Legislative Assembly increased general fund revenues by \$2.7 million due to increasing court fees and providing that the fees be deposited in the general fund rather than with the counties, additional revenues being projected in the March revenue forecast, and requiring a sales certificate on used vehicle sales. Revenues were reduced as a result of increasing the oil extraction tax allocation to the resources trust fund and decreasing transfers from the Mill and Elevator and state agency 1993-95 estimated turnback.

The 1997 Legislative Assembly reduced general fund revenues by \$4.4 million due to decreasing Bank of North Dakota transfers to the general fund, decreasing state aid distribution fund transfers to the general fund, expanding the exemptions from the coal conversion tax, and a reduction resulting from the March revenue forecast. Revenues were increased as a result of estimating additional agency turnback for the 1995-97 biennium and additional oil and gas production tax revenues and increasing the percentage of sales and use tax collections that are deposited in the general fund.

The 1999 Legislative Assembly reduced general fund revenues by \$20.2 million due to a reduction resulting from the March revenue revision, decreasing Bank of North Dakota transfers to the general fund, and a sales tax rate reduction for used farm machinery and repair parts and used irrigation equipment. Revenues were increased as a result of increased departmental collections from governmental nursing facility payment reimbursements, the contingent sale of developmentally disabled facility loans to the Bank of North Dakota, increased special fund transfers, and additional court filing fee revenue.

The 2001 Legislative Assembly increased general fund revenues by \$38 million due to an increase resulting from the March revenue revision, increasing Bank of North Dakota transfers to the general fund, the providing of a transfer from the student loan trust fund, and increased departmental collections from governmental nursing facility payment reimbursements.

The 2003 Legislative Assembly increased general fund revenues by \$41.7 million due to an increase resulting from the March revenue revision, a 1 percent lodging tax increase, increasing the transfer from the student loan trust fund, and the providing of transfers from the water development trust fund and the health care trust fund.

- ³ This is the amount of general fund appropriations recommended by the Governor in the original executive budget as submitted on December 13-14, 1982. On February 10, 1983, and March 21, 1983, the Governor made specific recommendations in regard to reductions in various general fund appropriations. The Governor also supported an additional general fund foundation aid appropriation due to depositing 90 percent of the oil extraction tax in the general fund. The Governor's revised general fund appropriation level, subsequent to the February 1983 adjustments discussed above, was \$897.8 million, which included an additional \$15.8 million for foundation aid due to a decline in oil revenue estimates. Subsequent to the March 1983 adjustments, the Governor's revised general fund appropriation level was \$973.4 million, which was \$871.5 million plus \$101.9 million due to funding foundation aid from the general fund rather than from oil extraction tax collections.
- ⁴ This is the amount of general fund appropriations recommended by Governor Olson in the original executive budget as submitted on December 6-7, 1984. On February 5, 1985, Governor Sinner recommended reductions to general fund appropriations which totaled \$72,995,855. Governor Sinner's revised general fund appropriation level was \$1,115,605,614.
- ⁵ In addition to adjustments for deficiency appropriations, the Governor mandated a 4 percent general fund allotment reduction totaling \$44,125,917 as of May 1987, the 50th Legislative Assembly made general fund reductions totaling \$12,965,250, and \$4,388,862 was added for Emergency Commission action and 1983-85 carryover, which resulted in a 1985-87 general fund spending level of \$1,081,481,356.
- ⁶ Other adjustments to the 1987-89 legislative general fund appropriations were a \$3,174,998 reduction due to the cable television sales tax referral and a \$20,520,081 reduction from budget allotments ordered by the Governor because of an anticipated reduction in general fund revenues.
- ⁷ In addition, the 1991 Legislative Assembly, in House Bill No. 1046, appropriated up to \$9.5 million from the general fund for rural development if 1991-93 revenues were more than the 1991-93 revenue estimates made by the 1991 Legislative Assembly, excluding the effect of Sunday opening, by at least \$11 million. This amount does not reflect budget allotments ordered by the Governor during the 1991-93 biennium of \$4,305,000.
- ⁸ The special funds appropriation increase results primarily from the Legislative Assembly appropriating \$476.3 million of higher education local funds for the 1999-2001 biennium.
- ⁹ The special funds appropriation decrease from the prior biennium results primarily from the Legislative Assembly removing \$755,859,048 of higher education tuition income and local funds by providing a continuing appropriation for higher education special funds, including tuition income and local funds. If higher education tuition

income and local funds had been specifically appropriated, the 2001-03 legislative budget for special funds would have been approximately \$3,778,556,031, a \$513,284,687 increase from the 1999-2001 special funds legislative budget of \$3,265,271,344.

¹⁰ In addition to an adjustment for deficiency appropriations, the Governor mandated a 1.05 percent general fund allotment reduction totaling \$18,343,329 in July 2002.

**COMPARISON OF AGENCY REQUESTS, EXECUTIVE RECOMMENDATIONS, AND LEGISLATIVE APPROPRIATIONS FOR
STATE SCHOOL AID FOR THE 1967-69 THROUGH 2003-05 BIENNIUMS**

Biennium	Department of Public Instruction Request	Executive Recommendation	Legislative Appropriation	Appropriated Increase (Decrease) From Previous Biennium Appropriation and Previous Year Per Student Payment	Appropriated Percentage Increase (Decrease) From Previous Biennium Appropriation and Previous Year Per Student Payment
1967-69					
General fund state school aid appropriation	\$48,200,000	\$38,450,000	\$45,500,000	\$9,650,000	26.9%
First-year per student payments	NA	\$220	\$220	\$44	25.0%
Second-year per student payments	NA	\$220	\$220	\$0	0.0%
1969-71					
General fund state school aid appropriation	\$51,750,000	\$48,700,000	\$50,200,000	\$4,700,000	10.3%
First-year per student payments	NA	\$230	\$230	\$10	4.5%
Second-year per student payments	NA	\$230	\$240	\$10	4.3%
1971-73					
General fund state school aid appropriation	\$67,200,000	\$51,135,000	\$54,385,000	\$4,185,000	8.3%
First-year per student payments	NA	Not specified	\$250	\$10	4.2%
Second-year per student payments	NA	Not specified	\$260	\$10	4.0%
1973-75					
Total state school aid appropriation	\$77,025,000	\$67,000,000	\$118,200,000	\$63,815,000	117.3%
Less federal revenue sharing			25,300,000	25,300,000	
General fund appropriation	<u>\$77,025,000</u>	<u>\$67,000,000</u>	<u>\$92,900,000</u>	<u>\$38,515,000</u>	70.8%
First-year per student payments	NA	Not specified	\$540	\$280	107.7%
Second-year per student payments	NA	Not specified	\$540	\$0	0.0%
1975-77					
Total state school aid appropriation	\$156,600,000	\$156,600,000	\$153,378,805	\$35,178,805	29.8%
Less federal revenue sharing	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>(13,300,000)</u>	
General fund appropriation	<u>\$144,600,000</u>	<u>\$144,600,000</u>	<u>\$141,378,805</u>	<u>\$48,478,805</u>	52.2%

First-year per student payments	\$620	\$620	\$640	\$100	18.5%
Second-year per student payments	\$680	\$680	\$690	\$50	7.8%
1977-79					
Total state school aid appropriation	\$187,000,000	\$185,000,000	\$186,752,000	\$33,373,195	21.8%
Less federal revenue sharing	<u>11,000,000</u>	<u>11,000,000</u>	<u>11,000,000</u>	<u>(1,000,000)</u>	
General fund appropriation	<u>\$176,000,000</u>	<u>\$174,000,000</u>	<u>\$175,752,000</u>	<u>\$34,373,195</u>	24.3%
First-year per student payments	\$765	\$765	\$775	\$85	12.3%
Second-year per student payments	\$840	\$840	\$850	\$75	9.7%
1979-81					
State school aid					
Per student payments	\$255,943,625	\$243,074,830	\$256,252,000	NA	
Less: 20-mill district and 21-mill county deducts	<u>61,080,000</u>	<u>61,080,000</u>	<u>63,631,500</u>	<u>NA</u>	
Net per student payments	\$194,863,625	\$181,994,830	\$192,620,500	NA	
Tuition fund distributions			16,500,000 ¹	NA	
Textbooks	6,000,000	5,000,000			
Transportation aid	<u>21,910,000</u>	<u>21,910,000</u>	<u>22,073,500</u>	<u>NA</u>	
Total state school aid appropriation	\$222,773,625	\$208,904,830	\$231,194,000	\$44,442,000	23.8%
Less					
Federal revenue sharing		12,400,000	12,400,000	1,400,000	
Oil and gas bonuses			5,300,000	5,300,000	
Vietnam bonus sinking funds			4,400,000	4,400,000	
Tuition fund distributions			<u>16,500,000 ¹</u>	<u>16,500,000</u>	
General fund appropriation	<u>\$222,773,625</u>	<u>\$196,504,830</u>	<u>\$192,594,000 ²</u>	<u>\$16,842,000</u>	9.6%
First-year per student payments	\$875	\$875	\$903	\$53	6.2%
First-year tuition fund payments			Not specified	NA	NA
Total first-year payments	<u>\$875</u>	<u>\$875</u>	<u>\$903</u>	<u>\$53</u>	6.2%
Second-year per student payments	\$970	\$922	\$970	\$67	7.4%
Second-year tuition fund payments			Not specified	NA	NA
Total second-year payments	<u>\$970</u>	<u>\$922</u>	<u>\$970</u>	<u>\$67</u>	7.4%
1981-83					
State school aid					
Per student payments	\$429,250,044	\$429,250,044	\$385,961,408	\$129,709,408	
Less: 20-mill district and 21-mill county deducts	<u>69,300,000</u>	<u>71,972,000</u>	<u>34,972,000 ³</u>	<u>(28,659,500)</u>	
Net per student payments	\$359,950,044	\$357,278,044	\$350,989,408	\$158,368,908	
Appropriation for 21-mill levy replacement		34,000,000			

Tuition fund distributions			29,877,400	13,377,400	
Transportation aid	40,053,500	40,053,500	37,715,468	15,641,968	
Total state school aid appropriation	\$400,003,544	\$431,331,544	\$418,582,276	\$187,388,276	81.1%
Less					
Oil extraction tax		128,000,000	169,266,667 ⁴	169,266,667	
Oil and gas bonuses			16,000,000	10,700,000	
Federal revenue sharing			700,000	(11,700,000)	
Vietnam bonus sinking funds				(4,400,000)	
Tuition fund distributions			29,877,400	13,377,400	
General fund appropriation	\$400,003,544	\$303,331,544	\$202,738,209	\$10,144,209	5.3%
First-year per student payments	\$1,569	\$1,569	\$1,425	\$455	46.9%
First-year tuition fund payments			Not specified	NA	NA
Total first-year payments	\$1,569	\$1,569	\$1,425	\$455	46.9%
Second-year per student payments	\$1,777	\$1,777	\$1,591	\$166	11.6%
Second-year tuition fund payments			Not specified	NA	NA
Total second-year payments	\$1,777	\$1,777	\$1,591	\$166	11.6%
1983-85					
State school aid					
Per student payments	\$372,716,564	\$321,223,600	\$351,139,250	(\$34,822,158)	
Less: 20-mill deduct		38,000,000	38,000,000	3,028,000	
Net per student payments	\$372,716,564	\$283,223,600	\$313,139,250	(\$37,850,158)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 ⁵	7,222,600	
Transportation aid	39,635,052	39,635,052	39,527,552	1,812,084	
Total state school aid appropriation	\$444,351,616	\$359,158,652	\$389,766,802	(\$28,815,474)	(6.9%)
Less					
Oil extraction tax	103,000,000	101,877,000		(169,266,667) ⁶	
Oil and gas bonuses				(16,000,000)	
Federal revenue sharing				(700,000)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 ⁵	7,222,600	
General fund appropriation	\$309,351,616	\$220,981,652	\$352,666,802 ⁷	\$149,928,593	74.0%
First-year per student payments	\$1,526	\$1,400	\$1,400	(\$191)	(12.0%)
First-year tuition fund payments	NA ⁸	NA ⁸	120 ⁵	120	NA
Total first-year payments	\$1,526 ⁸	\$1,400 ⁸	\$1,520	(\$71)	(4.5%)
Second-year per student payments	\$1,648	\$1,400	\$1,350	(\$50)	(3.6%)
Second-year tuition fund payments	NA ⁸	NA ⁸	170 ⁵	50	41.7%
Total second-year payments	\$1,648 ⁸	\$1,400 ⁸	\$1,520	\$0	0.0%

1985-87

State school aid

Per student payments	\$392,518,482	\$378,745,728	\$369,727,725	\$18,588,475
Less: 20-mill deduct	42,432,000	42,432,000	39,709,423	1,709,423
Net per student payments	\$350,086,482	\$336,313,728	\$330,018,302	\$16,879,052
Tuition fund distributions	47,895,000	47,895,000	47,895,000 ⁹	10,795,000
Transportation aid	41,511,724	41,511,724	40,068,810	541,258

Total state school aid appropriation \$439,493,206 \$425,720,452 \$417,982,112 \$28,215,310 7.2%

Less

Tuition fund distributions	47,895,000	47,895,000	47,895,000 ⁹	10,795,000
Federal revenue sharing		187,000	187,000	187,000

General fund appropriation \$391,598,206 \$377,638,452 \$369,900,112¹⁰ \$17,233,310 4.9%

First-year per student payments	\$1,470	\$1,406	\$1,425 ¹⁰	\$75	5.6%
First-year tuition fund payments	190	190	195 ⁹	25	14.7%
Total first-year payments	\$1,660	\$1,596	\$1,620	\$100	6.6%

Second-year per student payments	\$1,544	\$1,502	\$1,455 ¹⁰	\$30	2.1%
Second-year tuition fund payments	190	190	195 ⁹		0.0%
Total second-year payments	\$1,734	\$1,692	\$1,650	\$30	1.9%

1987-89

State school aid

Per student payments	\$455,264,726	\$360,756,666	\$355,570,464	(\$14,157,261)
Less: 20-mill deduct	39,204,350	39,204,350	39,070,442	(638,981)
Net per student payments	\$416,060,376	\$321,552,316	\$316,500,022	(\$13,518,280)
Tuition fund distributions	47,895,000	43,100,000	43,100,000 ¹¹	(4,795,000)
Transportation aid	40,068,810	40,068,810	38,109,386	(1,959,424)

Total state school aid appropriation \$504,024,186 \$404,721,126 \$397,709,408 (\$20,272,704) (4.9%)

Less

Federal revenue sharing				(187,000)
Tuition fund distributions	47,895,000	43,100,000	43,100,000 ¹¹	(4,795,000)

General fund appropriation \$456,129,186 \$361,621,126 \$354,609,408¹² (\$15,290,704) (4.1%)

First-year per student payments	\$1,729	\$1,413	\$1,400 ¹²	(\$55)	(3.8%)
First-year tuition fund payments	195	177	177 ¹¹	(18)	(9.2%)
Total first-year payments	\$1,924	\$1,590	\$1,577	(\$73)	(4.4%)

Second-year per student payments	\$1,806	\$1,440	\$1,412 ¹²	\$12	0.9%
Second-year tuition fund payments	195	177	177 ¹¹		0.0%
Total second-year payments	<u>\$2,001</u>	<u>\$1,617</u>	<u>\$1,589</u>	<u>\$12</u>	0.8%
1989-91					
State school aid					
Per student payments	\$458,214,936	\$402,575,604	\$378,769,140	\$23,198,676	
Less: mill deduct					
40 mills	77,400,055	77,400,055			
21 mills first year, 22 mills second year			41,207,625	2,137,183	
Net per student payments	<u>\$380,814,881</u>	<u>\$325,175,549</u>	<u>\$337,561,515</u>	<u>\$21,061,493</u>	
Tuition fund distributions	40,700,000	40,700,000	48,200,000	5,100,000	
Transportation aid	<u>40,000,000</u>	<u>34,200,000</u>	<u>36,637,073</u>	<u>(1,472,313)</u>	
Total state school aid appropriation	\$461,514,881	\$400,075,549	\$422,398,588	\$24,689,180	6.2%
Less					
Tuition fund distributions	<u>40,700,000</u>	<u>40,700,000</u>	<u>48,200,000</u>	<u>5,100,000</u>	
General fund appropriation	<u>\$420,814,881</u>	<u>\$359,375,549</u>	<u>\$374,198,588</u> ¹³	<u>\$19,589,180</u>	5.5%
First-year per student payments	\$1,850	\$1,641	\$1,525 ¹³	\$113	8.0%
First-year tuition fund payments	169	169	200	23	13.0%
Total first-year payments	<u>\$2,019</u>	<u>\$1,810</u>	<u>\$1,725</u>	<u>\$136</u>	8.6%
Second-year per student payments	\$1,942	\$1,690	\$1,545 ¹³	\$20	1.3%
Second-year tuition fund payments	169	169	200		0.0%
Total second-year payments	<u>\$2,111</u>	<u>\$1,859</u>	<u>\$1,745</u>	<u>\$20</u>	1.2%
1991-93					
State school aid					
Per student payments	\$435,561,700	\$381,730,789	\$386,784,025	\$8,014,885	
Less: mill deduct					
40 mills	76,762,904				
22 mills		42,131,994	42,076,240	868,615	
Net per student payments	<u>\$358,798,796</u>	<u>\$339,598,795</u>	<u>\$344,707,785</u>	<u>\$7,146,270</u>	
Tuition fund distributions	47,400,000	47,225,456	47,225,456	(974,544)	
Transportation aid	<u>36,274,714</u>	<u>36,274,714</u>	<u>36,306,549</u>	<u>(330,524)</u>	
Total state school aid appropriation	\$442,473,510	\$423,098,965	\$428,239,790	\$5,841,202	1.4%
Less					
Tuition fund distributions	<u>47,400,000</u>	<u>47,225,456</u>	<u>47,225,456</u>	<u>(974,544)</u>	
General fund appropriation	<u>\$395,073,510</u>	<u>\$375,873,509</u>	<u>\$381,014,334</u> ¹⁴	<u>\$6,815,746</u>	1.8%

First-year per student payments	\$1,750	\$1,531	\$1,552 ¹⁴	\$7	0.5%
First-year tuition fund payments	198	197	197	(3)	(1.5%)
Total first-year payments	<u>\$1,948</u>	<u>\$1,728</u>	<u>\$1,749</u>	<u>\$4</u>	0.2%
Second-year per student payments	\$1,825	\$1,587	\$1,608 ¹⁴	\$56	3.6%
Second-year tuition fund payments	198	198	198	1	0.5%
Total second-year payments	<u>\$2,023</u>	<u>\$1,785</u>	<u>\$1,806</u>	<u>\$57</u>	3.3%

1993-95

State school aid					
Per student payments	\$457,832,320	\$472,112,798	\$404,839,927	\$18,055,902	
Less: mill deduct					
40 mills	74,254,832				
50 mills first year, 60 mills second year		103,271,462			
23 mills first year, 24 mills second year			43,920,035	1,843,795	
Net per student payments	<u>\$383,577,488</u>	<u>\$368,841,336</u>	<u>\$360,919,892</u>	<u>\$16,212,107</u>	
Tuition fund distributions	47,225,456	46,017,000	46,017,000	(1,208,456)	
Transportation aid	<u>35,538,279</u>	<u>31,521,432</u>	<u>35,600,000</u>	<u>(706,549)</u>	
Total state school aid appropriation	\$466,341,223	\$446,379,768	\$442,536,892	\$14,297,102	3.3%

Less					
Tuition fund distributions	<u>47,225,456</u>	<u>46,017,000</u>	<u>46,017,000</u>	<u>(1,208,456)</u>	

General fund appropriation	<u>\$419,115,767</u>	<u>\$400,362,768</u> ¹⁵	<u>\$396,519,892</u> ¹⁶	<u>\$15,505,558</u>	4.1%
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First-year per student payments	\$1,860	Not specified	\$1,570	(\$38)	(2.4%)
First-year tuition fund payments	197	\$192	192	(6)	(3.0%)
Total first-year payments	<u>\$2,057</u>	<u>\$192</u>	<u>\$1,762</u>	<u>(\$44)</u>	(2.4%)

Second-year per student payments	\$1,900	Not specified	\$1,636 ¹⁶	\$66	4.2%
Second-year tuition fund payments	197	\$192	192		0.0%
Total second-year payments	<u>\$2,097</u>	<u>\$192</u>	<u>\$1,828</u>	<u>\$66</u>	3.7%

1995-97

State school aid					
Per student payments	\$426,533,854	\$417,050,148	\$456,215,232	\$51,375,305	
Less: mill deduct					
24 mills	46,010,284	46,010,284			
28 mills first year, 32 mills second year			59,709,197	15,789,162	
Net per student payments	<u>\$380,523,570</u>	<u>\$371,039,864</u>	<u>\$396,506,035</u>	<u>\$35,586,143</u>	
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid	<u>36,000,798</u>	<u>36,000,798</u>	<u>36,000,798</u>	<u>400,798</u>	
Total state school aid appropriation	\$462,541,368	\$453,057,662	\$478,523,833	\$35,986,941	8.1%

Less					
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid - Special funds			880,000 ¹⁷	880,000	
General fund appropriation	<u>\$416,524,368</u>	<u>\$407,040,662</u>	<u>\$431,626,833</u> ¹⁸	<u>\$35,106,941</u>	8.9%
First-year per student payments	\$1,662	\$1,652	\$1,757	\$121	7.4%
First-year tuition fund payments	211 ¹⁹	190 ¹⁹	190 ¹⁹	(2)	(1.0%)
Total first-year payments	<u>\$1,873</u>	<u>\$1,842</u>	<u>\$1,947</u>	<u>\$119</u>	6.5%
Second-year per student payments	\$1,734	\$1,668	\$1,862	\$105	6.0%
Second-year tuition fund payments	211 ¹⁹	190 ¹⁹	190 ¹⁹		0.0%
Total second-year payments	<u>\$1,945</u>	<u>\$1,858</u>	<u>\$2,052</u>	<u>\$105</u>	5.4%
1997-99					
State school aid					
Per student payments	\$519,317,404	\$483,650,506	\$501,586,540	\$45,371,308	
Less: mill deduct					
36.05 mills first year, 39.91 mills second year	78,727,193				
32.42 mills first year, 33.34 mills second year		73,281,153			
32 mills			72,298,601	12,589,404	
Net per student payments	<u>\$440,590,211</u>	<u>\$410,369,353</u>	<u>\$429,287,939</u>	<u>\$32,781,904</u>	
Tuition fund distributions	49,273,144	49,273,144	49,273,144	3,256,144	
Limited English proficient student payments			300,000	300,000	
Equity payments		20,000,000 ²⁰			
Transportation aid	<u>37,671,610</u>	<u>37,128,220</u>	<u>36,768,320</u>	<u>767,522</u>	
Total state school aid appropriation	\$527,534,965	\$516,770,717	\$515,629,403	\$37,105,570	7.8%
Less					
Transportation aid - Special funds				(880,000)	
Tuition fund distributions	<u>49,273,144</u>	<u>49,273,144</u>	<u>49,273,144</u>	<u>3,256,144</u>	
General fund appropriation	<u>\$478,261,821</u>	<u>\$467,497,573</u>	<u>\$466,356,259</u> ²¹	<u>\$34,729,426</u>	8.0%
First-year per student payments	\$2,010	\$1,899	\$1,954	\$92	4.9%
First-year tuition fund payments	225 ²²	204 ²²	204 ²²	14	7.4%
Total first-year payments	<u>\$2,235</u>	<u>\$2,103</u>	<u>\$2,158</u>	<u>\$106</u>	5.2%
Second-year per student payments	\$2,121	\$1,935	\$2,032	\$78	4.0%
Second-year tuition fund payments	225 ²²	204 ²²	204 ²²		0.0%
Total second-year payments	<u>\$2,346</u>	<u>\$2,139</u>	<u>\$2,236</u>	<u>\$78</u>	3.6%
1999-2001					
State school aid					
Per student payments	\$546,659,759	\$517,678,909	\$520,678,909	\$19,092,369	

Less: 32-mill deduct	78,072,650	78,072,650	78,072,650	5,774,049	
Net per student payments	<u>\$468,587,109</u>	<u>\$439,606,259</u>	<u>\$442,606,259</u>	<u>\$13,318,320</u>	
Tuition fund distributions	53,528,217	53,528,217	53,528,217	4,255,073	
Limited English proficient student payments	300,000	300,000	400,000	100,000	
Transportation aid	<u>36,400,000</u>	<u>36,000,000</u>	<u>36,000,000</u>	<u>(768,320)</u>	
Total state school aid appropriation	\$558,815,326	\$529,434,476	\$532,534,476	\$16,905,073	3.3%
Less					
Tuition fund distributions	<u>53,528,217</u>	<u>53,528,217</u>	<u>53,528,217</u>	<u>4,255,073</u>	
General fund appropriation	<u>\$505,287,109</u>	<u>\$475,906,259</u>	<u>\$479,006,259</u>	<u>\$12,650,000</u>	2.7%
First-year per student payments	\$2,195	\$2,129	\$2,145	\$113	5.6%
First-year tuition fund payments	<u>234²³</u>	<u>220²³</u>	<u>220²³</u>	<u>16</u>	7.8%
Total first-year payments	\$2,429	\$2,349	\$2,365	\$129	5.8%
Second-year per student payments	\$2,371	\$2,221	\$2,230	\$85	4.0%
Second-year tuition fund payments	<u>234²³</u>	<u>220²³</u>	<u>220²³</u>	<u>0</u>	0.0%
Total second-year payments	\$2,605	\$2,441	\$2,450	\$85	3.6%
2001-03					
State school aid					
Per student payments	\$555,110,467	\$532,704,091	\$522,264,541	\$1,585,632	
Less: 32-mill deduct	<u>83,611,330</u>	<u>83,611,330</u>	<u>84,942,893</u>	<u>6,870,243</u>	
Net per student payments	\$471,499,137	\$449,092,761	\$437,321,648	(\$5,284,611)	
Tuition fund distributions	61,346,025	67,239,025	67,239,025	13,710,808	
Limited English proficient student payments	450,000	450,000	650,000	250,000	
Teacher compensation payments			35,036,000 ²⁴	35,036,000	
Transportation aid	<u>36,600,000</u>	<u>36,000,000</u>	<u>36,000,000</u>	<u>0</u>	
Total state school aid appropriation	\$569,895,162	\$552,781,786	\$576,246,673	\$43,712,197	8.2%
Less					
Tuition fund distributions	<u>61,346,025</u>	<u>67,239,025</u>	<u>67,239,025</u>	<u>13,710,808</u>	
General fund appropriation	<u>\$508,549,137</u>	<u>\$485,542,761</u>	<u>\$509,007,648</u>	<u>\$30,001,389</u>	6.3%
First-year per student payments	\$2,364	\$2,323	\$2,287	\$57	2.6%
First-year tuition fund payments	<u>266</u>	<u>300</u>	<u>300</u>	<u>80</u>	36.4%
Total first-year payments	\$2,630	\$2,623	\$2,587	\$137	5.6%
Second-year per student payments	\$2,506	\$2,420	\$2,347	\$60	2.6%
Second-year tuition fund payments	<u>266</u>	<u>300</u>	<u>300</u>	<u>0</u>	
Total second-year payments	\$2,772	\$2,720	\$2,647	\$60	2.3%

2003-05

State school aid

Per student payments	\$605,477,848	\$534,667,340	\$555,800,961	\$33,536,420	
Less: mill deduct \25	<u>92,127,848</u>	<u>92,460,350</u>	<u>101,870,971</u>	<u>16,928,078</u>	
Net per student payments	\$513,350,000	\$442,206,990	\$453,929,990	\$16,608,342	
Tuition fund distributions	69,495,371	69,495,371	69,495,371	2,256,346	
Limited English proficient student payments	650,000	650,000	650,000		
Teacher compensation payments		66,277,000	51,854,000 ²⁶	16,818,000	
Transportation aid	<u>36,000,000</u>	<u>35,200,000</u>	<u>34,800,000</u>	<u>(1,200,000)</u>	
Total state school aid appropriation	\$619,495,371	\$613,829,361	\$610,729,361	\$34,482,688	6.0%
Less					
Tuition fund distributions	<u>69,495,371</u>	<u>69,495,371</u>	<u>69,495,371</u>	<u>2,256,346</u>	
General fund appropriation	<u>\$550,000,000</u>	<u>\$544,333,990</u>	<u>\$541,233,990</u>	<u>\$32,226,342</u>	6.3%
First-year per student payments	\$2,766	\$2,430	\$2,509	\$162	6.9%
First-year tuition fund payments	<u>335</u>	<u>335</u>	<u>335</u>	<u>35</u>	11.7%
Total first-year payments	\$3,101	\$2,765	\$2,844	\$197	7.4%
Second-year per student payments	\$2,843	\$2,528	\$2,623	\$114	4.5%
Second-year tuition fund payments	<u>335</u>	<u>335</u>	<u>335</u>		0.0%
Total second-year payments	\$3,178	\$2,863	\$2,958	\$114	4.0%

NA - Not available or not applicable

- 1 Tuition fund distributions - 1979-81 - Distributions from the state tuition fund were appropriated for the first time by the 1979 Legislative Assembly but were distributed in previous bienniums. The state tuition fund consists of the net proceeds from all fines for violation of state laws, leasing of school lands, and the interest income from the state common schools permanent trust fund pursuant to North Dakota Century Code Section 15-44-01.
- 2 Adjusted 1979-81 appropriation - In addition to the amounts shown, the 1981 Legislative Assembly appropriated \$12 million from the state general fund as a deficiency appropriation for the 1979-81 biennium.
- 3 Mill deduct - 1981-83 - The appropriation for the 1981-83 biennium was based on only the 20-mill district deduct not on the 21-mill county deduct.
- 4 Oil extraction tax - 1981-83 - Actual oil extraction tax collections in 1981-83 were less than originally estimated, and the 1983 Legislative Assembly subsequently appropriated \$25 million from the lands and minerals trust fund and \$6 million from the state general fund for foundation aid to be distributed during the 1981-83 biennium.
- 5 Tuition fund distributions - 1983-85 - Actual tuition fund distributions for the 1983-85 biennium were \$45,792,952, which resulted in payments of \$176 per census unit in 1984 and \$202 per census unit in 1985.
- 6 Oil extraction tax - 1983-85 - The 1983 Legislative Assembly provided that 90 percent of oil extraction tax collections would be deposited in the general fund rather than allocated 60 percent to the school aid program and 30 percent to the general fund. The remaining 10 percent was deposited in the resources trust fund.

- 7 State school aid - 1983-85 - The actual number of students was less than anticipated and, consequently, the statutory formula did not provide for the distribution of the entire appropriation. The actual amount distributed was \$347,425, 231.
- 8 Per student payments - 1983-85 - The per student payments requested by the Department of Public Instruction and recommended by the Governor for the 1983-85 biennium included the use of money in the state tuition fund. The 1983 Legislative Assembly provided per student foundation aid payments that were in addition to state tuition fund payments.
- 9 Tuition fund distributions - 1985-87 - Actual 1985-87 biennium tuition fund distributions were \$51,575,818, which resulted in payments of \$209 per census unit in 1986 and \$216 per census unit in 1987.
- 10 Adjusted 1985-87 appropriation - Due to executive budget allotments and Legislative Assembly general fund appropriation reductions, the total 1985-87 biennium general fund foundation aid distribution was reduced to \$348,731,488. The actual per student payments were \$1,425 and \$1,367 for 1986 and 1987, respectively.
- 11 Tuition fund distributions - 1987-89 - Actual 1987-89 biennium tuition fund distributions were \$50,603,504, which resulted in payments of \$215 per census unit in 1988 and \$206 per census unit in 1989.
- 12 Adjusted 1987-89 appropriation - Due to reductions resulting from a cable television sales tax referral and executive budget allotments, the 1987-89 biennium general fund state school aid distribution was reduced to \$347,212,599. The actual per student payments were \$1,400 and \$1,385 for 1988 and 1989, respectively.
- 13 Adjusted 1989-91 appropriation - Due to the net effect of tax referrals, budget unallotments, and a \$7 million general fund deficiency appropriation provided by the 1991 Legislative Assembly, the actual 1989-91 biennium general fund foundation aid distribution was reduced to \$358,302,784. The actual per student payments were \$1,411 and \$1,537 in 1990 and 1991, respectively.
- 14 Adjusted 1991-93 appropriation - Due to executive budget allotments, the 1991-93 biennium general fund state school aid distribution was reduced to \$380,310,085. The actual per student payments were \$1,552 and \$1,542 in 1992 and 1993, respectively.
- 15 Executive recommendation - 1993-95 - The amounts shown were included in Governor Sinner's budget recommendation. Governor Schafer's budget recommendation included a general fund appropriation of \$381,014,334 for foundation aid.
- 16 State school aid - 1993-95 - The amount distributed for state school aid was increased to \$397,794,664 to reflect approximately \$600,000 available from the transportation aid appropriation and approximately \$1.3 million available from the amount appropriated for school district restructuring, resulting in an additional payment of \$46 per student the second year of the biennium.
- 17 Transportation aid - 1995-97 - The 1995 Legislative Assembly appropriated \$880,000 of special funds for transportation aid. The special funds were from the abandoned motor vehicle fund (\$250,000) and the public transportation fund (\$630,000).
- 18 State school aid - 1995-97 - The actual number of students was less than anticipated, and consequently, the statutory formula did not provide for the distribution of the entire appropriation. The actual amount distributed was \$429,307,277.
- 19 Tuition fund payments - 1995-97 - The Department of Public Instruction request for the 1995-97 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units.
- 20 Equity payments - 1997-99 - The executive recommendation for the 1997-99 biennium included \$20 million for equity payments to school districts.
- 21 State school aid - 1997-99 - The actual number of students was less than anticipated, and consequently, the statutory formula will not provide for the distribution of the entire appropriation. The department estimates that approximately \$12.3 million of the amount appropriated will not be distributed during the 1997-99 biennium.

- ²² Tuition fund payments - 1997-99 - The Department of Public Instruction request for the 1997-99 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units. The department estimates that 1997-99 biennium tuition fund distributions will be \$53.3 million, which will result in payments of \$216 per census unit in 1998 and \$222 per census unit in 1999.
- ²³ Tuition fund payments - 1999-2001 - The Department of Public Instruction request for the 1997-99 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continue the distribution on the basis of census units.
- ²⁴ Teacher compensation payments - 2001-03 - The Schafer executive recommendation did not include an appropriation for teacher compensation payments; however, the Hoeven budget recommendation included \$50,009,575 for teacher compensation payments of \$2,000 the first year of the biennium and an additional \$1,500 the second year for school district instructional and administrative personnel. The legislative appropriation excludes administrative personnel and provides for payments of \$1,000 the first year of the biennium and an additional \$2,000 the second year.
- ²⁵ Mill deduct - 2003-05 - The mill deduct used in the calculation of the 2003-05 state school aid for the Department of Public Instruction request and the executive recommendation was 32 mills. The Legislative Assembly increased the mill deduct from 32 mills to 34 mills for the first year of the 2003-05 biennium and to 36 mills for the second year of the 2003-05 biennium.
- ²⁶ Teacher compensation payments - 2003-05 - The Legislative Assembly provided a general fund appropriation of \$51,854,000 to continue the current level of teacher compensation payments of \$1,000 for first-year teachers and \$3,000 per second-year returning teacher. The Legislative Assembly did not adopt the executive recommendation to provide an additional \$500 per third-year returning teacher in the first year of the 2003-05 biennium and additional \$1,000 per fourth-year returning teacher in the second year of the biennium.

**MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT
ASSISTANCE TO POLITICAL SUBDIVISIONS FROM THE 1993-95 THROUGH 2003-05 BIENNIUMS**

	1993-95	1995-97	1997-99	1999-2001	2001-03	2003-05
General fund appropriations						
State school aid (including transportation aid)	\$396,519,892	\$431,626,833	\$466,356,259	\$479,006,259	\$473,971,648	\$489,379,990
Teacher compensation payments to school districts					35,036,000	51,854,000
School district reorganization	3,266,375				1,665,000	500,000
Educational Technology Council grants	3,000,000	993,750	1,000,000	6,000,000	922,822	512,822
Special education	33,500,000	36,850,000	40,550,000	46,600,000	49,898,695	49,898,695
Revenue supplement payments to school districts		2,225,000	3,100,000	3,100,000	2,200,000	5,000,000
Average daily membership and declining enrollment payments				3,500,000		
Technology reimbursement payment to schools			5,000,000			
Vocational education	12,283,543	8,453,197	8,922,014	9,520,929	9,573,929	10,386,541
School lunch program	1,112,652	1,037,000	1,100,000	1,080,000	1,080,000	1,080,000
Adult education	900,000	900,000	900,000	900,000	900,000	920,000
Grants to public libraries	893,000	880,000	935,521	888,745	888,745	844,307
Homestead tax credit	3,875,000	4,681,250	4,540,813	4,540,813	4,540,813	4,000,000
Aid to health districts	1,000,000	950,000	990,000	1,100,000	1,100,000	1,100,000
Matching funds to counties and cities for senior citizen programs	1,332,000	1,620,000	1,770,000	1,982,945 ¹¹	2,132,945 ¹¹	2,382,945 ¹¹
Indian welfare assistance to counties	440,222	440,222	1,059,000 ¹²	121,766 ¹²	456,993 ¹²	649,559
Boys and girls clubwork				53,000	53,000	53,000
Gaming enforcement grants	1,224,000	1,045,216	1,014,152	419,591		
Soil conservation district grants	745,386	500,000	580,000	580,000	580,000	580,000
Noxious weed control	458,368	396,950	364,950	288,341	184,141	97,215
Payments in lieu of taxes on carbon dioxide pipeline property				783,413	1,932,419	1,910,000
Clerk of court				1,000,000	10,154,353	10,571,670
Grants to airports	214,355	503,425	503,425	550,000	550,000	522,500
Statewide information technology network costs					4,920,824 ¹³	3,382,023 ¹⁰
Total general fund	\$460,764,793	\$493,102,843	\$538,686,134	\$562,015,802	\$602,742,327	\$635,625,267
Percentage of total general fund appropriations	36.8%	36.6%	36.2%	34.8%	34.5% ¹⁹	35.2%
Special funds appropriations and revenue allocations						
State tuition fund distributions	\$46,017,000	\$46,017,000	\$49,273,144	\$53,528,217	\$67,239,025	\$69,495,371
Grants for adult education programs (displaced homemaker fund)				237,500	240,000	240,000
School transportation aid (abandoned motor vehicle fund)		250,000				
School transportation aid (public transportation fund)		630,000				
Clerk of court					750,000	997,647
Homestead tax credit (Housing Finance Agency reserves)	1,500,000	500,000	250,000			
Noxious weed control				910,555	1,162,695	1,499,621
State aid distribution funds to cities and counties ⁴	51,500,000	51,500,000	53,978,600	63,203,392	66,383,566	69,435,478
Public transportation services (public transportation fund)	1,500,000	1,500,000	1,500,000	2,848,000	3,000,000	3,000,000
Insurance tax to fire departments						
Fire and tornado fund						
Insurance tax distribution fund	5,262,700	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000
Gaming enforcement grants					629,000	617,000
Community health grant program (community health trust fund)					4,700,000	4,700,000
Tobacco education and cessation program grants (community health trust fund)					250,000	500,000

	1993-95	1995-97	1997-99	1999-2001	2001-03	2003-05
Matching funds to counties and cities for senior citizen programs						
State aid distribution fund	288,000					
Health care trust fund					250,000 ^{\1}	
Energy development impact grants (oil and gas impact grant fund)	5,000,000	4,995,467	4,896,536	4,888,100	4,888,100	4,888,100
Grants to airports (Aeronautics Commission special funds collections)	1,151,461	1,368,476	1,370,000	1,570,000	1,820,000	1,962,500
Indian welfare assistance to counties (Department of Human Services "retained" funds)				1,654,654 ^{\2}	2,068,007 ^{\2}	1,964,607
Motor vehicle fuel tax and registration fee allocations ^{\5}	90,915,512	102,561,812	109,158,411	112,600,000	116,500,000	117,500,000
Telecommunications tax allocations				8,400,000	16,800,000	16,800,000
Coal severance tax allocations ^{\6}	16,679,981	15,602,794	15,816,453	15,235,854	14,685,000	14,685,000
Coal conversion tax allocations ^{\6}	5,836,054	5,714,519	5,598,165	5,491,282	6,620,022	5,938,230
Oil and gas gross production tax allocations ^{\7}	19,326,376	24,378,026	20,544,237	36,028,096	31,843,672	36,026,526
Cigarette tax allocations ^{\8}	3,030,599	3,047,659	3,003,298	2,813,712	2,623,000	2,348,000
Total special fund appropriations and revenue allocations	<u>\$248,007,683</u>	<u>\$263,265,753</u>	<u>\$270,588,844</u>	<u>\$314,609,362</u>	<u>\$347,652,087</u>	<u>\$357,798,080</u>
Total major direct assistance to political subdivisions	<u>\$708,772,476</u>	<u>\$756,368,596</u>	<u>\$809,274,978</u>	<u>\$876,625,164</u>	<u>\$950,394,414</u>	<u>\$993,423,347</u>

^{\1} Consists of \$720,000 of state funding to providers for matching federal Title III funds and \$1,262,945 for senior mill levy match for the 1999-2001 biennium and \$720,000 of state funding to providers for matching Title III funds and \$1,662,945 for senior mill levy match for the 2001-03 biennium. Of the 2001-03 biennium total, \$1,412,945 is from the general fund and \$250,000 is from the health care trust fund. The 2003-05 appropriation consists of \$720,000 of state funding to providers for matching federal Title III funds and \$1,662,945 for senior citizen mill levy match.

^{\2} The 1997 Legislative Assembly appropriated an additional \$619,000, for a total of \$1,059,000 from the general fund, to reduce the impact on Indian counties of House Bill No. 1041, which provided for a "swap" of state and county human services financial responsibilities. For the 1999-2001 biennium the Legislative Assembly appropriated \$121,766 from the general fund and \$1,654,654 of "retained" funds for a total of \$1,776,420. For the 2001-03 biennium the Legislative Assembly appropriated a total of \$2,525,000, of which \$456,993 is from the general fund and \$2,068,007 is from "retained" funds.

^{\3} The 2001 Legislative Assembly provided funding of \$4,920,824 for implementation of the statewide information technology network to kindergarten through grade 12 and public libraries, net of an e-rate credit of \$3,700,000.

^{\4} The 1987 Legislative Assembly in House Bill No. 1590 provided that .6 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax shall be deposited into the state aid distribution fund to be used beginning July 1, 1989.

The 1997 Legislative Assembly in House Bill No. 1019 reduced the .6 to .4 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax to be deposited into the state aid distribution fund beginning January 1, 1999. The Legislative Assembly also added a continuing appropriation so all revenues deposited into the state aid distribution fund are appropriated for payments to political subdivisions. The change also eliminated the 50 percent for personal property tax replacement and 50 percent for revenue sharing and instead provided that 53.7 percent of the revenues in the fund be distributed to counties and 46.3 percent of the revenues be distributed to cities.

^{\5} The gas tax allocation is based on the provisions that collection equivalent to one cent per gallon is allocated to townships and 37 percent of the money in the highway tax distribution fund is allocated to counties and cities.

^{\6} Beginning in the 2001-03 biennium the coal severance tax allocation is based on the provision that 70 percent of the tax revenue is allocated among coal-producing counties. Previously, 35 percent had been allocated to coal-producing counties.

Beginning in the 2001-03 biennium the coal conversion tax allocation is based on the provision that 15 percent of the tax revenue is allocated to the county in which the plant is located. Previously, 35 percent had been allocated to the county in which the plant is located.

^{\7} The oil and gas gross production tax allocation is based on a formula which provides for a varying percentage of revenue to go to the producing county, based on the total amount of production tax revenue generated by the county. The total a county may receive is capped based on the population of the county.

^{\8} The cigarette tax allocation is based on the provision that three cents per regular package and 3.75 cents per larger package are distributed to cities based on population.

^{\9} Based on the 2001-03 general fund appropriation, excluding state agency allotments.

^{\10} The 2003 Legislative Assembly provided funding of \$3,382,023 for continued funding of the statewide information technology network to kindergarten through grade 12 and public libraries, net of an e-rate credit of \$4,054,200.