

EXECUTIVE SUMMARY

GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2007	\$218,350,170 ¹
Add estimated 2007-09 general fund revenues and transfers	2,257,279,965
Total resources available	\$2,475,630,135
Less 2007-09 general fund appropriations	2,456,973,956
Estimated general fund balance - June 30, 2009	\$18,656,179²

¹This amount reflects a transfer of \$100,527,369 from the June 30, 2007, general fund balance to the budget stabilization fund, \$11,084,451 of 2005-07 deficiency appropriations, \$10,000,000 of estimated 2005-07 unspent general fund appropriation authority, and additional revenues of \$1,237,928 from an additional e-rate reimbursement and criminal background checks.

²In addition, the budget stabilization fund is projected to have a June 30, 2009, balance of \$200 million and the permanent oil tax trust fund is projected to have a June 30, 2009, balance of \$137 million.

TOTAL APPROPRIATIONS SUMMARY

	2005-07 Legislative Appropriations	Increase (Decrease)	2007-09 Legislative Appropriations
General fund	\$2,000,537,074	\$456,436,882	\$2,456,973,956
Estimated income	3,785,221,167	235,293,917	4,020,515,084
Total all funds	\$5,785,758,241	\$691,730,799	\$6,477,489,040

2007-09 GENERAL FUND REVENUES

1. Provided for **general fund revenues** of \$2.48 billion, \$166.2 million or 7.2 percent more than the 2005-07 biennium revenues as included in the February 2007 revenue forecast.
2. Anticipated state agency **general fund turnback** of \$10 million at the end of the 2005-07 biennium.
3. Major areas of **revenue growth** (as compared to the February 2007 forecast for the 2005-07 biennium) include:
 - a. Sales and use taxes increasing by \$66.8 million or 7.9 percent.
 - b. Gaming taxes increasing by \$2.3 million or 12.6 percent.
 - c. Interest income increasing by \$4.3 million or 13.4 percent.
4. Major areas of **revenue decline** (as compared to the February 2007 forecast for the 2005-07 biennium) include:
 - a. Individual income taxes decreasing by \$55.6 million or 10.1 percent (see **PROPERTY TAX INCOME TAX CREDIT** section below).
 - b. Corporate income taxes decreasing by \$40.4 million or 21.4 percent (see **PROPERTY TAX INCOME TAX CREDIT** section below).

- c. Motor vehicle excise taxes decreasing by \$8.0 million or 6.6 percent.
5. Included \$60 million from the **Bank of North Dakota**, the same amount authorized for the 2005-07 biennium. The transfer may be made only to the extent the transfer does not reduce the Bank's capital structure below \$175 million.
6. Included \$5 million from the **Mill and Elevator**, the same amount transferred during the 2005-07 biennium.
7. Included \$115 million from the **permanent oil tax trust fund**, which is an increase of \$59.7 million as compared to the transfer of \$55.3 million during the 2005-07 biennium.
8. Included \$3.1 million from the **student loan trust fund**, \$5.9 million less than the amount transferred during the 2005-07 biennium.
9. Included \$15 million from the **lands and minerals trust fund**, \$8.2 million more than the \$6.8 million transferred during the 2005-07 biennium.
10. Anticipated **oil prices** to average \$50 per barrel during the beginning of the first year of the 2007-09 biennium, then declining to an average price of \$40 per barrel by the start of the second year of the biennium and averaging \$35 per barrel at the end of the biennium. The average oil price in April 2007 for North Dakota crude oil was \$55.21 per barrel.
11. **Oil production** is anticipated to average 115,000 barrels per day during the start of the 2007-09 biennium then increasing to 118,000 barrels per day during fiscal year 2008 and continuing to increase to approximately 119,000 barrels per day by the end of fiscal year 2009.
12. **Oil tax revenues** are \$71 million, the same as the 2005-07 biennium. North Dakota Century Code (NDCC) Section 57-51.1-07.2 provides that oil and gas production and oil extraction tax collections in excess of \$71 million be transferred from the general fund to the permanent oil tax trust fund. For the 2005-07 biennium, an estimated \$166.9 million is to be transferred to the permanent oil tax trust fund and \$71 million remains in the general fund. The estimated June 30, 2007, balance in the permanent oil tax trust fund is \$136.7 million. For the 2007-09 biennium, oil tax collections are estimated to total \$229.6 million, of which \$158.6 million will be transferred to the permanent oil tax trust fund and \$71 million will remain in the general fund. As discussed earlier, \$115 million is transferred from the trust fund to the general fund. The estimated June 30, 2009, balance in the permanent oil tax trust fund is \$137 million.

2007-09 GENERAL FUND APPROPRIATIONS

1. Provided general fund appropriations of \$2.46 billion, \$456.4 million or 22.8 percent more than the 2005-07 adjusted legislative appropriations.
2. Major general fund appropriations increases relate to:
 - a. Department of Human Services - \$107.5 million.
 - b. Higher education - \$79.1 million.
 - c. Department of Public Instruction - \$73.7 million.
 - d. Department of Corrections and Rehabilitation - \$66.4 million.
 - e. Main Research Center - \$13.4 million.
 - f. State Water Commission - \$12.9 million.
 - g. Judicial branch - \$10.1 million.
 - h. Tax Commissioner - \$10.1 million.
 - i. Office of Management and Budget - \$10 million.

2007-09 SPECIAL FUNDS APPROPRIATIONS

1. Provided special funds (estimated income) appropriations of \$4.02 billion, \$235.3 million more than the 2005-07 legislative appropriations.
2. Major special funds appropriations increases (decreases) relate to:
 - a. Department of Human Services - \$94.4 million.
 - b. State Department of Health - \$38.3 million.
 - c. State Water Commission - \$37.1 million.
 - d. Adjutant General - \$32.4 million.
 - e. Industrial Commission - \$25.5 million.
 - f. Veterans Home - \$22.9 million.
 - g. Workforce Safety and Insurance - \$19.7 million.
 - h. Information Technology Department - \$14.1 million.
 - i. Upper Great Plains Transportation Institute - \$11.1 million.
 - j. Public Employees Retirement System - \$10.5 million.
 - k. Department of Transportation - (\$51.9 million).

2007-09 - ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

1. Projected "ongoing" general fund revenues are \$2,057.9 million for the 2007-09 biennium, \$259.5 million less than "ongoing" general fund appropriations of \$2,317.4 million.
2. Identified \$139.5 million of "one-time" general fund appropriations and \$29.8 million of "one-time" permanent oil tax trust fund appropriations for the 2007-09 biennium.
3. Retained an estimated \$355.7 million at the end of the 2007-09 biennium, \$18.7 million in the general fund, \$137 million in the permanent oil tax trust fund, and \$200 million in the budget stabilization fund. A total of \$701 million of estimated "one-time" resources were available for the 2007-09 biennium, \$218.3 million of beginning general fund balance, \$200 million in the budget

stabilization fund, and \$282.7 million in the permanent oil tax trust fund beginning balance and 2007-09 revenues.

HIGHER EDUCATION

1. Increased **general fund** support by \$79.1 million or 20.3 percent, including approximately \$28.4 million of one-time funding from the general fund. The increase in funding is due in part to increasing funding for campus operations and extraordinary repairs by approximately \$53.5 million, increasing funding for major capital projects by approximately \$13.1 million, and increasing funding for student financial assistance by approximately \$4.1 million.
2. Decreased support from **special funds** by \$13.1 million or 7.4 percent due to decreasing major capital projects funded from special funds by approximately \$16.9 million.
3. Adjusted the authorized number of **full-time equivalent (FTE) positions** from 2,194.42 for the 2005-07 biennium to 2,136.59 for the 2007-09 biennium to reflect the number of FTE positions supported by the general fund.
4. Provided \$33.8 million from the general fund for **campus parity** as requested by the State Board of Higher Education for costs to continue the fiscal year 2007 legislatively authorized salary increases, 5 percent per year salary increases for the 2007-09 biennium, estimated health insurance increases, and 2.4 percent annual inflationary increases for operating costs. This level of funding represents 98 percent of the general fund portion of parity costs. The remaining funding of approximately \$223,450 will need to be funded with special funds or reallocation.
5. Provided \$10 million from the general fund for **campus equity** payments.
6. Provided a .25 percent general fund operating reduction for higher education institutions totaling \$924,769.
7. Provided \$6 million, of which \$5.8 million is from the general fund and \$164,000 is from federal funds, for the **student financial assistance grant program**. This level represents a total funds increase of \$2.5 million from the 2005-07 legislative appropriation of \$3.5 million.
8. Provided a **common information services pool** of \$31.5 million from the general fund for support of the Higher Education Computer Network, the Interactive Video Network, the On-line Dakota Information Network, and other related technology initiatives. The funding includes \$5,493,800 of one-time funding from the general fund, including \$420,000 for parity, \$2.3 million for support of the ConnectND system, and \$2,773,800 for Northern Tier Network infrastructure. This level of funding represents an increase of \$10.9 million from the 2005-07 adjusted appropriation of \$20.6 million.

ELEMENTARY AND SECONDARY EDUCATION

1. Provided funding of \$777.2 million, of which \$701 million is from the general fund and \$76.2 million is from the state tuition fund, for the **proposed new state school aid program**. This level of funding represents an increase of \$78.6 million, of which \$74 million is from the general fund and \$4.6 million is from the state tuition fund, compared to the 2005-07 legislative appropriation of \$698.6 million.
2. Provided funding from the general fund for the following grants:
 - a. Governor's School - \$320,000 (increase of \$50,000 from the 2005-07 biennium).
 - b. North Dakota LEAD Center - \$245,000 (increase of \$10,000 from the 2005-07 biennium).
 - c. Teacher center network - \$276,000 (increase of \$46,000 from the 2005-07 biennium).
 - d. National writing projects - \$108,000 (increase of \$20,000 from the 2005-07 biennium).
 - e. North Dakota Museum of Art - \$295,000 (increase of \$45,000 from the 2005-07 biennium).

HUMAN SERVICES

1. Provided a total general fund appropriation for the Department of Human Services of \$591.9 million, \$107.5 million or 22.2 percent more than the \$484.4 million appropriated for the 2005-07 biennium.
2. Added \$9.1 million from the general fund for additional state matching funds required due to changes in the state's **federal medical assistance percentage (FMAP)**. The FMAP determines the federal and state share of Medicaid expenditures. North Dakota's FMAP is decreasing from 64.72 percent in federal fiscal year 2007 to 63.75 percent in federal fiscal year 2008 and then increasing to an estimated 64.08 percent in federal fiscal year 2009.
3. Provided \$57.5 million, of which \$20.7 million is from the general fund for **inflationary increases** for the department's service providers of 4 percent for the first year of the biennium and 5 percent for the second year. The 2005 Legislative Assembly approved 2.65 percent annual inflationary increases for the 2005-07 biennium.
4. Provided \$31.1 million, of which \$3.7 million is from the general fund, for additional costs of rewriting the **Medicaid management information system (MMIS)** computer application. The 2005 Legislative Assembly provided \$29.2 million, of which the state matching share of \$3.7 million is from the permanent oil tax trust fund.
5. Added \$13,105,368, of which \$7,490,245 is from the general fund, for state administration of **child support enforcement** activities, including an estimated 122.6 FTE positions currently under county supervision.

6. Added \$10.7 million, of which \$3.9 million is from the general fund for increasing the average wage of **employees of developmental disabilities service providers** by 60 cents per hour.
7. Added \$2.8 million from the general fund in the Division of Mental Health and Substance Abuse to phase in a **community-based sex offender treatment** program to provide services for up to 140 offenders.
8. Provided \$3.1 million from the general fund for costs of **constructing a high security addition** to the secure services unit at the State Hospital. The secure services unit provides sex offender treatment services and services to individuals that are mentally ill and dangerous.
9. Added \$3.7 million from the general fund and 36.5 FTE positions for **expanding the secure services unit** from 42 beds to 82 beds. Of the 40 new beds, 20 were added during the 2005-07 biennium, upon Emergency Commission approval.

CAPITAL CONSTRUCTION

1. Includes a total of \$926.5 million for the following capital projects:
 - a. \$289.3 million for major capital projects.
 - b. \$40.4 million for extraordinary repairs.
 - c. \$596.8 million for bond payments and other projects.
 The funding sources for capital projects are:

	General Fund	Special Funds
Major capital projects	\$82,452,998	\$206,863,052
Extraordinary repairs	28,796,983	11,614,705
Bond payments	20,120,218	2,438,523
Energy conservation projects		1,509,200
Other projects	810,000	571,875,487
Total	\$132,180,199	\$794,300,967

2. The Legislative Assembly did not provide for any major capital construction projects to be financed by bonding which would need to be repaid from the general fund.

STATE EMPLOYEES

1. Provided funding for **state employee salary increases** equal to 4 percent of salaries with a minimum increase of \$75 per month effective July 1, 2007, and a 4 percent with a \$75 minimum effective July 1, 2008. Salary increases must be based on merit and equity and are not to be given across the board. Funding provided for these increases totals \$45.9 million, \$23.4 million of which is from the general fund. The 2007-09 legislative appropriation for the North Dakota University System included funding for parity to provide for inflationary costs, including the general fund share of 5 percent per year salary increases and health insurance increases.

2. Continued funding for the cost of **health insurance premiums** for state employees at \$658 per month per employee, an increase of \$104, or 18.8 percent compared to the 2005-07 biennium premium of \$554. Funding provided for this increase totals \$21.5 million, of which \$9.1 million is from the general fund.
3. Provides \$10 million to the Office of Management and Budget for **market equity compensation adjustments** for classified state employees. Of the \$10 million, \$5 million is from the general fund and \$5 million is from special funds.
4. Authorized a total of 10,942.53 **FTE positions**, 310.43 FTE positions more than the 2005-07 authorized level and 132.70 FTE positions more than the executive recommendation. The net increase, excluding higher education, is 368.26 FTE positions.

CORRECTIONS

1. Provided a total general fund appropriation for the Department of Corrections and Rehabilitation of \$171.6 million, \$66.4 million or 63.1 percent more than the \$105.2 million appropriated for the 2005-07 biennium.
2. Provided \$41 million from the general fund for future correctional facility needs.
3. Added \$3.3 million from the general fund for 34.01 **new FTE positions**.
4. Added \$3.8 million from the general fund to provide a total of \$9.6 million for **contract housing**.
5. Provided \$748,234 from the general fund for **employee reclassifications**.
6. Provided \$1.5 million from the general fund for **new halfway house** programming.
7. Added \$1.2 million from the general fund for **new male transition** programming in the eastern part of the state.
8. Added \$13.3 million, of which \$9.5 million is from the general fund, for **inflationary increases and workload adjustments**.
9. Provided \$1.7 million from the general fund for **deferred maintenance**.

INFORMATION TECHNOLOGY

1. Provided \$132.9 million, of which \$45.4 million is from the general fund, for state **agency information technology projects** for the 2007-09 biennium.
2. Provided \$1.2 million from the general fund for the Information Technology Department for continued development relating to the **Criminal Justice Information Sharing Initiative**.
3. Provided \$13.5 million of special funds and 15 new FTE positions for the Information Technology Department to assist the Department of

Human Services and selected vendor with the rewrite of the **Medicaid management information system**.

4. Provided \$1.5 million of special funds for 1.5 new FTE positions and related operating expenses for the Information Technology Department to support a **business intelligence initiative**.
5. Provided \$228,116 of funding from the general fund, including 1 new FTE position for a **statewide longitudinal data system initiative**.

ECONOMIC DEVELOPMENT

1. Appropriated \$15 million from the permanent oil tax trust fund to the Office of Management and Budget for **centers of excellence** grants and authorized the Office of Management and Budget, as directed by the Centers of Excellence Commission and with Emergency Commission and Budget Section approval, to borrow up to \$5 million from the Bank of North Dakota for providing additional funding for centers of excellence, if the \$15 million appropriated from the permanent oil tax trust fund is committed. Of the \$15 million appropriation, up to \$10 million is available for Budget Section approval at its first meeting after September 1, 2007, and up to \$5 million and any unawarded funds remaining from the first year \$10 million allocation is available for Budget Section approval at its first meeting after September 1, 2008.
2. Established a **Biofuels PACE** fund and appropriated \$4.2 million from the general fund, \$3 million more than the \$1.2 million appropriated for the Biodiesel PACE fund for the 2005-07 biennium.
3. Provided \$1.5 million from the general fund for the North Dakota **Trade Office**, \$800,000 more than the \$700,000 appropriated from the Development Fund and Mill and Elevator profits for the 2005-07 biennium.
4. Provided a \$3 million general fund appropriation for the **Development Fund**.
5. Provided \$2 million from the general fund for **workforce enhancement grants**.
6. Provided \$600,000 from the general fund for postsecondary student **internships**.

TRANSPORTATION

1. Anticipated **federal highway construction funds** of \$445 million for the 2007-09 biennium compared to \$407.3 million for the 2005-07 biennium.
2. Provided that 10 percent of **motor vehicle excise tax collections**, after the allocation to the state aid distribution fund, be deposited in the highway fund rather than the general fund and the remaining amount continue to be deposited in the general fund. This change is estimated to result in \$12,619,700 of additional highway fund revenue during the 2007-09 biennium.

3. Included \$2 million from the highway fund for beginning the **repayment of the grant anticipation revenue vehicle bonds** issued during the 2005-07 biennium for the United States Highway 2 four-lane project and for the Liberty Memorial Bridge project.
4. Transferred \$1 million from the highway fund to the public transportation fund during the 2007-09 biennium to provide a total of \$5.7 million for **public transportation grants** for the 2007-09 biennium.

MILITARY-RELATED PROGRAMS

1. Removed funding provided in the 2005-07 biennium for the **veterans' bonus program** and provided that unexpended funds from the

2005-07 legislative appropriation be carried over and utilized for similar bonuses during the 2007-09 biennium.

2. Increased funding for the **tuition and enlistment compensation program** by \$400,000, from \$2,007,500 to \$2,407,500, for recruitment and retention bonuses.

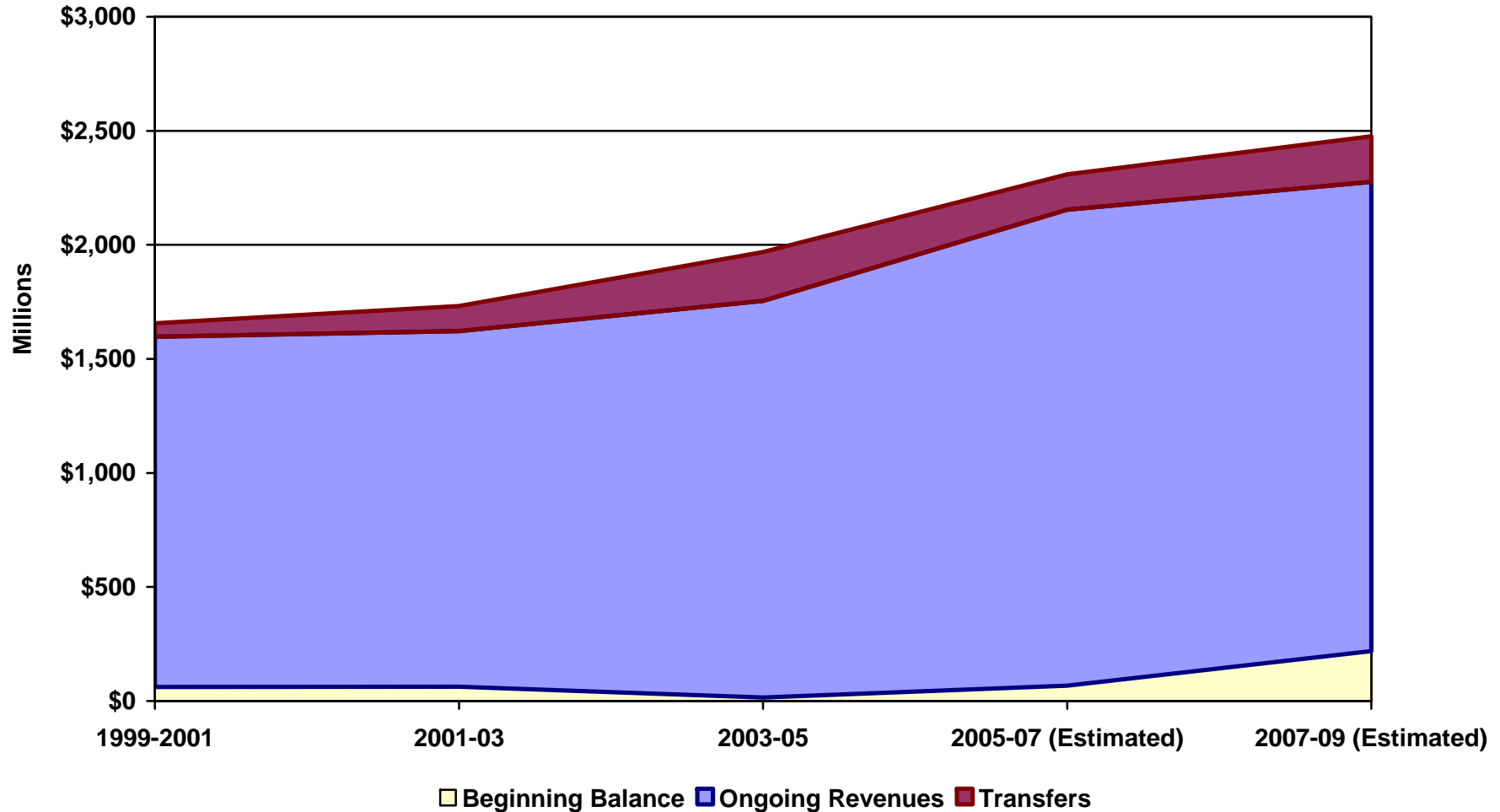
PROPERTY TAX INCOME TAX CREDIT

1. Created an **income tax credit for property taxes** paid on residential, agricultural, or commercial land. Individual and corporate taxpayers will receive a tax credit equal to 10 percent of property tax liabilities, up to \$1,000 per year on their 2007 and 2008 income taxes. The credit is estimated to reduce individual income tax collections by \$101 million and corporate tax collections by \$11 million for the 2007-09 biennium.

REVENUES SUMMARY

Based on the 2007-09 biennium legislative revenue forecast, general fund revenues, excluding transfers, for the 2007-09 biennium are anticipated to be \$2,057.9 million, which is 1.4 percent, or \$28.8 million, less than the 2005-07 biennium revised (April 2007) revenue forecast of \$2,086.7 million. The 2007 Legislative Assembly reduced ongoing revenues by \$148.5 million, including \$120.9 million relating to the impact of Senate Bill No. 2032 for property tax credits and marriage penalty tax relief. Total 2007-09 biennium revenues, including the estimated beginning balance and transfers are estimated to be \$2,475.6 million, which is \$166.2 million, or 7.2 percent, more than total 2005-07 biennium revenues, including the estimated beginning balance and transfers of \$2,309.4 million.

The following is a summary of revenues for the 1999-2001 through 2007-09 bienniums:



	1999-2001	2001-03	2003-05	2005-07 (Estimated)	2007-09 (Estimated)
Beginning balance	\$61,114,425	\$62,240,652	\$14,790,311	\$68,015,056	\$218,350,170
Ongoing revenues	1,535,718,248	1,559,444,550	1,739,132,961	2,086,666,406	2,057,905,909
Transfers	59,539,802	110,433,690 ¹	214,265,069	154,723,928	199,374,056
Total	\$1,656,372,475	\$1,732,118,892	\$1,968,188,341	\$2,309,405,390	\$2,475,630,135

¹This amount includes \$56,456,581 of federal fiscal relief funding received by the state, \$50 million in direct payments and \$6,456,581 received as enhanced federal medical assistance percentage (FMAP) reimbursements relating to 2001-03 biennium expenditures but which were not received until the 2003-05 biennium.

The executive budget (November 2006) general fund revenue forecast, excluding transfers, was estimated to be \$2,079.3 million and \$2,206.8 million, respectively, for the 2005-07 and 2007-09 bienniums. The Office of Management and Budget presented a revised revenue forecast in February 2007 for the 2005-07 and 2007-09 bienniums. Total general fund revenues were estimated to **increase by \$6.1 million** for the 2005-07 biennium and **increase by \$1.3 million** for the 2007-09 biennium as compared to the executive budget revenue forecast.

Major areas of 2007-09 biennium **revenue growth** as compared to the revised 2005-07 biennium revenue forecast include:

- Taxable sales and purchases are estimated to increase by \$66.8 million, or 7.9 percent (see **Sales and Use Taxes** section below).
- Gaming tax collections are estimated to increase by \$2.3 million, or 12.6 percent (see **Gaming Taxes** section below).
- Interest income is estimated to increase by \$4.3 million, or 13.4 percent.

Major areas of 2007-09 biennium **revenue reduction** as compared to the revised 2005-07 biennium revenue forecast include:

- Individual income tax collections are estimated to decline by \$55.6 million, or 10.1 percent (see **Income Taxes** section below).
- Corporate income tax collections are estimated to decline by \$40.4 million, or 21.4 percent (see **Income Taxes** section below).
- Motor vehicle excise tax collections are estimated to decline by \$8 million, or 6.6 percent (see **Motor Vehicle Excise Taxes** section below).

The 2007 Legislative Assembly approved the following bills which have a major impact on revenues:

Income Taxes

- **Senate Bill No. 2032** creates an income tax credit for property taxes paid and reduces the individual income "marriage penalty." All North Dakotans who pay property taxes on residential, agricultural, or commercial land will receive a 10 percent tax credit on their 2007 and 2008 income taxes. The property tax credits and the "marriage penalty" tax relief provisions of Senate Bill No. 2032 are estimated to reduce individual income tax collections by \$109.9 million and corporate income tax collections by \$11 million during the 2007-09 biennium.
- **House Bill No. 1018**, the appropriation bill for the Department of Commerce, provides for various business initiatives. The fiscal impacts of these initiatives are anticipated to reduce individual income tax collections by \$1 million and corporate income tax collections by \$3.5 million.
- **House Bill No. 1233** authorizes the sale of all or part of the income tax credit for installation of wind energy devices. This bill is anticipated to reduce corporate income tax collections by \$3 million.

Sales and Use Taxes

- **House Bill No. 1049** phases out sales taxes on heating fuels. This bill is anticipated to reduce sales and use tax collections by \$4.6 million during the 2007-09 biennium.
- **Senate Bill No. 2225** eliminates the bingo sales tax and implements a bingo excise tax. This bill is anticipated to reduce sales and use tax collections by \$3.4 million (see **Gaming Taxes** section below).
- **Senate Bill No. 2298** changes the sales tax exemption for certain power plant and agricultural processing facility construction. This bill is anticipated to reduce sales and use tax collections by \$2.2 million.

Motor Vehicle Excise Taxes

- **House Bill No. 1012** provides for 10 percent of motor vehicle excise tax collections to be deposited in the highway fund rather than the general fund. This bill is anticipated to reduce general fund motor vehicle excise tax collections by \$12.6 million.

Gaming Taxes

- **Senate Bill No. 2225** eliminates the bingo sales tax and implements a bingo excise tax. This bill is anticipated to increase gaming tax collections by \$2.2 million.

Oil Taxes

North Dakota Century Code Section 57-51.1-07.2 provides that all revenues deposited in the general fund during a biennium that are derived from the oil and gas gross production and oil extraction tax collections which exceed \$71 million are to be transferred into the permanent oil tax trust fund. Based on the February 2007 revised revenue forecast for the 2007-09 biennium, total oil and gas collections are estimated to be \$229.6 million, of which \$71 million is to be allocated to the general fund and \$158.6 million to the permanent oil tax trust fund. The following bills approved by the 2007 Legislative Assembly are anticipated to reduce oil and gas gross production and oil extraction tax collections to the permanent oil tax trust fund by \$12.6 million, from \$158.6 million to \$146 million.

- **House Bill No. 1044** changes the distribution formula for oil and gas gross production tax, increasing the county share to 100 percent for the first \$1 million of revenue from oil production in each county. This bill is anticipated to decrease the amount of oil and gas gross production taxes deposited into the permanent oil tax trust fund by \$5.9 million.
- **House Bill No. 1128** increases the transfer of the state's share of the oil and gas gross production tax and oil extraction tax revenues to the oil and gas research fund by \$1.7 million, from \$1.3 million to \$3 million.
- **House Bill No. 1279** eliminates the expiration date of the shallow gas gross production tax exemption which will result in \$1.1 million less revenue to the permanent oil tax trust fund.
- **Senate Bill No. 2178** increases the maximum amount of gross production tax revenues counties can receive, provided the county levies a specified number of mills for various road purposes. This bill is anticipated to decrease the amount of oil and gas gross production taxes deposited into the permanent oil tax trust fund by \$2 million.
- **Senate Bill No. 2397** changes the oil extraction tax from 6.5 percent to 2 percent on horizontal wells drilled in the Bakken formation for the first 75,000 barrels of oil produced, or the first 18 months, whichever comes first. This bill is anticipated to decrease the amount of oil extraction taxes deposited into the permanent oil tax trust fund by \$1.9 million.

Major Tax and Fee Increase Bills

The following is a summary of bills approved by the 2007 Legislative Assembly that provide for tax or fee increases:

Bill No.	Description	Estimated General Fund Impact Due to Increase	Estimated Other Funds Impact Due to Increase
1004	Provides for the State Department of Health to establish fees based on the cost of conducting inspections and licensing of tanning facilities. The fees are to be deposited in the department's operating fund for associated costs. House Bill No. 1154 provides for the regulation of tanning facilities.		\$32,300
1126	Continues the tax rates on parimutuel wagering, which would have decreased as of July 1, 2008.	\$307,625	740,966
1505	Provides for the State Department of Health to regulate the practice of tattooing, body piercing, branding, subdermal implants, and scarification. The State Department of Health is to establish fees based on the cost of licensing and conducting inspections. The fees are to be deposited in the department's operating fund.		Fees not yet determined

**GENERAL FUND REVENUE ESTIMATES FOR THE 2005-07 AND 2007-09 BIENNIUMS
AND ACTUAL COLLECTIONS FOR PRIOR BIENNIUMS**

	Actual		Estimated		2007-09 Increase	2007-09 Percentage Increase
	2001-03	2003-05	2005-07	2007-09	(Decrease)	(Decrease)
	Biennium	Biennium	Biennium ¹	Biennium ²	Compared to 2005-07	Compared to 2005-07
Beginning balance	\$62,240,652	\$14,790,311	\$68,015,056	\$218,350,170	\$150,335,114	221.0%
Revenue source						
Sales and use tax	\$640,618,364	\$717,758,293	\$849,739,753	\$916,540,678	\$66,800,925	7.9%
Motor vehicle excise tax	119,592,232	128,010,103	121,605,559	113,558,900	(8,046,659)	(6.6%)
Individual income tax	396,153,000	452,547,326	553,446,952	497,816,000	(55,630,952)	(10.1%)
Corporate income tax	88,417,166	102,926,972	188,974,587	148,569,848	(40,404,739)	(21.4%)
Insurance premium tax	48,990,027	56,284,535	53,884,876	55,470,000	1,585,124	2.9%
Business privilege tax	6,257,389	4,958,673	8,372,320	9,400,000	1,027,680	12.3%
Cigarette and tobacco tax	39,313,360	39,476,712	45,991,081	47,366,000	1,374,919	3.0%
Oil and gas production tax	39,159,000 ³	45,534,044 ³	45,774,119 ³	39,839,000 ³	(5,935,119)	(13.0%)
Oil extraction tax	22,841,000 ³	25,465,956 ³	25,225,881 ³	31,161,000 ³	5,935,119	23.5%
Coal conversion tax	46,878,511	47,196,831	48,522,047	47,447,000	(1,075,047)	(2.2%)
Gaming tax	27,612,652	20,850,911	18,427,165	20,753,844	2,326,679	12.6%
Lottery	0	7,269,005	12,600,000	11,155,000	(1,445,000)	(11.5%)
Wholesale liquor tax	11,155,834	11,889,465	12,646,589	12,679,000	32,411	0.3%
Mineral leasing fees	6,440,513	11,024,583	14,871,893	13,000,000	(1,871,893)	(12.6%)
Interest income	8,509,483	6,935,015	32,125,070	36,420,000	4,294,930	13.4%
Departmental collections	57,506,019	61,004,537	54,458,514	56,729,639	2,271,125	4.2%
Total revenues	\$1,559,444,550	\$1,739,132,961	\$2,086,666,406	\$2,057,905,909	(\$28,760,497)	(1.4%)
Transfers and other sources						
Sale of DD loans	\$2,004,257 ⁴	\$0	\$0	\$0	\$0	0.0%
Transfer - Bank of North Dakota	60,000,000	60,000,000	60,000,000	60,000,000	0	0.0%
Transfer - Bank of North Dakota (contingent)	18,699,787 ⁵	0	0	0	0	0.0%
Transfer - Student loan trust	9,000,000	26,258,969	9,000,000	3,100,000	(5,900,000)	(65.6%)
Transfer - Mill and Elevator	6,000,000	5,000,000	5,000,000	5,000,000	0	0.0%
Transfer - Gas tax administration	1,363,392	1,396,200	1,400,000	1,274,056	(125,944)	(9.0%)
Transfer - Lands and minerals trust fund	3,545,102	2,000,000	6,800,000	15,000,000	8,200,000	120.6%
Transfer - Permanent oil tax trust fund	0	11,910,000	55,300,000	115,000,000	59,700,000	108.0%
Transfer - State bonding fund	0	2,800,000	0	0	0	0.0%
Transfer - Water development trust fund	9,733,820	10,070,373	0	0	0	0.0%
Transfer - Health care trust fund	0	35,911,035	16,900,000	0	(16,900,000)	(100.0%)
Transfers - Other	87,332	2,461,911	323,928	0	(323,928)	(100.0%)
Total transfers and other sources	\$110,433,690	\$157,808,488	\$154,723,928	\$199,374,056	\$44,650,128	28.9%
Total beginning balance, revenues, and transfers	\$1,732,118,892	\$1,911,731,760	\$2,309,405,390	\$2,475,630,135	\$166,224,745	7.2%
Federal fiscal relief payments	\$0	\$56,456,581 ⁶	\$0	\$0	\$0	0.0%
Total revenues, including federal fiscal relief payments	\$1,732,118,892	\$1,968,188,341	\$2,309,405,390	\$2,475,630,135	\$166,224,745	7.2%

¹ Revised 2005-07 revenue forecast (February 2007).

² Legislative amounts for the 2007-09 biennium.

³ From 1999 through 2003, North Dakota Century Code (NDCC) Section 57-51.1-07.2 provided 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. Interest on money in the fund is transferred to the general fund.

Section 26 of 2003 Senate Bill No. 2015 amended NDCC Section 57-51.1-07.2 so that all revenues deposited in the general fund during a biennium that are derived from the oil and gas gross production tax which exceed \$71 million are to be transferred into the permanent oil tax trust fund instead of the prior \$62 million limit.

Total oil and gas collections are estimated to be \$237.9 million for the 2005-07 biennium, resulting in \$166.9 million being transferred to the permanent oil tax trust fund at the end of the biennium.

Based on the February 2007 revised revenue forecast for the 2007-09 biennium, total oil and gas collections are estimated to exceed \$71 million by \$158.6 million; however, the 2007 Legislative Assembly approved bills that increase the county share of taxes (House Bill No. 1044 and Senate Bill No. 2178), increase transfers to the oil and gas research fund (House Bill No. 1128), decrease shallow gas gross production taxes (House Bill No. 1279) and change oil extraction tax rates (Senate Bill No. 2397); which are anticipated to reduce oil and gas gross production and oil extraction tax collections by \$12.6 million.

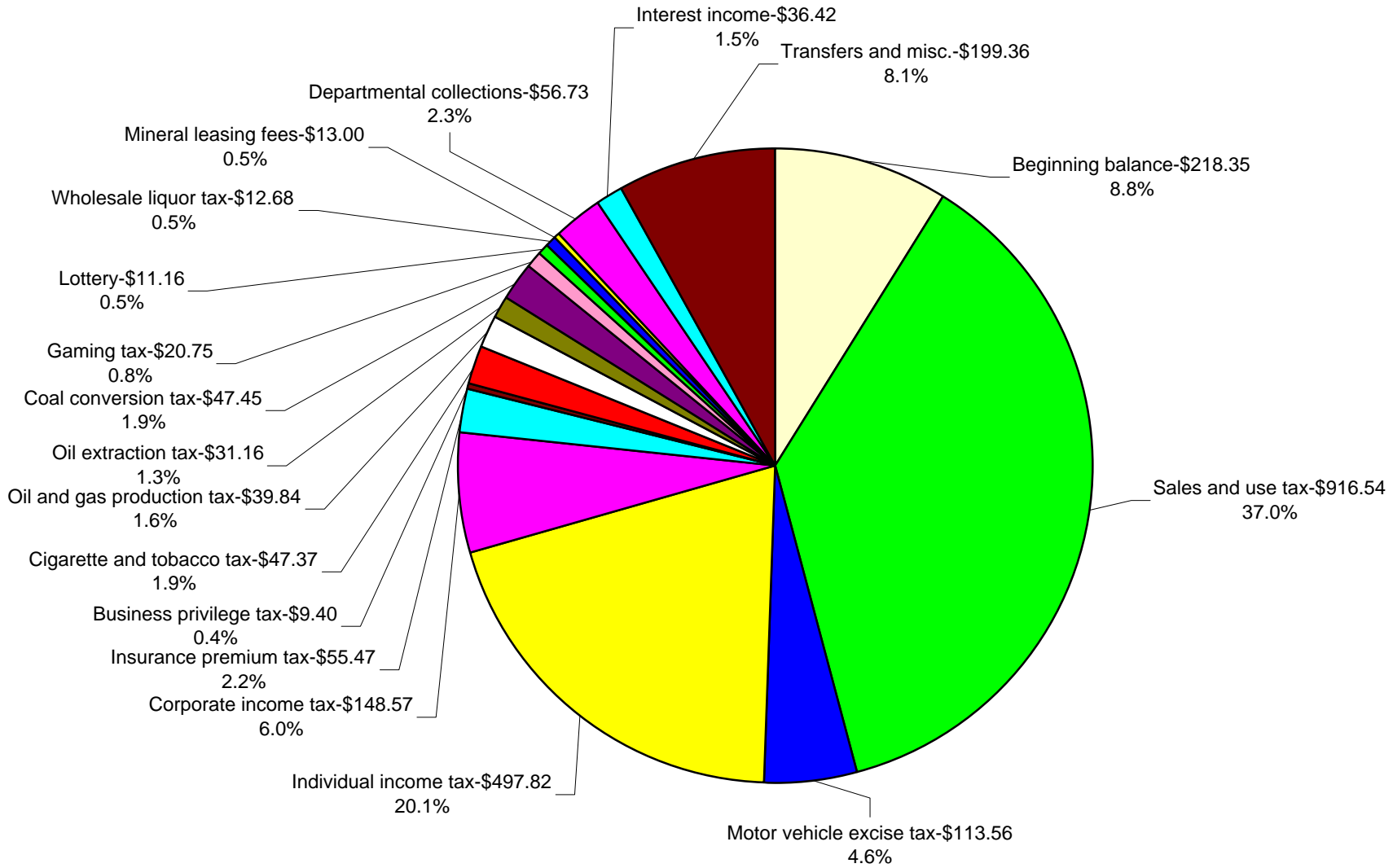
⁴ The 2001 Legislative Assembly authorized that, at the request of the director of the Office of Management and Budget, the Department of Human Services sell the outstanding loans of the developmental disabilities revolving loan fund No. 1 to the Bank of North Dakota and deposit the proceeds in the general fund.

⁵ In addition to the \$60 million transfer from the Bank of North Dakota, the 2001 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 was limited to the lesser of \$25 million or the actual revenue shortfall and the Bank's capital structure may not be reduced below \$140 million.

⁶ This amount relates to \$56,456,581 of federal fiscal relief funding received by the state, \$50 million in direct payments and \$6,456,581 received as enhanced federal medical assistance percentage (FMAP) reimbursements relating to 2001-03 biennium expenditures but which were not received until the 2003-05 biennium.

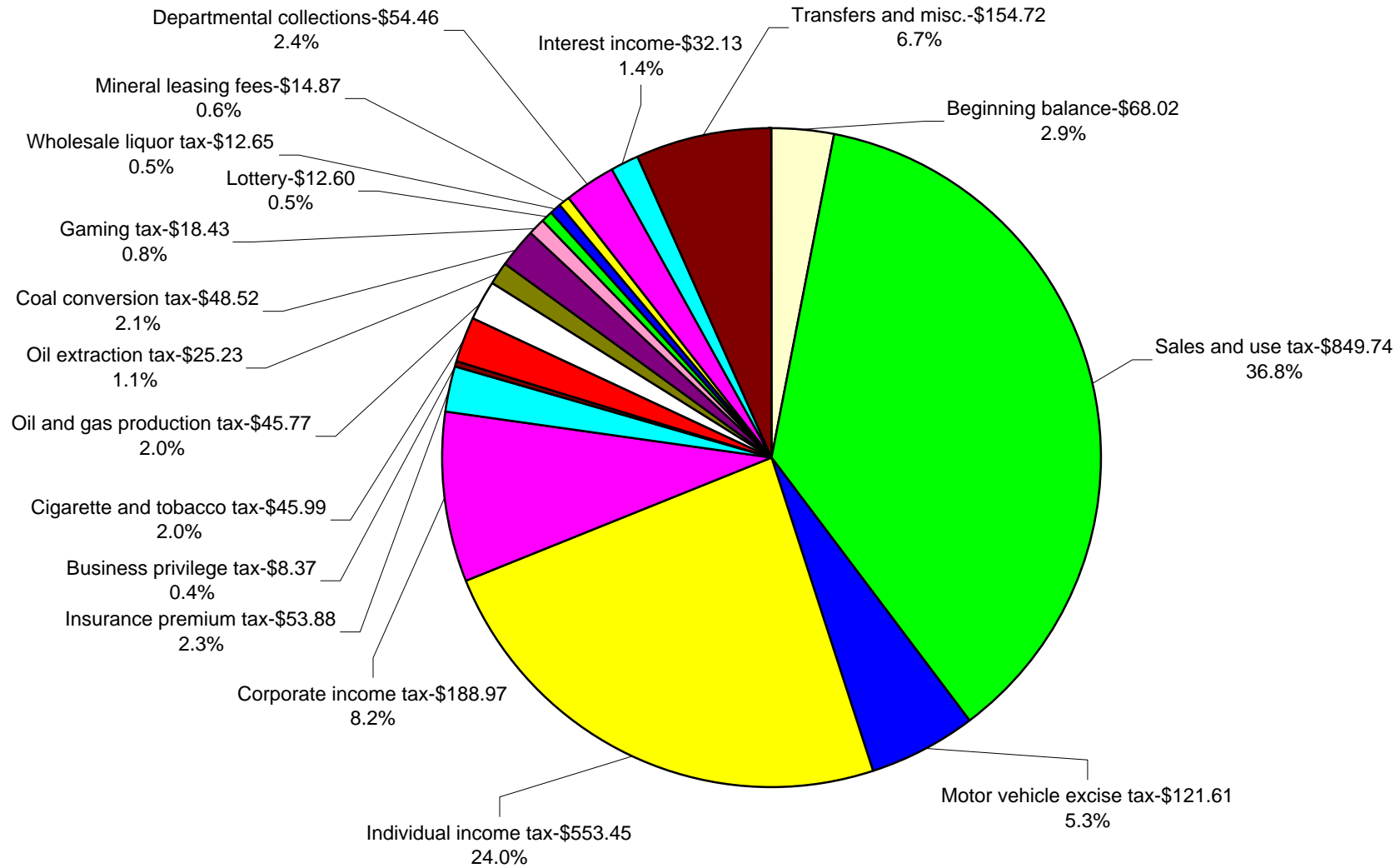
2007-09 ESTIMATED GENERAL FUND REVENUES

Total 2007-09 Estimated General Fund Revenues - \$2,475.63
(Amounts Shown in Millions)



2005-07 ESTIMATED GENERAL FUND REVENUES

Total 2005-07 Estimated General Fund Revenues - \$2,309.41
(Amounts Shown in Millions)

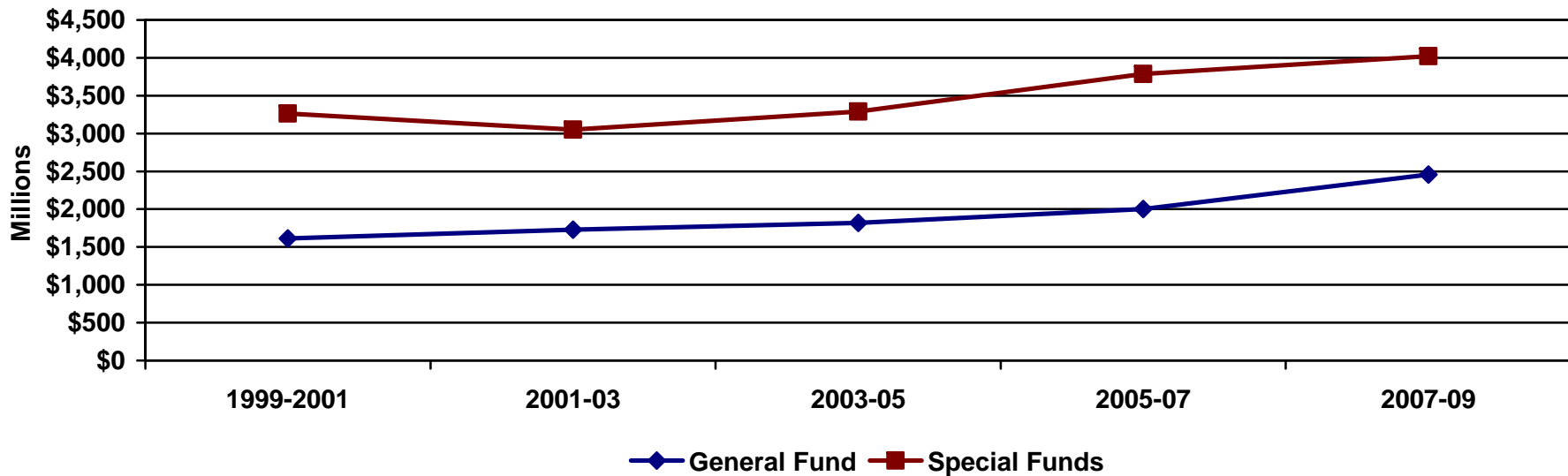


APPROPRIATIONS SUMMARY

The 2007 Legislative Assembly provided general fund appropriations of \$2,456,973,956, \$456 million, or 22.8 percent, more than the 2005-07 legislative appropriations and \$11 million, or .5 percent, less than the 2007-09 executive budget recommendation. Of the \$2,456,973,956, \$2,317,447,307 is considered ongoing general fund appropriations and \$139,526,649 is considered one-time general fund appropriations. Ongoing spending increased by 15.8 percent. Additional information regarding one-time general fund appropriations is provided in the one-time funding schedule included in this section.

The 2007 Legislative Assembly provided special fund appropriations of \$4,020,515,084, \$235 million, or 6.2 percent, more than the 2005-07 legislative appropriations and \$156 million, or 4 percent, more than the executive budget recommendation.

The following is a summary of legislative appropriations for the bienniums 1999-2001 through 2007-09:



Biennium	General Fund Appropriations	Special Fund Appropriations	Total Appropriations
1999-2001	\$1,614,882,210	\$3,265,271,344	\$4,880,153,554
2001-03	\$1,728,640,384	\$3,049,996,983	\$4,778,637,367
2003-05	\$1,816,885,505	\$3,289,715,994	\$5,106,601,499
2005-07	\$2,000,537,074	\$3,785,221,167	\$5,785,758,241
2007-09	\$2,456,973,956	\$4,020,515,084	\$6,477,489,040

NOTE: Appropriation amounts are restated to reflect, where appropriate, deficiency appropriations provided by a subsequent Legislative Assembly or budget allotments ordered by the Governor.

COMPARISON OF 2007-09 AND 2005-07 LEGISLATIVE APPROPRIATIONS

Budget No.	Budget	Legislative Appropriation 2005-07		Legislative Appropriation 2007-09		Increase (Decrease) From 2005-07 to 2007-09	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
General Government							
101	Governor's office	\$2,598,137	\$5,158,137	\$3,102,822	\$3,202,822	\$504,685	(\$1,955,315)
108	Secretary of State	4,489,363	14,433,391	5,364,692	14,238,557	875,329	(194,834)
110	Office of Management and Budget	20,156,011	66,811,330	30,198,944	70,428,059	10,042,933	3,616,729
112	Information Technology Department	9,972,837 ¹	108,907,227 ¹	11,659,411	124,666,181	1,686,574	15,758,954
117	State Auditor	5,126,005	7,561,146	5,656,016	8,241,790	530,011	680,644
120	State Treasurer	2,344,547	2,344,547	3,093,470	3,093,470	748,923	748,923
125	Attorney General	19,212,156	43,700,557	24,432,081	45,334,002	5,219,925	1,633,445
127	Tax Commissioner	22,485,152	36,605,152	32,538,153	35,338,153	10,053,001	(1,266,999)
140	Administrative Hearings		1,309,844		1,642,863		333,019
150	Legislative Assembly	9,492,225	9,512,225	14,177,129	14,177,129	4,684,904	4,664,904
160	Legislative Council	7,788,941	7,788,941	8,748,442	8,818,442	959,501	1,029,501
180	Judicial branch	56,857,869	58,367,847	66,935,878	69,135,518	10,078,009	10,767,671
188	Commission on Legal Counsel for Indigents	8,310,493	9,530,493	9,509,991	11,210,696	1,199,498	1,680,203
190	Retirement and Investment Office		2,975,028		3,352,908		377,880
192	Public Employees Retirement System	19,000	4,719,237		15,243,302	(19,000)	10,524,065
	Total General Government	<u>\$168,852,736</u>	<u>\$379,725,102</u>	<u>\$215,417,029</u>	<u>\$428,123,892</u>	<u>\$46,564,293</u>	<u>\$48,398,790</u>
Education							
Elementary, Secondary, and Other Education							
201	Department of Public Instruction	\$636,443,587	\$932,343,222	\$710,423,275	\$1,036,091,513	\$73,979,688	\$103,748,291
226	Land Department		7,826,022		9,124,124		1,298,102
250	State Library	3,507,082	5,166,354	3,977,513	5,858,766	470,431	692,412
252	School for the Deaf	5,365,097	6,692,362	5,390,438	6,429,456	25,341	(262,906)
253	Vision Services - School for the Blind	2,524,609	3,371,056	2,917,936	3,761,793	393,327	390,737
270	Career and Technical Education	16,840,786	28,131,983	21,804,036	32,839,668	4,963,250	4,707,685
	Total Elementary, Secondary, and Other	<u>\$664,681,161</u>	<u>\$983,530,999</u>	<u>\$744,513,198</u>	<u>\$1,094,105,320</u>	<u>\$79,832,037</u>	<u>\$110,574,321</u>
Higher Education							
215	University System office	\$55,569,611 ²	\$58,169,387 ²	\$68,601,118	\$74,718,648	\$13,031,507	\$16,549,261
227	Bismarck State College	17,509,029 ²	21,254,329 ²	20,695,572	26,429,622	3,186,543	5,175,293
228	Lake Region State College	6,177,526 ²	6,177,526 ²	6,636,952	9,644,552	459,426	3,467,026
229	Williston State College	5,929,472 ²	13,889,472 ²	6,579,702	8,879,702	650,230	(5,009,770)
230	University of North Dakota	95,312,147 ²	193,143,701 ²	115,120,705	193,040,705	19,808,558	(102,996)
232	UND School of Medicine and Health Sciences	31,361,002 ²	31,361,002 ²	34,488,501	34,488,501	3,127,499	3,127,499
235	North Dakota State University	78,396,876 ²	115,896,876 ²	98,302,791	144,802,791	19,905,915	28,905,915
238	State College of Science	25,740,160 ²	28,545,080 ²	29,126,813	39,211,233	3,386,653	10,666,153
239	Dickinson State University	15,095,317 ²	24,195,874 ²	18,024,873	26,024,873	2,929,556	1,828,999
240	Mayville State University	9,362,624 ²	10,862,624 ²	11,205,028	12,105,028	1,842,404	1,242,404
241	Minot State University	27,892,719 ²	36,427,719 ²	38,267,401	39,674,016	10,374,682	3,246,297
242	Valley City State University	12,314,942 ²	12,314,942 ²	14,146,372	16,346,372	1,831,430	4,031,430
243	Minot State University - Bottineau	4,444,185 ²	10,444,185 ²	4,918,250	5,170,250	474,065	(5,273,935)
244	Forest Service	2,052,283	3,027,284 ²	2,535,546	3,533,032	483,263	505,748
	Total Higher Education	<u>\$387,157,893</u>	<u>\$565,710,001</u>	<u>\$468,649,624</u>	<u>\$634,069,325</u>	<u>\$81,491,731</u>	<u>\$68,359,324</u>
	Total Education	<u>\$1,051,839,054</u>	<u>\$1,549,241,000</u>	<u>\$1,213,162,822</u>	<u>\$1,728,174,645</u>	<u>\$161,323,768</u>	<u>\$178,933,645</u>

Health and Welfare							
301	State Department of Health	\$13,468,904	\$125,739,124	\$21,517,033	\$172,112,310	\$8,048,129	\$46,373,186
313	Veterans Home	4,329,092	11,303,925	4,125,266	34,039,818	(203,826)	22,735,893
316	Indian Affairs Commission	387,297	407,297	566,258	571,258	178,961	163,961
321	Department of Veterans Affairs	653,668	653,668	866,772	866,772	213,104	213,104
325	Department of Human Services	484,421,474	1,680,062,307	591,962,788	1,882,047,418	107,541,314	201,985,111
360	Protection and Advocacy	812,093	3,720,979	913,287	4,053,516	101,194	332,537
380	Job Service North Dakota	1,501,012	59,771,271	1,746,960	63,411,131	245,948	3,639,860
Total Health and Welfare		\$505,573,540	\$1,881,658,571	\$621,698,364	\$2,157,102,223	\$116,124,824	\$275,443,652
Regulatory							
401	Insurance Commissioner		\$13,679,655		\$14,455,124		\$775,469
405	Industrial Commission	\$6,878,658	50,781,796	\$11,756,004	81,148,350	\$4,877,346	30,366,554
406	Labor Commissioner	961,239	1,460,204	1,149,250	1,550,591	188,011	90,387
408	Public Service Commission	4,362,837	11,299,988	4,873,459	12,876,768	510,622	1,576,780
412	Aeronautics Commission	550,187	5,790,305	550,000	7,072,036	(187)	1,281,731
413	Department of Financial Institutions		4,445,503		5,177,422		731,919
414	Securities Department	1,459,244	1,676,443	1,623,355	1,840,554	164,111	164,111
471	Bank of North Dakota	6,900,000	51,475,075	13,600,000	51,721,867	6,700,000	246,792
473	Housing Finance Agency		33,910,014		41,529,290		7,619,276
475	Mill and Elevator Association		32,841,404		36,765,609		3,924,205
485	Workforce Safety and Insurance		33,523,001		53,241,155		19,718,154
Total Regulatory		\$21,112,165	\$240,883,388	\$33,552,068	\$307,378,766	\$12,439,903	\$66,495,378
Public Safety							
504	Highway Patrol	\$20,080,862	\$34,819,608	\$27,895,323	\$39,107,528	\$7,814,461	\$4,287,920
530	Department of Corrections and Rehabilitation	101,135,684	128,900,831	171,606,873 ³	195,657,825 ³	70,471,189	66,756,994
540	Adjutant General	16,445,229	47,879,027	13,770,868	88,554,982	(2,674,361)	40,675,955
	Department of Emergency Services	5,115,672	62,985,952	8,031,945	54,923,504	2,916,273	(8,062,448)
Total Public Safety		\$142,777,447	\$274,585,418	\$221,305,009	\$378,243,839	\$78,527,562	\$103,658,421
Agriculture and Economic Development							
601	Department of Commerce	\$19,180,781	\$76,615,064	\$28,581,965 ⁴	\$84,340,481 ⁴	\$9,401,184	\$7,725,417
602	Department of Agriculture	4,523,112	14,009,644	5,939,660 ⁵	17,327,986 ⁵	1,416,548	3,318,342
616	Seed Department		5,933,391		6,166,218		232,827
627	Upper Great Plains Transportation Institute	1,162,904	16,452,937	1,209,840	27,571,521	46,936	11,118,584
628	Branch research centers	8,386,309	21,505,676	11,301,508	25,017,019	2,915,199	3,511,343
630	NDSU Extension Service	15,358,146	38,379,737	18,402,113	42,265,835	3,043,967	3,886,098
638	Northern Crops Institute	910,761	1,902,683	1,143,312	2,622,969	232,551	720,286
640	Main Research Station	30,794,067	75,456,713	44,235,584	87,336,348	13,441,517	11,879,635
649	Agronomy Seed Farm		1,201,008		1,230,162		29,154
665	State Fair Association	615,000	615,000	1,167,150	1,167,150	552,150	552,150
670	Racing Commission	117,479	367,145	120,592	407,290	3,113	40,145
Total Agriculture and Economic Development		\$81,048,559	\$252,438,998	\$112,101,724	\$295,452,979	\$31,053,165	\$43,013,981
Natural Resources							
701	State Historical Society	\$8,094,058	\$18,021,223	\$10,232,603	\$15,551,369	\$2,138,545	(\$2,469,854)
709	Council on the Arts	999,691	2,268,009	1,165,799	2,454,117	166,108	186,108
720	Game and Fish Department		51,201,059		57,841,039		6,639,980
750	Parks and Recreation	8,144,153	21,571,736	14,461,291	28,009,408	6,317,138	6,437,672
770	State Water Commission	1,011,220	126,070,938	13,877,247	175,999,263	12,866,027	49,928,325
Total Natural Resources		\$18,249,122	\$219,132,965	\$39,736,940	\$279,855,196	\$21,487,818	\$60,722,231

Transportation						
801	Department of Transportation		<u>\$955,008,348</u>		<u>\$903,157,500</u>	<u>(\$51,850,848)</u>
	Total Transportation	<u>\$0</u>	<u>\$955,008,348</u>	<u>\$0</u>	<u>\$903,157,500</u>	<u>(\$51,850,848)</u>
	TOTAL APPROPRIATIONS	<u>\$1,989,452,623</u>	<u>\$5,752,673,790</u>	<u>\$2,456,973,956</u>	<u>\$6,477,489,040</u>	<u>\$467,521,333</u>

APPROPRIATION SUMMARY

General Government	\$168,852,736	\$379,725,102	\$215,417,029	\$428,123,892	\$46,564,293	\$48,398,790
Education	1,051,839,054	1,549,241,000	1,213,162,822	1,728,174,645	161,323,768	178,933,645
Health and Welfare	505,573,540	1,881,658,571	621,698,364	2,157,102,223	116,124,824	275,443,652
Regulatory	21,112,165	240,883,388	33,552,068	307,378,766	12,439,903	66,495,378
Public Safety	142,777,447	274,585,418	221,305,009	378,243,839	78,527,562	103,658,421
Agriculture and Economic Development	81,048,559	252,438,998	112,101,724	295,452,979	31,053,165	43,013,981
Natural Resources	18,249,122	219,132,965	39,736,940	279,855,196	21,487,818	60,722,231
Transportation		955,008,348		903,157,500		(51,850,848)
TOTAL APPROPRIATIONS	<u>\$1,989,452,623</u> *	<u>\$5,752,673,790</u> *	<u>\$2,456,973,956</u>	<u>\$6,477,489,040</u>	<u>\$467,521,333</u>	<u>\$724,815,250</u>

* 2005-07 appropriations made by the 58th Legislative Assembly	\$1,989,452,623	\$5,752,673,790
2005-07 deficiency appropriations made by the 60th Legislative Assembly	11,084,451	33,084,451
Total 2005-07 appropriations	<u>\$2,000,537,074</u>	<u>\$5,785,758,241</u>

- ¹ The amounts shown for the Information Technology Department include \$198,800 appropriated for the Division of Independent Study in House Bill No. 1013 for developing, publishing, and distributing a North Dakota studies textbook and workbook (\$148,800) and revitalizing civic education (\$50,000).
- ² The amounts shown reflect permanent general fund allocations between the entities under the control of the State Board of Higher Education.
- ³ The amounts shown for the Department of Corrections and Rehabilitation include \$41 million to be transferred by the Office of Management and Budget from the general fund to the State Penitentiary land fund on July 1, 2007, as provided for in Section 8 of House Bill No. 1015. The funds are to be used for correctional facilities.
- ⁴ The amounts shown for the Department of Commerce include \$2 million to be transferred by the Office of Management and Budget from the general fund to the workforce enhancement fund as provided for in Section 11 of House Bill No. 1019. The funds in the workforce enhancement fund are appropriated to the Department of Commerce on a continuing basis for providing grants to higher education institutions assigned primary responsibility for workforce training in the state.
- ⁵ The amounts shown for the Department of Agriculture include \$150,000 to be transferred by the Office of Management and Budget from the general fund to the environment and rangeland protection fund as provided for in Section 8 of Senate Bill No. 2009.

COMPARISON OF EXECUTIVE BUDGET AND LEGISLATIVE APPROPRIATIONS FOR THE 2007-09 BIENNIUM

<u>Major Category</u>	Executive Budget		Legislative Appropriation		Increase (Decrease) From	
	2007-09		2007-09		Executive Budget to	
	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
General Government	\$229,112,033	\$416,140,723	\$215,417,029	\$428,123,892	(\$13,695,004)	\$11,983,169
Elementary and Secondary Education	711,585,726	1,037,666,173	710,423,275	1,036,091,513	(1,162,451)	(1,574,660)
Higher Education	470,227,440	599,700,596	468,649,624	634,069,325	(1,577,816)	34,368,729
Other Education	31,899,063	55,751,345	34,089,923	58,013,807	2,190,860	2,262,462
Human Services	582,160,899	1,848,471,001	591,962,788	1,882,047,418	9,801,889	33,576,417
Other Health and Welfare	25,899,015	236,400,157	29,735,576	275,054,805	3,836,561	38,654,648
Regulatory	27,028,918	278,295,299	33,552,068	307,378,766	6,523,150	29,083,467
Department of Corrections and Rehabilitation	172,696,199	199,549,688	171,606,873 ¹	195,657,825 ¹	(1,089,326)	(3,891,863)
Other Public Safety	45,542,959	182,902,366	49,698,136	182,586,014	4,155,177	(316,352)
Agriculture and Economic Development	113,243,056	298,748,660	112,101,724 ²	295,452,979 ²	(1,141,332)	(3,295,681)
Natural Resources	38,931,031	272,281,360	39,736,940	279,855,196	805,909	7,573,836
Transportation	20,000,000	907,295,066	0	903,157,500	(20,000,000)	(4,137,566)
Total	\$2,468,326,339	\$6,333,202,434	\$2,456,973,956	\$6,477,489,040	(\$11,352,383)	\$144,286,606

¹ The amounts shown for the Department of Corrections and Rehabilitation include \$41 million to be transferred by the Office of Management and Budget from the general fund to the State Penitentiary land fund on July 1, 2007, as provided for in Section 8 of House Bill No. 1015. The funds are to be used for correctional facilities, subject to the provisions of House Bill No. 1015.

² The amounts shown for agriculture and economic development include \$2 million to be transferred by the Office of Management and Budget from the general fund to the workforce enhancement fund as provided for in Section 11 of House Bill No. 1019 and \$150,000 to be transferred by the Office of Management and Budget from the general fund to the environment and rangeland protection fund as provided for in Section 8 of Senate Bill No. 2009.

ONE-TIME FUNDING ITEMS FOR THE 2007-09 BIENNIUM

Agency/Description	Bill No.	Executive Budget General Fund	Legislative Appropriation			Total Legislative Appropriation Increase (Decrease) From Executive Budget
			General Fund	Permanent Oil Tax Trust Fund	Total Funds	
108 - Secretary of State						
Mainframe migration computer project	SB 2002	\$824,153	\$824,153		\$824,153	\$0
110 - Office of Management and Budget						
Maintenance	SB 2015	3,000,000				(3,000,000)
Maintenance	HB 1522		3,000,000		3,000,000	3,000,000
Prairie Public Broadcasting analog to digital conversion	SB 2015	686,000			0	(686,000)
Prairie Public Broadcasting analog to digital conversion	HB 1018		686,000		686,000	686,000
Centers of excellence	SB 2015	20,000,000			0	(20,000,000)
Centers of excellence	HB 1018			\$15,000,000	15,000,000	15,000,000
112 - Information Technology Department						
Criminal Justice Information Sharing Initiative	HB 1021	1,151,490	1,151,490		1,151,490	0
Geographic information system data acquisition	HB 1021		100,000		100,000	100,000
Kindergarten through grade 12 video grants	HB 1021		190,000		190,000	190,000
Online North Dakota studies resources and curriculum	HB 1021		170,000		170,000	170,000
120 - State Treasurer						
Rewrite tax distribution programs	SB 2005	768,228	768,228		768,228	0
125 - Attorney General						
Crime Laboratory renovation project	SB 2003	1,242,840	1,442,840		1,442,840	200,000
127 - Tax Commissioner						
Integrated tax system payments	SB 2006	5,356,702	5,356,702		5,356,702	0
150 - Legislative Assembly						
Legislative applications replacement system project	HB 1001	3,910,827	3,910,827		3,910,827	0
Committee room renovations	HB 1001	200,000			0	(200,000)
Computer equipment replacement	HB 1001		350,000		350,000	350,000
160 - Legislative Council						
Computer equipment replacement	HB 1001	93,692	104,579		104,579	10,887
Office equipment replacement	HB 1001	25,000	25,000		25,000	0
180 - Judicial Branch						
Unified case management system	HB 1002	1,375,000	1,375,000		1,375,000	0
Enhanced records management system	HB 1002	115,750	115,750		115,750	0

Agency/Description	Bill No.	Executive Budget General Fund	Legislative Appropriation			Appropriation Increase (Decrease) From Executive Budget
			General Fund	Permanent Oil Tax Trust Fund	Total Funds	
201 - Department of Public Instruction						
State school aid system rewrite	SB 2013	400,000			0	(400,000)
Teacher licensure application rewrite	SB 2013	500,000			0	(500,000)
215 - North Dakota University System						
Northern Tier Network infrastructure	HB 1003	1,000,000		2,773,800	2,773,800	1,773,800
ConnectND system support	HB 1003	3,700,000	2,300,000		2,300,000	(1,400,000)
Common information system pool parity funding	HB 1003	420,000	420,000		420,000	0
Deferred maintenance	HB 1003	11,000,000	10,893,033		10,893,033	(106,967)
Capital projects	HB 1003	14,444,710	13,808,235	4,809,515	18,617,750	4,173,040
Campus initiatives	HB 1003		960,800		960,800	960,800
Nursing Education Consortium (University of North Dakota)	SB 2379		200,000		200,000	200,000
252 - School for the Deaf						
Deferred maintenance	SB 2013	100,000	100,000		100,000	0
301 - State Department of Health						
Pandemic antiviral stockpile	HB 1004	2,263,000	2,010,135		2,010,135	(252,865)
Emergency medical services system assessment	HB 1296		30,000		30,000	30,000
Vaccines to public health units and other providers	HB 1435		2,000,000		2,000,000	2,000,000
Legend prescription drug donation program	HB 1256		22,000		22,000	22,000
313 - Veterans Home						
Life safety improvements	HB 1007		265,700		265,700	265,700
New Veterans Home facility	SB 2418			6,483,226	6,483,226	6,483,226
321 - Veterans Affairs						
Electronic storage system	HB 1007	21,356	21,356		21,356	0
Secure filing system	HB 1007	38,250	38,250		38,250	0
325 - Department of Human Services						
Medicaid management information system (MMIS) project	SB 2024	3,643,133	3,643,133		3,643,133	0
State Hospital - Sex offender treatment addition project	SB 2012	3,100,000	3,100,000		3,100,000	0
State Hospital - Capital improvements	SB 2012	3,362,757	3,062,757		3,062,757	(300,000)
State Hospital - Extraordinary repairs	SB 2012	1,153,500	1,153,500		1,153,500	0
Developmental Center - Capital improvements	SB 2012	947,092	300,000		300,000	(647,092)
Developmental Center - Extraordinary repairs	SB 2012	600,000	547,092		547,092	(52,908)
Developmental Center - Equipment	SB 2012	80,782	80,782		80,782	0
405 - Industrial Commission						
Core and sample library repairs	HB 1014	230,000	230,000		230,000	0
Equipment, shallow gas study, and fossil restoration fund	HB 1014	300,000	300,000		300,000	0

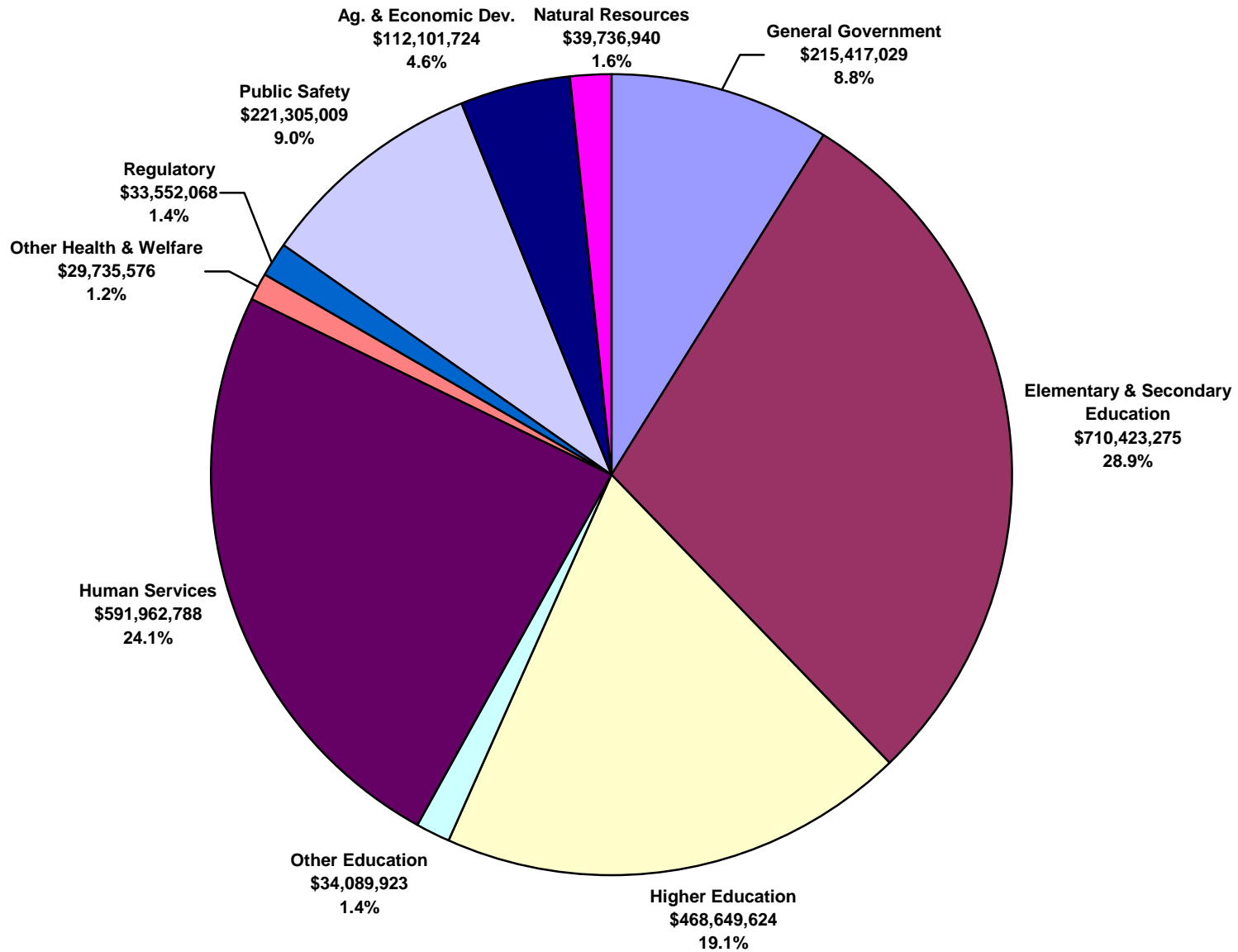
Agency/Description	Bill No.	Executive Budget General Fund	Legislative Appropriation			Appropriation Increase (Decrease) From Executive Budget
			General Fund	Permanent Oil Tax Trust Fund	Total Funds	
408 - Public Service Commission						
Videoconferencing equipment	SB 2008	20,000	20,000		20,000	0
Weights and measures equipment	SB 2008		39,000		39,000	39,000
High-flow dispenser prover	SB 2008		30,484		30,484	30,484
414 - Securities Department						
Document storage and retrieval system	SB 2011	16,876	16,876		16,876	0
471 - Bank of North Dakota						
Biofuels PACE	HB 1014	3,200,000	4,200,000		4,200,000	1,000,000
504 - Highway Patrol						
In-car video equipment	HB 1011	642,000	642,000		642,000	0
Capitol security equipment	HB 1011	50,000	50,000		50,000	0
Automatic external defibrillators	HB 1011		150,000		150,000	150,000
530 - Department of Corrections and Rehabilitation						
Prison expansion project	HB 1015	42,000,000	41,000,000		41,000,000	(1,000,000)
Youth Correctional Center security lighting	HB 1015	170,000	70,000		70,000	(100,000)
Deferred maintenance	HB 1015	2,293,000	1,725,391		1,725,391	(567,609)
Medical information system, equipment, and radios	HB 1015	1,819,000	1,764,000		1,764,000	(55,000)
540 - Adjutant General						
Computer-aided dispatch project	SB 2016	980,000	980,000		980,000	0
Motorola lease purchase payment (general fund portion)	SB 2016	1,084,970	1,084,970		1,084,970	0
Special assessments	SB 2016	470,000	92,000		92,000	(378,000)
Deferred maintenance	SB 2016	625,000	625,000		625,000	0
601 - Department of Commerce						
Transfer to the Development Fund	HB 1018	3,000,000	3,000,000		3,000,000	0
Tax expenditure and business incentive expenditure reports	HB 1018		100,000		100,000	100,000
602 - Department of Agriculture						
Animal tracking data base	SB 2338		90,836		90,836	90,836
628, 638, and 640 - Branch Research Centers, Northern Crops Institute, and Main Research Center						
Main Research Center greenhouse project	HB 1020	9,000,000	7,000,000		7,000,000	(2,000,000)
Carrington, North Central, and Hettinger headquarter additions	HB 1020	1,107,750	907,750		907,750	(200,000)
Deferred maintenance pool	HB 1020	100,000	100,000		100,000	0
North Central laboratory and greenhouse project	HB 1020	400,000	400,000		400,000	0
North Central equipment storage facility	HB 1020		300,000		300,000	300,000
Operating pool	HB 1020			750,000	750,000	750,000
Northern Crops Institute extraordinary repairs	HB 1020		25,000		25,000	25,000

Agency/Description	Bill No.	Executive Budget General Fund	Legislative Appropriation			Appropriation Increase (Decrease) From Executive Budget
			General Fund	Permanent Oil Tax Trust Fund	Total Funds	
665 - State Fair Association						
Construction of a new grandstand	HB 1009	5,000,000			0	(5,000,000)
701 - State Historical Society						
Lincoln Bicentennial	SB 2018	50,000	50,000		50,000	0
Capital projects and deferred maintenance	SB 2018	1,398,000	1,298,000		1,298,000	(100,000)
Marketing	SB 2018		85,000		85,000	85,000
Chateau de Mores	SB 2018		195,000		195,000	195,000
Medal of Honor monument	SB 2349		30,000		30,000	30,000
709 - Council on the Arts						
Lincoln Bicentennial	HB 1010	10,000	10,000		10,000	0
750 - Parks and Recreation Department						
Online reservation system and equipment replacement	SB 2019	660,000	660,000		660,000	0
State parks capital projects and deferred maintenance	SB 2019	2,170,000	2,170,000		2,170,000	0
Peace Garden capital projects and deferred maintenance	SB 2019	2,433,000	2,433,000		2,433,000	0
Capital asset replacement due to fire damage	SB 2019		125,000		125,000	125,000
770 - State Water Commission						
Red River Water Supply Project	SB 2020	3,000,000	3,000,000		3,000,000	0
801 - Department of Transportation						
Road patching, maintenance, and materials	HB 1012	11,169,972			0	(11,169,972)
Equipment purchases	HB 1012	2,021,860			0	(2,021,860)
Driver's license computer system project	HB 1012	5,019,610			0	(5,019,610)
Other information technology projects	HB 1012	1,788,558			0	(1,788,558)
Total		<u>\$187,753,858</u>	<u>\$139,526,649</u>	<u>\$29,816,541</u> ¹	<u>\$169,343,190</u>	<u>(\$18,410,668)</u>

¹ This amount does not include \$5.3 million appropriated, with an emergency clause, from the permanent oil tax trust fund to the Office of Management and Budget in House Bill No. 1014 for repaying centers of excellence loans obtained during the 2005-07 biennium. The Office of Management and Budget anticipates repaying these loans prior to July 1, 2007.

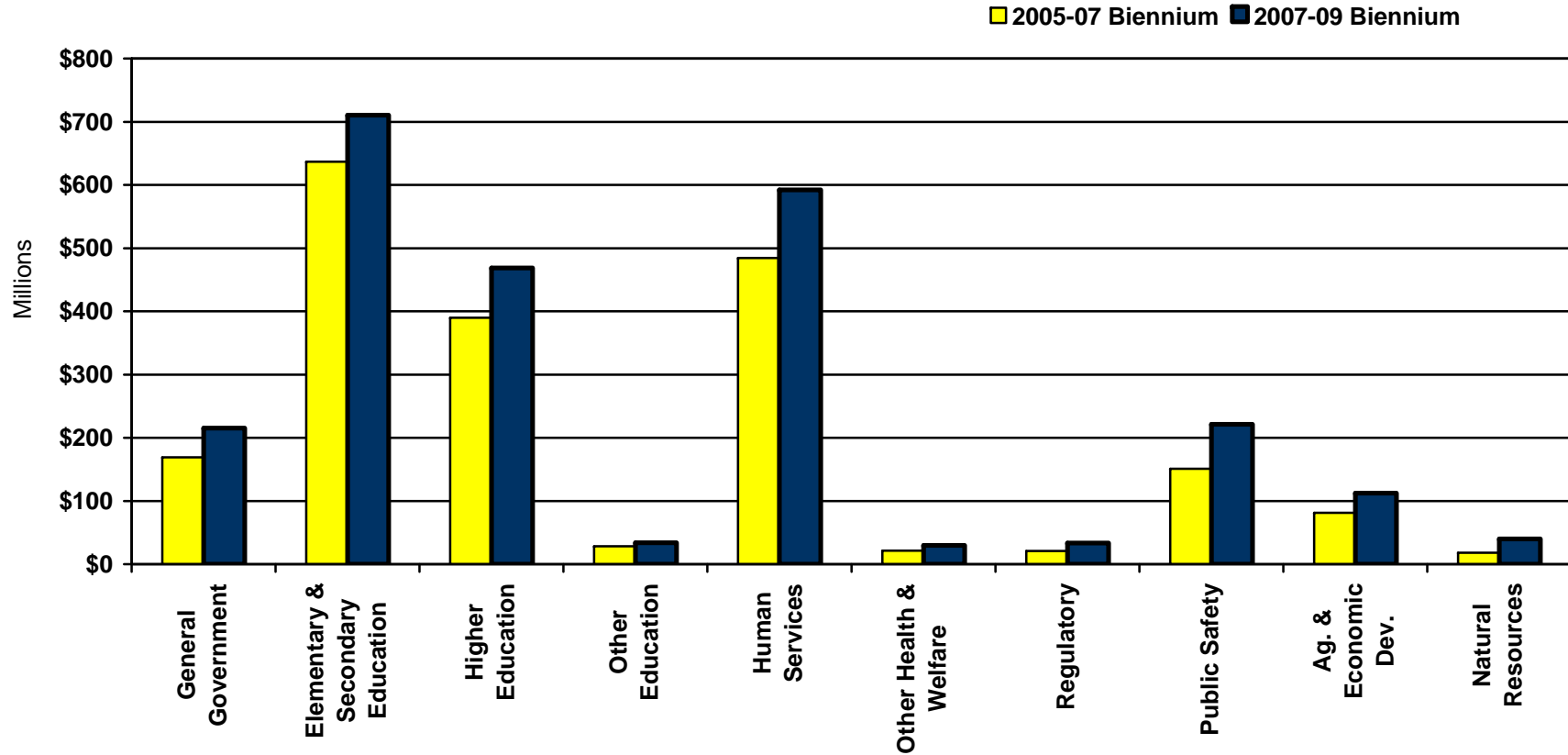
2007-09 BIENNIUM GENERAL FUND APPROPRIATIONS

Total 2007-09 General Fund Appropriations - \$2,456,973,956



COMPARISON OF 2007-09 AND 2005-07 GENERAL FUND APPROPRIATIONS

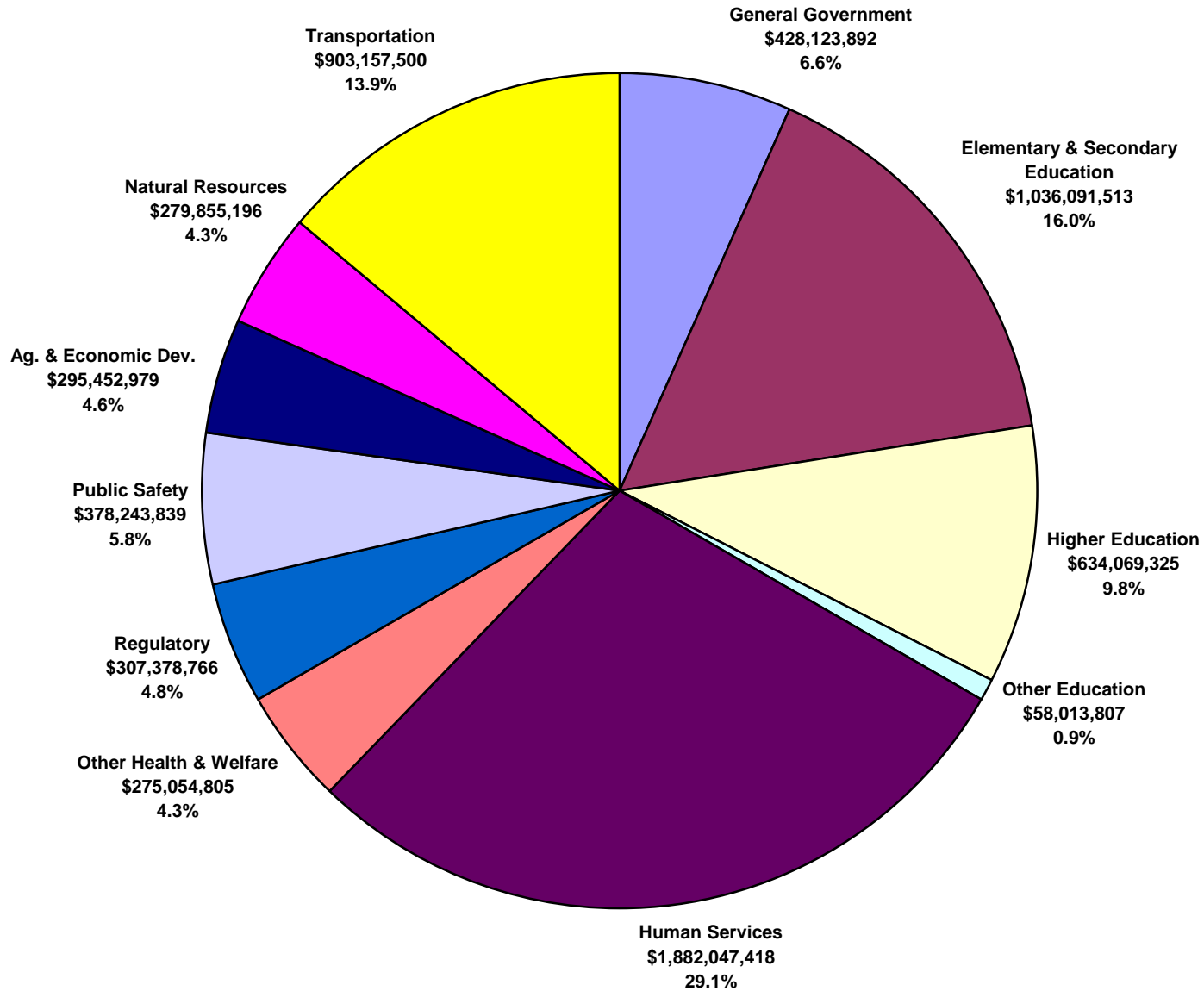
Amounts Shown in Millions



	2005-07 Biennium	2007-09 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$169,019,906	\$215,417,029	\$46,397,123	27.5%
Elementary & Secondary Education	636,718,587	710,423,275	73,704,688	11.6%
Higher Education	389,572,212	468,649,624	79,077,412	20.3%
Other Education	28,237,574	34,089,923	5,852,349	20.7%
Human Services	484,421,474	591,962,788	107,541,314	22.2%
Other Health & Welfare	21,152,066	29,735,576	8,583,510	40.6%
Regulatory	21,112,165	33,552,068	12,439,903	58.9%
Public Safety	150,947,279	221,305,009	70,357,730	46.6%
Ag. & Economic Dev.	81,106,689	112,101,724	30,995,035	38.2%
Natural Resources	18,249,122	39,736,940	21,487,818	117.7%
Total	<u>\$2,000,537,074</u>	<u>\$2,456,973,956</u>	<u>\$456,436,882</u>	<u>22.8%</u>

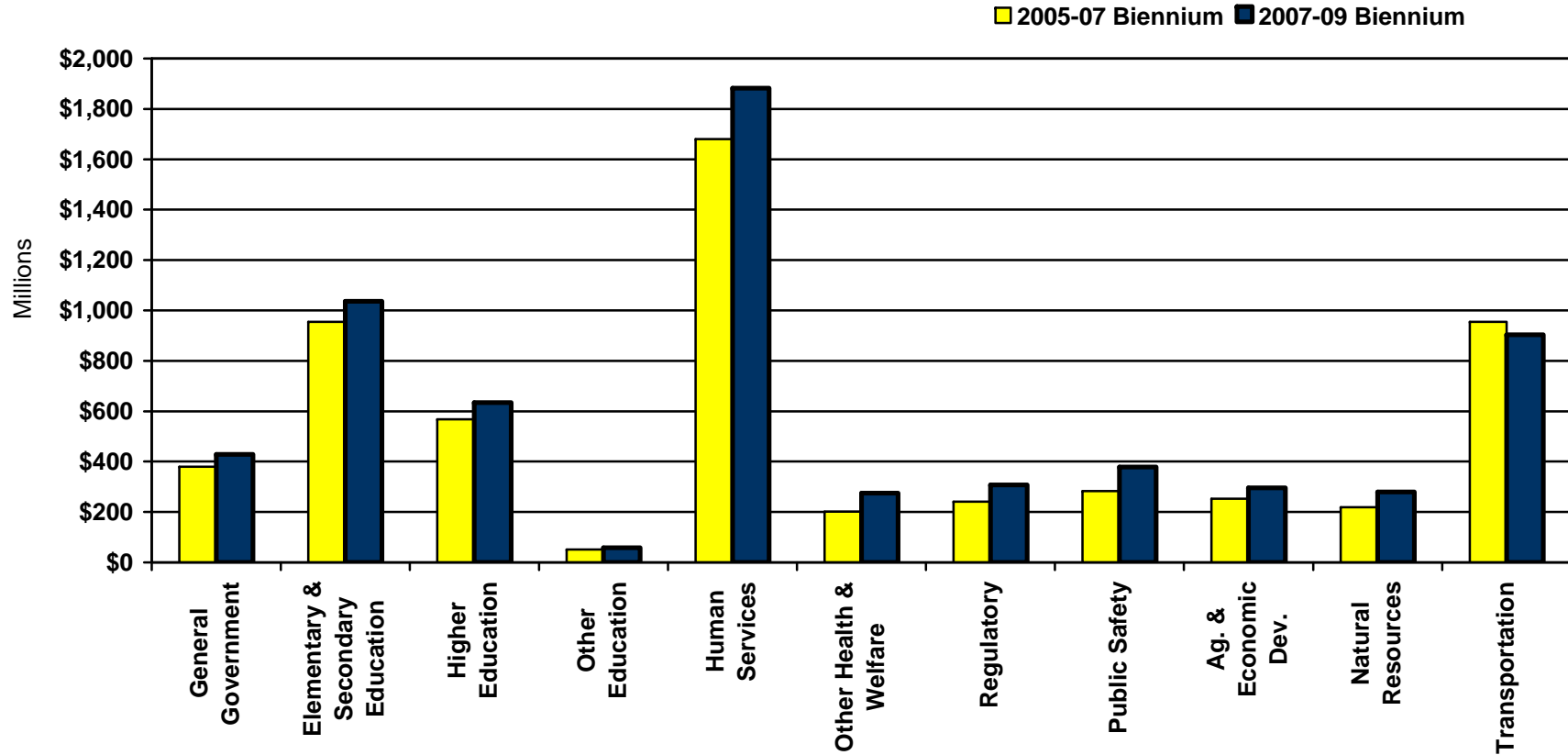
2007-09 BIENNIUM ALL FUNDS APPROPRIATIONS

Total 2007-09 Biennium All Funds Appropriations - \$6,477,489,040



COMPARISON OF 2007-09 AND 2005-07 ALL FUNDS APPROPRIATIONS

Amounts Shown in Millions



	2005-07 Biennium	2007-09 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$379,892,272	\$428,123,892	\$48,231,620	12.7%
Elementary & Secondary Education	954,618,222	1,036,091,513	81,473,291	8.5%
Higher Education	568,124,320	634,069,325	65,945,005	11.6%
Other Education	51,187,777	58,013,807	6,826,030	13.3%
Human Services	1,680,062,307	1,882,047,418	201,985,111	12.0%
Other Health & Welfare	201,596,264	275,054,805	73,458,541	36.4%
Regulatory	240,883,388	307,378,766	66,495,378	27.6%
Public Safety	282,755,250	378,243,839	95,488,589	33.8%
Ag. & Economic Dev.	252,497,128	295,452,979	42,955,851	17.0%
Natural Resources	219,132,965	279,855,196	60,722,231	27.7%
Transportation	955,008,348	903,157,500	(51,850,848)	(5.4%)
Total	<u>\$5,785,758,241</u>	<u>\$6,477,489,040</u>	<u>\$691,730,799</u>	<u>12.0%</u>

**Agriculture Commissioner
Budget No. 602
Senate Bill Nos. 2009, 2179, 2338, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	67.00	\$5,430,717	\$10,878,945	\$16,309,662
2007-09 legislative appropriations	67.50	5,939,660¹	11,388,326	17,327,986
Legislative increase (decrease) to executive budget	0.50	\$508,943	\$509,381	\$1,018,324
Legislative increase (decrease) to 2005-07 appropriations	6.50	\$1,358,418 ²	\$1,901,794	\$3,260,212 ²

¹This amount includes \$90,836 of one-time funding and a transfer of \$150,000 from the general fund to the environment and rangeland protection fund. Excluding these amounts, the agency's ongoing general fund appropriation is \$5,698,824.

²The 2005-07 appropriation reflects \$58,130 of general fund deficiency appropriations approved by the 2007 Legislative Assembly in Senate Bill No. 2023.

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 Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly provided \$259,000 for salary equity adjustments for the Department of Agriculture employees.

	Major Items		
	FTE Positions	General Fund	Other Funds
			Total
The legislative action:			
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$4,129)	(\$3,645)
Added funding for Pride of Dakota to provide a total of \$250,000		100,000	100,000
Added funding from the environment and rangeland protection fund for the Farmer's Market			29,500
Added funding for salary adjustments based on market		151,000	108,000
Provided funding for a grant to the North Dakota Dairy Coalition		75,000	75,000
Removed funding for 1 FTE position and related operating expenses from the meat inspection program	(1.00)	(68,764)	(63,474)
Provided a transfer of \$150,000 from the general fund to the environment and rangeland protection fund		150,000	150,000
Provided funding for 1.5 FTE positions and operating expenses for an endangered species program	1.50	50,000	200,000

Reduced funding support from the environment and rangeland protection fund for Project Safe Send (\$25,000) and crop harmonization (\$25,000)		(50,000)		(50,000)
Provided funding for Wildlife Services	120,000			120,000
Changed the funding source for Wildlife Services from \$130,000 from the general fund to \$130,000 from the game and fish fund	(130,000)	130,000		0
Reduced funding for operating expenses for motor pool costs	(25,000)			(25,000)
Provided \$79,500 from the environment and rangeland protection fund and \$79,500 from the oilseed fund in Senate Bill No. 2179 to mitigate crop damage by blackbirds		159,000		159,000
Provided one-time funding of \$90,836 from the general fund in Senate Bill No. 2338 for an animal tracking data base	90,836			90,836
Total	<u>0.50</u>	<u>\$508,943</u>	<u>\$509,381</u>	<u>\$1,018,324</u>

FTE Changes

The 2007-09 biennium appropriation includes funding for 67.50 FTE positions, an increase of a .5 FTE position from the executive recommendation and an increase of 6.5 FTE positions from the 2005-07 biennium authorized level of 61 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE veterinarian position, removed one of 5 FTE positions included in the executive recommendation for the meat inspection program, and added 1.5 FTE positions for the endangered species program.

One-Time Funding

In Section 12 of Senate Bill No. 2009, the Legislative Assembly identified the general fund appropriation for one-time funding of \$90,836 for an animal tracking data base as provided for in Senate Bill No. 2338. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Agriculture Commissioner is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Wildlife Services

The 2007-09 biennium appropriation includes \$1,050,000 for Wildlife Services, an increase of \$120,000 from the executive recommendation and the 2005-07 biennium appropriation of \$930,000. The 2007-09 appropriation includes \$240,000 from the general fund and \$810,000 from the game and fish fund. The Legislative Assembly provided that \$130,000 is available beginning with the effective date of the bill.

Section 16 of Senate Bill No. 2009 provides for a performance audit to be conducted by the State Auditor's office of the services provided pursuant to the cooperative agreement between the Agriculture Commissioner and the United States Department of Agriculture Wildlife Services during the 2007-09 biennium. The performance audit must include a review of all funding sources, including grants from the Agriculture Commissioner, game and fish funds, and federal funds, for the wildlife damage management program in North Dakota for the 2003-05, 2005-07, and 2007-09 bienniums. The results of the audit are to be presented to the Legislative Audit and Fiscal Review Committee and filed with the Appropriations Committees during the 61st Legislative Assembly.

Other Sections in Senate Bill No. 2009

Environment and rangeland protection fund - Section 4 authorizes \$3,142,109 from the environment and rangeland protection fund for the purpose of defraying the expenses of the various Department of Agriculture programs. Section 8 provides for a transfer of \$150,000 from the general fund to the environment and rangeland protection fund and Section 9 provides for a transfer of \$50,000 from the North Dakota State University Extension Service pesticide enforcement fund to the environment and rangeland protection fund during the 2007-09 biennium.

Anhydrous ammonia storage inspection fund - Section 5 authorizes \$65,912 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 6 authorizes \$1,019,684 from the game and fish fund to the Department of Agriculture for Wildlife Services (\$810,000) and the Board of Animal Health (\$209,684). The Legislative Assembly also provided in Section 19 an emergency measure for \$130,000 of the \$810,000 for Wildlife Services.

Salary equity - Section 7 provides that \$259,000 included in the salaries and wages line item in Section 3 of the bill is for salary increases, which must be based on market.

Emergency Commission request - Section 10 provides that the Agriculture Commissioner may request from the Emergency Commission additional FTE positions for the state meat inspection program if demand for the program increases sufficient to require the positions during the 2007-09 biennium.

Minor use pesticide fund - Section 11 provides for \$200,000 to be transferred from the environment and rangeland protection fund to the minor use pesticide fund during the 2007-09 biennium.

Special revenue - Section 13 provides that all revenues from inspection and grading services provided by state meat inspectors and graders must be allocated to the state meat inspection program. The Agriculture Commissioner is to report annually to the Budget Section regarding the revenues and expenditures for the state meat inspection program.

Endangered species program - Section 14 requires that the Agriculture Commissioner report annually to the Budget Section regarding the status of the endangered species program.

Legislative Council study - Section 15 provides for a Legislative Council study on the transfer of predator control from the Agriculture Commissioner to the Game and Fish Department and includes a review of the South Dakota predator control program.

Salary of Agriculture Commissioner - Section 17 provides statutory changes to North Dakota Century Code (NDCC) Section 4-01-21 relating to the salary of the Agriculture Commissioner. The Legislative Assembly authorized 2007-09 biennium salary increases of 4 percent effective July 1, 2007, and 4 percent effective July 1, 2008, for elected officials. The Agriculture Commissioner's salary is to be increased from the current level of \$75,576 to \$78,599 effective July 1, 2007, and \$81,743 effective July 1, 2008.

Agriculture in the Classroom Council - Section 18 makes a statutory change relating to the membership of the Agriculture in the Classroom Council.

Related Legislation

House Bill No. 1085 makes permanent law of the agricultural pesticide and pesticide container disposal program (Project Safe Send) and requires the Agriculture Commissioner to report biennially to a joint meeting of the House and Senate Agriculture Committees on the status of the pesticide container disposal program.

House Bill No. 1341 makes statutory changes relating to persons eligible for agricultural mediation services.

Senate Bill No. 2099 amends subsection 3 of NDCC Section 4-41-02 to provide that fees collected relating to the application for growing or processing industrial hemp are appropriated to the Department of Agriculture, rather than the Attorney General, to be used to enforce NDCC Chapter 4-41.

Senate Bill No. 2107 amends NDCC Section 4-33-12 to provide for deposit in the department's operating fund a portion of the fees collected relating to domestic and export inspection and certification equal to the amount that the United States Department of Agriculture assesses the department for federal plant export certificates issued by the commissioner.

Senate Bill No. 2114 amends NDCC Section 36-01-08 to provide that fees collected for brucellosis tags, identification tags, and health books are to be deposited in the Department of Agriculture's operating fund and appropriated on a continuing basis to the State Board of Animal Health to enforce Chapter 36-01.

Senate Bill No. 2323 makes permanent the biennial pesticide registration fee of \$350, of which \$50 is deposited in the general fund and \$300 is deposited in the environment and rangeland protection fund.

**Attorney General
Budget No. 125
Senate Bill Nos. 2003, 2103, 2161, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	181.30	\$22,929,209	\$18,294,523	\$41,223,732
2007-09 legislative appropriations	188.50	24,432,081¹	20,901,921	45,334,002
Legislative increase (decrease) to executive budget	7.20	\$1,502,872	\$2,607,398	\$4,110,270
Legislative increase (decrease) to 2005-07 appropriations	3.20	\$5,219,925	(\$3,586,480)	\$1,633,445

¹This amount includes \$1,442,840 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$22,989,241.

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Attorney General is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly provided \$883,000 for salary equity adjustments for Attorney General employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$18,953)	(\$3,853)	(\$22,806)
Restored funding for an information technology network administrator and an account technician removed in the executive budget. Funding for the network administrator is from the lottery fund and 50 percent of the funding for the account technician is from the lottery fund with the remainder from the general fund.	2.00	45,094	175,916	221,010
Restored funding for national criminal history improvement project positions removed in the executive budget. The other funds are from federal funds.	2.00	39,588	124,571	164,159
Added funding to provide the level of funding needed for the 4 percent annual state employee salary increases. The amount included in the executive budget was calculated incorrectly.		172,232		172,232
Added funding to provide a total of \$883,000, of which \$872,079 is from the general fund, for salary equity increases		229,000		229,000

Removed the following vacant positions:	(3.30)		(372,421)	(372,421)
<ul style="list-style-type: none"> • Grants and contracts officer (\$100,636) • Administrative assistant (.30 FTE) (\$34,905) • High-intensity drug trafficking analyst (\$119,067) • Lottery customer relations specialist (\$117,813) 				
Added a criminal investigator for conducting criminal investigation computerized forensic investigations and examinations	1.00	175,000		175,000
Added funding for Information Technology Department data processing and telecommunications rate increases and PeopleSoft user fees		63,556	2,541	66,097
Added funding from the Attorney General operating fund and refund fund for anticipated operating cost increases of the Legal, Consumer Protection, and Gaming Divisions			77,776	77,776
Added funding to provide a total of \$279,599 of additional operating costs associated with the new Crime Laboratory building and for Crime Laboratory inflationary increases		62,599		62,599
Added funding from the racing promotion fund for a half-time position to audit simulcast racing sites in accordance with provisions of House Bill No. 1126	.50		60,988	60,988
Added funding to provide training to state's attorneys relating to the prosecution of sexually dangerous individuals		15,000		15,000
Added funding for conducting additional background checks as a result of provisions of Senate Bill No. 2260	5.00	477,756	750,800	1,228,556
Added funding from the Multijurisdictional Task Force grant fund created by House Bill No. 1330 for salaries and wages relating to the administration of the multijurisdictional grant program			45,000	45,000
Added funding for constructing a new Crime Laboratory near the existing laboratory. The special funds are from other funding sources that may be available to the Attorney General for this project, except that the other funds may not be from the refund fund (see Crime Laboratory Building section below).		200,000	200,000	400,000
Added funding for operating costs of the existing Crime Laboratory facility for the last nine months of the biennium. These funds may be spent only for operating costs of this facility during the period of time it is unoccupied.		42,000		42,000

Added funding from the insurance regulatory trust fund in Senate Bill No. 2103 for reimbursing health care providers for the cost of performing forensic medical examinations on victims of criminal sexual conduct			500,000	500,000
Added funding from federal funds, if available, in Senate Bill No. 2161 for 10 computerized sex offender registration sites			1,046,080	1,046,080
Total	<u>7.20</u>	<u>\$1,502,872</u>	<u>\$2,607,398</u>	<u>\$4,110,270</u>

FTE Changes

The Legislative Assembly restored 1 FTE information technology network administrator, 1 FTE account technician, and 2 FTE national criminal history improvement project positions removed in the executive budget. The Legislative Assembly removed 3.30 FTE vacant positions, including a grants and contracts officer, administrative assistant (.30 FTE), high-intensity drug trafficking analyst, and lottery customer relations specialist. The Legislative Assembly added 1 FTE computer forensics position, a .5 FTE horse racing auditor, and 5 FTE positions for conducting additional criminal background checks. The Legislative Assembly added Section 10 to Senate Bill No. 2003 providing legislative intent that the Attorney General fill the background check positions only as necessary to meet workload demand.

One-Time Funding

In Section 8 of Senate Bill No. 2003, the Legislative Assembly identified \$1,442,840 from the general fund for construction of the new Crime Laboratory as a one-time funding item. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Attorney General is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Criminal Justice Information Sharing

The Legislative Assembly added Section 18 to Senate Bill No. 2003 providing that the Criminal Justice Information Sharing Board may appoint and employ a director and that the director may hire additional employees and may contract with the Bureau of Criminal Investigation for the processing of federal fingerprint identification. The Legislative Assembly did not change the executive recommendation which provided that 2 FTE positions in the Attorney General's office relating to the criminal justice information sharing project be paid for with funds appropriated to the Information Technology Department and transferred to the Attorney General's office as special funds.

Crime Laboratory Building

The Legislative Assembly provided a total of \$4,923,562 for constructing a new Crime Laboratory building on state land located near the current Crime Laboratory location. Of the \$4,923,562, \$3,280,722 is from bond proceeds remaining from the 2005-07 biennium bond issue which the Attorney General did not use to construct an addition to the current Crime Laboratory. Section 16 of Senate Bill No. 2003 authorizes the Attorney General to continue to spend these funds. The executive budget recommended an additional \$1,242,840 from the general fund for this building and the Legislative Assembly added an additional \$400,000, of which \$200,000 is from the general fund, to this amount for the project. The Legislative Assembly included intent that the building be constructed to allow for future expansion and that Facility Management develop a plan for the use of the space that will become available in the existing Crime Laboratory building. The Attorney General is authorized to move the State Department of Health's storage building from the site if necessary to allow for the building construction. The Attorney General is to provide periodic reports to the Budget Section on the status of the project during the 2007-08 interim.

Other Sections in Senate Bill No. 2003

Section 9 provides that if additional federal funds become available, the Attorney General may not spend general fund money appropriated for similar purposes.

Section 11 authorizes the Attorney General to establish a sobriety program pilot project during the 2007-09 biennium.

Section 15 allows the Attorney General to retain the June 30, 2007, balance in the Attorney General refund fund rather than transferring the balance to the general fund.

Section 17 provides the statutory changes increasing the Attorney General's salary. The Attorney General's annual salary is increased from the current level of \$80,761 to \$83,991 effective July 1, 2007, and to \$87,351 effective July 1, 2008.

Related Legislation

Senate Bill No. 2097 increases the amount of fees the Attorney General may collect and deposit in the Attorney General's operating fund during the 2005-07 biennium for State Fire Marshal services provided to entities covered by the fire and tornado fund and petroleum release compensation fund.

Senate Bill No. 2103 provides that the Attorney General reimburse health care providers for the cost of performing forensic medical examinations on victims of criminal sexual conduct.

Senate Bill No. 2260 expands the number of entities that may request criminal background checks on certain individuals.

House Bill No. 1197 requires a DNA sample from each felony arrestee beginning August 2009.

House Bill No. 1330 creates a Multijurisdictional Task Force grant fund within the Attorney General's office from lottery revenue and provides a continuing appropriation to the Attorney General from money in the fund to be used for drug task forces throughout the state. The bill transfers \$105,625 per quarter from lottery revenues to this special fund. A provision was included in the bill that if additional federal funds become available for these drug task forces, the Attorney General may not spend the money in the Multijurisdictional Task Force grant fund to the extent that federal funds are available for this purpose for the 2007-09 biennium.

**State Auditor
Budget No. 117
Senate Bill No. 2004, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	54.80	\$5,545,807	\$2,588,107	\$8,133,914
2007-09 legislative appropriations	54.80	5,656,016	2,585,774	8,241,790
Legislative increase (decrease) to executive budget	0.00	\$110,209	(\$2,333)	\$107,876
Legislative increase (decrease) to 2005-07 appropriations	(0.20)	\$530,011	\$150,633	\$680,644

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. 2189. The Legislative Assembly also provided \$115,500 from the general fund for salary equity adjustments within the State Auditor's office.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$5,291)	(\$2,333)	(\$7,624)
Added funding for salary equity adjustments		115,500		115,500
Total	0.00	\$110,209	(\$2,333)	\$107,876

FTE Changes

The Legislative Assembly did not change the executive recommendation providing for 54.80 FTE positions, a decrease of .20 FTE positions from the 2005-07 biennium. The department in its budget request reduced a 1 FTE position to a .80 FTE position.

Other Sections in Senate Bill No. 2004

Salary of State Auditor - Section 4 provides statutory changes to North Dakota Century Code (NDCC) Section 54-10-10 relating to the salary of the State Auditor. The Legislative Assembly authorized 2007-09 biennium salary increases of 4 percent, effective July 1, 2007, and 4 percent, effective July 1, 2008, for elected officials. The State Auditor's salary is to be increased from the current level of \$73,568 to \$76,511, effective July 1, 2007, and to \$79,571, effective July 1, 2008.

Related Legislation

Senate Bill No. 2053 - This bill amends NDCC Section 54-10-29 relating to **audits of computer systems** performed by the State Auditor's office. The bill removes the requirement that the governing board of any political subdivision be notified of tests conducted in connection with the review and assessment of computer systems or related security systems.

House Bill No. 1318 - This bill amends NDCC Section 54-10-28 relating to **information technology responsibilities** of the State Auditor's office. The bill provides that the State Auditor "may" rather than "shall" conduct information technology compliance reviews and monitor major information technology projects for compliance with project management and information technology standards and policies.

**Governor
Budget No. 101
Senate Bill Nos. 2001, 2276, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	18.00	\$2,996,516	\$2,500,000	\$5,496,516
2007-09 legislative appropriations	18.00	3,102,822	100,000	3,202,822
Legislative increase (decrease) to executive budget	0.00	\$106,306	(\$2,400,000)	(\$2,293,694)
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$504,685	(\$2,460,000)	(\$1,955,315)

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. 2189.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,694)		(\$2,694)
Added funding for the state consultant previously included in the Office of Management and Budget appropriation		120,000		120,000
Removed funding for expenses relating to the Office of Faith-Based and Community Initiatives. This funding was added to the Department of Commerce budget.		(11,000)		(11,000)
Added funding from the community health trust fund in Senate Bill No. 2276 for the Governor's Prevention and Advisory Council			\$100,000	100,000
Removed federal funding for teacher quality enhancement grants because the federal grant has ended			(2,500,000)	(2,500,000)
Total	0.00	\$106,306	(\$2,400,000)	(\$2,293,694)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 18 FTE positions, the same as the 2005-07 biennium.

Other Sections in Bill

Sections 6 and 7 of Senate Bill No. 2001 provide the statutory changes increasing the Governor's and Lieutenant Governor's salaries. The Governor's annual salary is increased from the current level of \$92,483 to \$96,183, effective July 1, 2007, and to \$100,031, effective July 1, 2008. The Lieutenant Governor's annual salary is increased from the current level of \$71,797 to \$74,668, effective July 1, 2007, and to \$77,655, effective July 1, 2008.

Sections 8 and 9 of Senate Bill No. 2001 make the statutory changes necessary to transfer the Office of Faith-Based and Community Initiatives from the Governor's office to the Department of Commerce.

Related Legislation

Senate Bill No. 2276 provides for the duties of the Governor's Prevention and Advisory Council.

Insurance Commissioner, including insurance tax payments to fire departments

Budget No. 401

Senate Bill No. 2010, House Bill No. 1014

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	46.50	\$0	\$14,350,979	\$14,350,979
2007-09 legislative appropriations	46.50		14,455,124	14,455,124
Legislative increase (decrease) to executive budget	0.00	\$0	\$104,145	\$104,145
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$0	\$775,469	\$775,469

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. 2189. In addition, the Legislative Assembly did not change the executive recommendation to provide funding of \$172,236 from other funds for salary equity increases.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$5,855)	(\$5,855)
Transferred funding for expenses of legislative members attending functions of the National Conference of Insurance Legislators to the Legislative Council			(60,000)	(60,000)
Provided funding from the fire and tornado fund for a grant to the North Dakota Firefighter's Association. (In previous bienniums, the Legislative Assembly appropriated this funding to the Office of Management and Budget.)			170,000	170,000
Total	0.00	\$0	\$104,145	\$104,145

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 46.5 FTE positions, the same as the 2005-07 biennium.

Administrative Costs of Special Funds

The Legislative Assembly did not change the executive recommendation for administrative costs allocated to the bonding fund, unsatisfied judgment fund, and the petroleum tank release compensation fund. The Legislative Assembly did reduce the administrative costs allocated to the fire and tornado fund by \$150,000, from \$1,153,804, as provided for in the executive recommendation, to \$1,003,804. The following schedule provides information regarding the administrative costs allocated to each special fund. The changes from the 2005-07 biennium will result in an increase of \$5,421 of Insurance Department administrative costs being provided from the insurance regulatory trust fund.

	2005-07 Biennium	2007-09 Biennium	Increase (Decrease)
Bonding fund	\$35,000	\$44,131	\$9,131
Fire and tornado fund	\$988,576	\$1,003,804	\$15,228
Unsatisfied judgment fund	\$35,000	\$16,546	(\$18,454)
Petroleum tank release compensation fund	\$120,000	\$108,674	(\$11,326)

Insurance Tax Payments to Fire Departments

The Legislative Assembly did not change the executive recommendation to provide a \$6,320,000 special funds appropriation from the insurance tax distribution fund to the Insurance Commissioner, of which \$6.2 million is for insurance tax payments to fire departments and \$120,000 is for two equal payments to the North Dakota Firefighter's Association. This is the same level of funding provided for in the 2005-07 biennium.

Cost-Benefit Analyses of Health Insurance Coverage Mandates

The Legislative Assembly did not change the executive recommendation to provide funding of \$55,000 from special funds for cost-benefit analyses of legislative measures being considered by the 2009 Legislative Assembly mandating health insurance coverage as required by North Dakota Century Code (NDCC) Section 54-03-28. This is the same level of funding provided for in the 2005-07 biennium for legislative measures considered by the 2007 Legislative Assembly.

Other Sections in Senate Bill No. 2010

Legislative Council appropriation - Section 4 provides a \$70,000 special funds appropriation from the insurance regulatory trust fund to the Legislative Council for defraying expenses of legislative members attending functions of the National Conference of Insurance Legislators for the 2007-09 biennium.

Anhydrous tank inspections - Section 10 provides that \$150,000 is available from the anhydrous ammonia storage facility inspection fund to pay for anhydrous tank inspections done by the Insurance Commissioner. This is the same level of funding available from the anhydrous ammonia storage facility inspection fund for the 2005-07 biennium.

Insurance Commissioner's annual salary - Section 11 provides statutory changes relating to the Insurance Commissioner's annual salary. The Insurance Commissioner's salary is increased from \$73,568 to \$76,511 on July 1, 2007, and \$79,571 on July 1, 2008.

Fire and tornado fund coverage - Section 12 amends NDCC Section 26.1-22-10 to allow personal property to be insured on a blanket basis by the state fire and tornado fund.

Related Legislation

State Fire Marshal Program Fees - Senate Bill No. 2097 increases the amount of State Fire Marshal program fees to be paid from the fire and tornado fund and the petroleum release compensation fund for the 2005-07 biennium.

Forensic medical examinations - Senate Bill No. 2103 provides a \$500,000 special funds appropriation from the insurance regulatory trust fund to the Attorney General for reimbursing health care facilities and health care professionals for the costs of performing acute forensic medical examinations on alleged victims of criminal sexual conduct for the 2007-09 biennium.

Firefighters' death benefits - Senate Bill No. 2183 provides a \$50,000 continuing appropriation from insurance premium tax collections to the Insurance Commissioner for providing firefighters' death benefits.

Insurance tax payments to emergency medical services operations - House Bill No. 1296 provides a \$1,250,000 special funds appropriation from the insurance tax distribution fund to the State Department of Health for making payments of insurance premium tax collections to emergency medical services operations for the 2007-09 biennium.

**Public Service Commission
Budget No. 408
Senate Bill No. 2008, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	42.00	\$4,903,183	\$8,005,382	\$12,908,565
2007-09 legislative appropriations	41.00	4,873,459¹	8,003,309	12,876,768
Legislative increase (decrease) to executive budget	(1.00)	(\$29,724)	(\$2,073)	(\$31,797)
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$510,622	\$1,066,158	\$1,576,780

¹This amount includes \$89,484 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$4,783,975.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$3,981)	(\$2,073)	(\$6,054)
Added funding for a prover to be used to test high-flow retail dispensers		30,484		30,484
Removed 1 FTE weights and measures inspector position and related funding for salaries and wages (\$83,882) and operations (\$36,945)	(1.00)	(120,827)		(120,827)
Added \$64,600 of funding for costs to continue the state metrology program and provided that \$30,000 of funding, included in the executive budget to have weights and measures calibrated by Minnesota for National Institute of Standards and Technology-recognized services, instead be applied to costs necessary to maintain the state program		64,600		64,600
Authorized \$900,000, of which \$800,000 is from the beginning farmer revolving loan fund and \$100,000 from other funds for a rail rate complaint case (see Rail rate complaint case section below)				0
Total	(1.00)	(\$29,724)	(\$2,073)	(\$31,797)

FTE Changes

The 2007-09 biennium appropriation included funding for 41 FTE positions, the same as the 2005-07 biennium authorized level and a reduction of 1 FTE position from the executive recommendation. The Legislative Assembly removed 1 FTE weights and measures inspector position. The Legislative Assembly did not change the executive recommendation to add 1 FTE for the Geographic Information System (GIS) Initiative.

One-Time Funding

In Section 12 of Senate Bill No. 2008, the Legislative Assembly identified \$89,484 from the general fund for weights and measures equipment (\$39,000), videoconferencing equipment (\$20,000), and a prover (\$30,484) as one-time funding items. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Public Service Commission is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in Senate Bill No. 2008

Rail rate complaint case - Section 4 authorizes \$800,000 from the beginning farmer revolving loan fund for a rail rate complaint case and provides that the funding may be carried forward from the 2005-07 biennium. The total funding for the rail rate complaint case is \$900,000, of which \$800,000 is from the beginning farmer revolving loan fund and \$100,000 from other funds. The executive recommendation proposed that the funding from the beginning farmer revolving loan fund be transferred to an agriculture rail rate and service fund; however, the Legislative Assembly provided the funding only for the rail rate complaint case. The 2005-07 biennium appropriation for a rail rate complaint case was \$945,000, of which \$800,000 was from the beginning farmer revolving loan fund, \$20,000 was from carryover authority from the state rail fund, and \$125,000 was from other sources, including a shipper participating in the rail rate case.

Salary of commissioners - Section 5 provides statutory changes to North Dakota Century Code (NDCC) Section 49-01-05, relating to the salaries of the Public Service Commissioners. The Legislative Assembly authorized the 2007-09 biennium salary increases of 4 percent effective July 1, 2007, and 4 percent effective July 1, 2008, for elected officials. The Public Service Commissioners' salaries are to be increased from the current level of \$75,576 to \$78,599 effective July 1, 2007, and to \$81,743 effective July 1, 2008.

Weights and measures testing requirements - Sections 6, 7, and 8 change the requirement that weighing and measuring devices be tested every 15 months to a frequency as determined by the Public Service Commission, not to exceed 24 months. The required frequency for testing may vary depending on the type of weights and measures device.

Real estate auctions study - Section 9 provides for a Legislative Council study of the practices and laws relating to sale of real estate by auctioneers.

Geographic Information System Initiative - Section 10 provides that the Public Service Commission report to the 61st Legislative Assembly regarding the department's Geographic Information System Initiative.

Metrology program - Section 11 provides for the Public Service Commission and the Facility Management Division of the Office of Management and Budget to develop a schedule for the use of the metrology laboratory building for the 2007-09 biennium and for the Public Service Commission to present a report to the Budget Section and the Office of Management and Budget by July 1, 2008, regarding the facility use agreement and future plans for a metrology laboratory.

Related Legislation

Senate Bill No. 2031 - This bill provides for an **expedited rate adjustment for electric utilities** to recover transmission costs and allows for a change in the tariff to allow for the rate adjustment according to the provisions of the law and the tariff and subject to notice and opportunity for hearing.

House Bill No. 1018 - Section 28 of House Bill No. 1018, the appropriation bill for the Department of Commerce, provides for a Legislative Council study of issues relating to **wireless service providers** in the state and how wireless service impacts the business climate in the state.

House Bill No. 1221 - This bill provides for the Public Service Commission to approve, reject, or modify **public utility rate adjustments** for recovery of costs resulting from federal environmental mandates on existing electricity generating stations.

House Bill No. 1360 - This bill authorizes the State Treasurer to invest the credit-sale contract indemnity fund's money using the prudent investor rule. The **credit-sale contract indemnity fund** receives funding from assessments placed on the value of all grain sold in this state under a credit-sale contract, which is submitted by the licensee purchasing the grain to the Public Service Commission for reimbursement to any person who sold grain under a credit-sale contract and who was not fully compensated in accordance with the contract and associated administration costs. The funds are currently deposited at the Bank of North Dakota and earn interest at the Bank's money market rate via the state's interest allocation process. General fund revenues are estimated to be reduced by \$80,000 per biennium due to the funding being removed from the state's current interest allocation process. It is anticipated that the return on the indemnity fund will increase by \$196,000 a biennium based on the State Treasurer's use of a more diversified investment strategy.

**Secretary of State
Budget No. 108
Senate Bill No. 2002, House Bill Nos. 1014, 1018**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	27.00	\$5,313,616	\$5,953,973	\$11,267,589
2007-09 legislative appropriations	27.00	5,364,692¹	8,873,865	14,238,557
Legislative increase (decrease) to executive budget	0.00	\$51,076	\$2,919,892	\$2,970,968
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$875,329	(\$1,070,163)	(\$194,834)

¹This amount includes \$824,153 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$4,540,539.

NOTE: The amounts on the schedule above include funding for public printing. The 2007-09 executive budget recommended and the Legislative Assembly appropriated \$303,500 from the general fund for public printing, \$23,500 less than the 2005-07 biennium general fund appropriation of \$327,000.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,522)	(\$108)	(\$2,630)
Added salaries and wages funding to continue salary levels for employees that received salary adjustments or reclassifications during the 2005-07 biennium		53,598		53,598
Appropriated funding from a Bank of North Dakota loan in House Bill No. 1018 to implement the North Dakota business development engine information technology project contingent on Budget Section approval			2,920,000	2,920,000
Total	0.00	\$51,076	\$2,919,892	\$2,970,968

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 27 FTE positions, the same as the 2005-07 biennium.

One-Time Funding

In Section 4 of Senate Bill No. 2002, the Legislative Assembly identified \$824,153 from the general fund for continuing the Secretary of State's mainframe migration computer project as a one-time funding item. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Secretary of State is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Contingent Computer Project

Section 18 of House Bill No. 1018 authorizes the Secretary of State, subject to Budget Section approval, to borrow up to \$2,920,000 from the Bank of North Dakota for implementing the North Dakota business development engine information technology project. The Secretary of State may request Budget Section approval only if the revenues projected to be generated from provisions of House Bill No. 1340 over the term of the proposed loan based on the trend of actual corporate charters granted are anticipated to exceed the revenues projected to be generated from provisions of this bill of \$720,000 per biennium by an amount sufficient to repay the proposed loan, including interest.

Other Sections in Bill

Section 5 of Senate Bill No. 2002 provides the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary is increased from the current level of \$73,568 to \$76,511, effective July 1, 2007, and to \$79,571, effective July 1, 2008.

Related Legislation

Senate Bill No. 2036 provides that the Secretary of State license professional employer organizations and provides that the license fee collections estimated to total \$3,000 for the 2007-09 biennium be deposited in the Secretary of State's general services operating fund.

House Bill No. 1340 allows for a corporate governance structure for certain publicly traded corporations and requires an annual report and fees to be filed with the Secretary of State. The fees which are deposited in the general fund are estimated to total \$720,000 for the 2007-09 biennium.

**State Tax Commissioner
Budget No. 127
Senate Bill Nos. 2006, 2032, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	133.00	\$28,948,998	\$1,700,000	\$30,648,998
2007-09 legislative appropriations	133.00	32,538,153¹	2,800,000	35,338,153
Legislative increase (decrease) to executive budget	0.00	\$3,589,155	\$1,100,000	\$4,689,155
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$10,053,001	(\$11,320,000)	(\$1,266,999)

¹This amount includes \$5,356,702 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$27,181,451.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$14,845)		(\$14,845)
Provided additional funding for the expanded homestead tax credit program (Senate Bill No. 2032)		3,604,000		3,604,000
Provided special funds spending authority from unexpended loan funds relating to the integrated tax processing system for costs associated with implementing property tax relief provisions (Senate Bill No. 2032)			\$1,100,000	1,100,000
Total	0.00	\$3,589,155	\$1,100,000	\$4,689,155

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 133 FTE positions, the same as the 2005-07 biennium.

One-Time Funding

In Section 7 of Senate Bill No. 2006, the Legislative Assembly identified \$5,356,702 from the general fund for principal and interest costs for the integrated tax processing system as a one-time funding item. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Tax Commissioner is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Loan Repayments for Integrated Tax Processing System

Integrated tax processing system - The 2005 Legislative Assembly authorized the Tax Commissioner to purchase, finance the purchase, or lease equipment, software, and services to establish an integrated tax processing system for use by the Tax Commissioner's office. The principal amount of any financing agreement entered into by the Tax Commissioner may not exceed \$14 million. The Tax Commissioner entered into an agreement with the Bank of America to finance, over a six-year period, the purchase of GenTech commercial "off-the-shelf" tax processing software from Fast Enterprises. The repayment schedule will begin in July 2007. The 2007 Legislative Assembly appropriated \$5,356,702 from the general fund for principal (\$4,083,705) and interest (\$1,272,997) costs for the integrated tax processing system during the 2007-09 biennium.

Other Sections in Senate Bill No. 2006

Motor vehicle fuel taxes - Section 4 provides for a transfer of \$1,274,056 to the general fund, out of motor vehicle fuel taxes collected, which is the amount received by the Tax Commissioner for expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and administration of these taxes.

Carryover authority - Section 5 provides for the Tax Commissioner to carry over unexpended 2005-07 biennium funding for the integrated tax system to the 2007-09 biennium.

Salary of Tax Commissioner - Section 6 provides statutory changes to North Dakota Century Code Section 57-01-04 relating to the salary of the Tax Commissioner. The Legislative Assembly authorized 2007-09 biennium salary increases of 4 percent effective July 1, 2007, and 4 percent effective July 1, 2008, for elected officials. The Tax Commissioner's salary is to be increased from the current level of \$79,845 to \$83,039 effective July 1, 2007, and to \$86,360 effective July 1, 2008.

Related Legislation

Senate Bill No. 2032 - This bill includes provisions relating to:

Homestead "property" tax credit - Section 1 of Senate Bill No. 2032 provides for the following changes to the homestead tax credit program for the elderly and disabled:

- A homeowner or renter may not have income exceeding \$17,500 (was \$14,500) per year to be eligible for the program;
- A graduated reduction in the taxable value and resulting taxes of a person's homestead, to a maximum of \$3,375 (was \$3,038) (4.5 percent of taxable value) based on the applicant's income level;
- The maximum benefits are limited to a \$75,000 (was \$67,500) reduction in the value of the house; and
- For eligible renters making \$17,500 (was \$14,500) or less per year, the program provides a direct payment of the amount by which 20 percent of the total rent (representing the property tax portion) exceeds 4 percent of the applicant's annual income, not to exceed \$240.

Section 10 of the bill provides for an appropriation of \$8,104,000 from the general fund for the homestead tax program, an increase of \$3,604,000 from the 2005-07 biennium appropriation of \$4.5 million.

Real estate tax statements - Section 4 of Senate Bill No. 2032 provides that for taxable years beginning after December 31, 2006, property tax statements must include, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.

Marriage penalty credit - Section 5 of Senate Bill No. 2032 provides married couples filing a joint North Dakota income tax return to receive an income tax credit of up to \$300 per couple to offset the "marriage income tax penalty." The marriage penalty credit is anticipated to reduce general fund revenues by \$8,850,000 during the 2007-09 biennium.

Homestead "income" tax credit - Section 6 of Senate Bill No. 2032 provides for:

- In addition to any other credit or deduction allowed by law for a homeowner, an individual income tax credit is authorized for taxable years 2007 and 2008 in the amount of 10 percent of property taxes or mobile home taxes that become due during the taxable year.
- The term "property taxes" does not include special assessments for purposes of determining the income tax credit.

- The term "homestead" means the dwelling occupied by the individual as the individual's primary residence and, if that residence is in this state, any residential or agricultural property owned by that individual in this state.
- The amount of the credit may not exceed the lesser of the taxpayer's income tax liability or \$1,000 for married persons filing a joint return or \$500 for a single individual or married individuals filing separate returns. The unused amount of the credit may be carried forward for up to five years or the taxpayer may request that the Tax Commissioner issue the taxpayer a certificate in the amount of the excess which may be used by the taxpayer against property or mobile home tax liability of the taxpayer during the ensuing taxable year.
- If, on November 15, 2008, the amount of tax credits claimed exceeds \$47 million, the Tax Commissioner shall reduce the rate of the credit based on the percentage by which the credits claimed exceeds \$47 million.
- The Tax Commissioner is to report any adjustments to the homestead income tax credit to the Budget Section for review.
- The homestead "income" tax credit is anticipated to reduce general fund revenues by \$97 million during the 2007-09 biennium.

Commercial property income tax credit - Section 7 of Senate Bill No. 2032 provides for:

- In addition to any other credit or deduction allowed by law for a property owner, an individual or corporation is authorized for taxable years 2007 and 2008 in the amount of 10 percent of the property taxes or mobile home taxes that become due during the taxable year.
- The term "property taxes" does not include special assessments for purposes of determining the income tax credit.
- The amount of the credit may not exceed the lesser of the taxpayer's income tax liability or \$1,000 for married persons filing a joint return or \$500 for a single individual or married individuals filing separate returns. The unused amount of the credit may be carried forward for up to five years.
- Persons owning property together are each entitled to a percentage of the credit equal to their ownership interests in the property.
- If, on November 15, 2008, the amount of tax credits claimed exceeds \$7 million, the Tax Commissioner shall reduce the credit cap based on the percentage by which the credits claimed exceeds \$7 million.
- The Tax Commissioner is to report any adjustments to the commercial property income tax credit to the Budget Section for approval.
- The commercial property income tax credit is anticipated to reduce general fund revenues by \$15 million during the 2007-09 biennium.

Mobile home tax statements - Section 9 of Senate Bill No. 2032 provides that for taxable years beginning after December 31, 2007, mobile home tax statements must include, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the county and school district and any city or township that levied taxes against the mobile home.

Property tax reform study - Section 13 of Senate Bill No. 2032 provides for a Legislative Council study in each interim through 2012 of the feasibility and desirability of property tax reform and providing property tax relief to taxpayers of the state, with the goal of reduction of each taxpayer's annual property tax bill to an amount that is no more than 1.5 percent of the true and full value of property, and including examination of the proper measure of education funding from local taxation and state resources and the variability of funding resources among taxing districts and examination of improved collection and reporting of property tax information to identify residency of property owners with minimized administrative difficulty.

Senate Bill No. 2088 - This bill expands the definition of "permanently and totally disabled" for purposes of the **homestead "property" tax credit** to include individuals with a written determination of disability from the Social Security Administration.

Senate Bill No. 2172 - This bill relates to the **homestead "property" tax exemption** for disabled veterans. A paraplegic disabled veteran of the United States armed forces or any veteran who has been awarded specially adapted housing by the Veterans Administration, or the unremarried surviving spouse if such veteran is deceased, is allowed a property tax exemption on the first \$120,000 of true and full valuation of the fixtures, building, and improvements. A disabled veteran of the United States armed forces who was discharged under honorable conditions or who retired from the armed forces of the United States with an armed forces service-connected disability of 50 percent or greater, or the unremarried surviving spouse if the veteran is deceased, is allowed a property tax exemption equal to the percentage of the disabled veteran's certified rated service-connected disability, applied against the first \$120,000 of true and full valuation of fixtures, buildings, and improvements.

House Bill No. 1018 - Section 7 of this bill provides for the Tax Commissioner to conduct an audit of the **ethanol production incentive program** during the 2007-09 biennium.

House Bill No. 1049 - This bill provides a sales tax reduction for natural gas sold for **heating purposes** and a special fuels tax reduction for fuels used for heating purposes effective July 1, 2008, and an exemption effective July 1, 2009, and removes the sales tax on coal used for heating purposes as of July 1, 2007.

House Concurrent Resolution No. 3057 - This resolution provides for a Legislative Council study of **corporate and individual income tax laws** to determine the feasibility and desirability of providing income tax benefits for employers to encourage expansion of employment opportunities in the state.

Senate Concurrent Resolution No. 4021 - This resolution provides for the Legislative Council to study the **income tax laws**, with emphasis on adjustments necessary to minimize or negate the impact to any taxpayer of establishing a single, uniform income tax return for all individuals.

**State Treasurer
Budget No. 120
Senate Bill No. 2005, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	6.00	\$3,038,508	\$0	\$3,038,508
2007-09 legislative appropriations	7.00	3,093,470¹		3,093,470
Legislative increase (decrease) to executive budget	1.00	\$54,962	\$0	\$54,962
Legislative increase (decrease) to 2005-07 appropriations	1.00	\$748,923	\$0	\$748,923

¹This amount includes \$768,228 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$2,325,242.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$722)		(\$722)
Added 1 FTE accounting position	1.00	120,684		120,684
Reduced funding for operating expenses (\$20,000) and in lieu of property tax payments (\$45,000)		(65,000)		(65,000)
Total	1.00	\$54,962	\$0	\$54,962

FTE Changes

The 2007-09 biennium appropriation includes funding for 7 FTE positions, an increase of 1 FTE position from the executive recommendation and the 2005-07 biennium authorized level of 6. The Legislative Assembly authorized 1 new FTE accounting position.

One-Time Funding

In Section 6 of Senate Bill No. 2005, the Legislative Assembly identified \$768,228 from the general fund for a rewrite of mainframe software programs relating to tax distributions as a one-time funding item. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the State Treasurer is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in Senate Bill No. 2005

Salary of State Treasurer - Section 4 provides statutory changes to North Dakota Century Code (NDCC) Section 54-11-13 relating to the salary of the State Treasurer. The Legislative Assembly authorized 2007-09 biennium salary increases of 4 percent, effective July 1, 2007, and 4 percent, effective July 1, 2008, for elected officials. The State Treasurer's salary is to be increased from the current level of \$69,474 to \$72,253, effective July 1, 2007, and to \$75,143, effective July 1, 2008.

Future additional employee positions - Section 5 provides legislative intent that future Legislative Assemblies not approve any additional employee positions for the State Treasurer's office and that any future expansion of administrative duties or responsibilities relative to state treasury activities be assigned to the Office of Management and Budget.

Tax distribution system rewrite - The Legislative Assembly authorized \$768,228 from the general fund to rewrite mainframe software programs relating to tax distributions.

Payments to counties in lieu of property taxes - The Legislative Assembly reduced by \$45,000 the executive recommendation of \$1,410,000 from the general fund for payments to counties in lieu of property taxes on carbon dioxide pipeline property pursuant to NDCC Section 57-06-17.2. The 2007-09 biennium appropriation is \$1,365,000, or \$180,000 less than the 2005-07 appropriation of \$1,545,000.

Related Legislation

House Bill No. 1073 - This bill amends NDCC Section 57-06-17.2 relating to **payments to counties in lieu of property taxes** on carbon dioxide pipeline property. The bill provides that carbon dioxide pipeline property for which payments in lieu of taxes are required must be excluded from the valuation of property in the taxing district for purposes of determining the mill rate for the taxing district.

House Bill No. 1360 - This bill provides for the State Treasurer to invest the money in the **credit-sale contract indemnity fund**.

ELEMENTARY AND SECONDARY EDUCATION - OVERVIEW

STATE SCHOOL AID

The Legislative Assembly appropriated \$777,165,879, of which \$700,965,879 is from the general fund and \$76,200,000 is from the state tuition fund, for state school aid, including per student payments, transportation aid, and special education. This level of funding represents an increase of \$78.6 million, of which \$74 million is from the general fund and \$4.6 million is from the state tuition fund, from the 2005-07 legislative appropriation of \$698,565,879.

The legislative appropriation for the state school aid program follows the executive budget recommendations and the recommendations of the Governor's Commission on Education Improvement, a commission created by the Governor in January 2006 pursuant to an Agreement to Stay Litigation executed by nine North Dakota school districts. The legislative appropriation for the state school aid program:

- Consolidates funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula.
- Includes \$5 million from the general fund for full-day kindergarten beginning with the 2008-09 school year, as provided for in Senate Bill No. 2200. (The 2007-09 executive budget included \$3 million from the general fund for full-day kindergarten for at-risk students beginning with the 2008-09 school year.)
- Provides a per student payment of \$3,250 for the 2007-08 school year and \$3,325 for the 2008-09 school year with weighting factor adjustments for various programs authorized by the North Dakota Century Code, such as special education, English language learners, alternative high school, and summer school.
- Provides an offset to a school district's state aid payment if the district's general fund mill levy is below 150 mills in the first year of the 2007-09 biennium and 155 mills in the second year of the biennium. The amount is calculated as the difference in mills times the district's taxable valuation.
- Provides an offset to the school district's state aid payment if the district's imputed taxable valuation per student is greater than 150 percent of the state average imputed taxable valuation per student.
- Includes a minimum payment provision providing that each school district receive a minimum payment per weighted student unit for the 2007-08 school year that is at least 103.5 percent of the baseline funding per weighted student unit. For the following school years, the payment per weighted student unit must be equal to at least 106 percent of the baseline funding per weighted student unit.
- Includes a maximum payment provision providing that, not including equity payments, a school district's state aid payment for the 2007-08 school year may not exceed 107 percent of the baseline funding per weighted student unit. For the following school years, the maximum annual increase in allowable funding per weighted student unit over the baseline is three percentage points per year plus the district's share of any increased state aid appropriated for that year.

The legislative appropriation for the state school aid program of \$777,165,879 is summarized as follows:

Per student formula payments		\$726,165,879 ¹
Transportation aid payments		33,500,000
Special education - Contracts		17,500,000
Total		\$777,165,879
¹ This amount consists of:		
Base per student formula payments	\$661,665,879	
Special education - Average daily membership payments	43,000,000	
Equity payments	16,500,000	
Full-day kindergarten (beginning with the 2008-09 school year)	5,000,000	
Total	\$726,165,879	

OTHER APPROPRIATIONS

The legislative appropriation also provides:

1. **Governor's School program** - \$320,000 from the general fund for support of the Governor's School program, an increase in funding of \$50,000 from the 2005-07 legislative appropriation.
2. **National writing projects** - \$108,000 from the general fund for support of the Red River Valley Writing Project (\$50,000) and the Northern Plains Writing Project (\$58,000), an increase in funding of \$20,000 from the 2005-07 legislative appropriation.
3. **North Dakota Museum of Art** - \$295,000 from the general fund for support of the North Dakota Museum of Art rural art outreach project, an increase in funding of \$45,000 from the 2005-07 legislative appropriation.
4. **North Dakota LEAD Center** - \$245,000 from the general fund for support of the North Dakota LEAD Center, an increase in funding of \$10,000 from the 2005-07 legislative appropriation.
5. **Teacher center network** - \$276,000 from the general fund for support of the teacher center network, an increase in funding of \$46,000 from the 2005-07 legislative appropriation.
6. **Contingent distributions - State school aid** - Senate Bill No. 2200 provided for the following contingent distributions if any amount appropriated for state school aid payments remains unspent at the end of the 2007-09 biennium:
 - a. The first \$1 million for any state obligations in excess of the amount appropriated for special education contract charges.
 - b. The next \$2 million for providing additional per student payments to school districts participating in regional educational associations under North Dakota Century Code (NDCC) Chapter 15.1-09.1.
 - c. The next \$550,000 for providing additional payments to school districts serving English language learner and new immigrant English language learners in accordance with NDCC Chapter 15.1-38.
 - d. The next \$200,000 for providing additional payments to school districts offering an adult education program during the 2007-09 biennium.
 - e. Any remaining amounts as additional per student payments on a prorated basis according to the latest average daily membership of each school district.

**Department of Public Instruction
Budget No. 201
Senate Bill No. 2013, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	98.25	\$711,585,726	\$326,080,447	\$1,037,666,173
2007-09 legislative appropriations	94.75	710,423,275	325,668,238	1,036,091,513
Legislative increase (decrease) to executive budget	(3.50)	(\$1,162,451)	(\$412,209)	(\$1,574,660)
Legislative increase (decrease) to 2005-07 appropriations	2.00	\$73,704,688 ¹	\$7,768,603 ²	\$81,473,291

¹This amount reflects a 2005-07 deficiency appropriation of \$275,000 from the general fund to the Department of Public Instruction for operating expenses.

²This amount reflects a 2005-07 appropriation of \$22 million of additional federal funds to the Department of Public Instruction for providing grants to school districts authorized in Section 5 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. 2189.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$3,451)	(\$8,069)	(\$11,520)
Removed 3.5 FTE positions and related funding due to the failure to receive anticipated federal funding	(3.50)		(404,140)	(404,140)
Increased funding for salaries and wages for administration of the state English language learner program		20,000		20,000
Decreased funding for the state assessment program from \$1,667,928 to \$1,217,928		(450,000)		(450,000)
Removed funding for the state school aid rewrite project. (Funding for this project is provided from the estimated funding available for contingent per student and transportation aid distributions for the 2005-07 biennium (see 2005-07 Contingent Distributions section below).		(400,000)		(400,000)

Removed funding for the teacher's licensure application rewrite project. (Funding for this project is provided from the estimated funding available for contingent per student and transportation aid distributions for the 2005-07 biennium (see 2005-07 Contingent Distributions section below).	(500,000)	(500,000)		
Increased funding for grants to the North Dakota Governor's School from \$270,000 to \$320,000	50,000	50,000		
Increased funding for grants to the teacher center network from \$230,000 to \$276,000	46,000	46,000		
Increased funding for grants to the LEAD center from \$235,000 to \$245,000	10,000	10,000		
Increased funding for grants to the Red River Valley Writing Project from \$40,000 to \$50,000	10,000	10,000		
Increased funding for grants to the Northern Plains Writing Project from \$48,000 to \$58,000	10,000	10,000		
Increased funding for grants to the North Dakota Museum of Art rural art outreach project from \$250,000 to \$295,000	45,000	45,000		
Removed funding for regional education association incentives. (Funding for these incentives is provided from the estimated funding available for contingent per student and transportation aid distributions for the 2005-07 biennium (see Regional Education Association Incentives section below).	(2,000,000)	(2,000,000)		
Increased funding for state school aid for full-day kindergarten beginning with the 2008-09 school year from \$724,165,879 to \$726,165,879 (see Per Student Formula Payments section below).	2,000,000	2,000,000		
Total	<u>(3.50)</u>	<u>(\$1,162,451)</u>	<u>(\$412,209)</u>	<u>(\$1,574,660)</u>

FTE Changes

The 2007-09 biennium appropriation includes funding for 94.75 FTE positions, an increase of 2 FTE positions from the 2005-07 biennium authorized level of 92.75 FTE positions and a decrease of 3.5 FTE positions from the executive budget recommendation of 98.25 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 research analyst III FTE position and 1 assistant director primary/secondary education FTE position. The Legislative Assembly removed 3.5 FTE positions included in the executive recommendation due to the loss of anticipated federal funding.

State School Aid - Per Student Payments, Transportation Aid, and Special Education Contracts

The Legislative Assembly provided an appropriation of \$777,165,879, of which \$700,965,879 is from the general fund and \$76.2 million is from the state tuition fund, for state school aid, including per student payments, transportation aid, and special education. This level of funding represents an increase of \$78.6 million, of which \$74 million is from the general fund and \$4.6 million is from the state tuition fund, from the 2005-07 biennium appropriation of \$698,565,879. The Legislative Assembly did not change the executive budget recommendation to consolidate funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment

payments, into a new state school aid funding formula with a new distribution methodology. See the schedules following this section for a comparison of state school aid and other grants for the 2005-07 and 2007-09 bienniums.

Per Student Formula Payments

The Legislative Assembly provided an appropriation of \$726,165,879, of which \$649,965,879 is from the general fund and \$76.2 million is from the state tuition fund, for state school aid for per student formula payments. This level of funding represents an increase of \$77.6 million, of which \$73 million is from the general fund and \$4.6 million is from the state tuition fund, from the 2005-07 biennium appropriation of \$648,565,879. The executive budget recommendation for the 2007-09 biennium included funding of \$3 million from the general fund for full-day kindergarten for at-risk students beginning with the 2008-09 school year. The Legislative Assembly increased the funding by \$2 million from the general fund, from \$3 million to \$5 million, to expand funding for full-day kindergarten for all students beginning with the 2008-09 school year. The funding of \$724,165,879 for per student formula payments consists of:

Base per student formula payments	\$661,665,879
Special education - Average daily membership payments	43,000,000
Equity payments	16,500,000
Full-day kindergarten (beginning with the 2008-09 school year)	5,000,000
Total	\$726,165,879

Transportation Aid

The Legislative Assembly did not change the executive budget recommendation to provide a general fund appropriation of \$33.5 million for transportation aid, the same amount as appropriated for the 2005-07 biennium. In addition, the Legislative Assembly provided that the Department of Public Instruction is to use \$2 million of the estimated funding available for contingent per student and transportation aid distributions for the 2005-07 biennium for providing additional transportation grants to school districts during the 2007-09 biennium as provided in Senate Bill No. 2200.

Section 48 of Senate Bill No. 2200 provides that the Department of Public Instruction is to distribute transportation aid for the 2007-09 biennium as follows:

1. For the first year of the biennium, the department is to distribute transportation aid based on the state transportation formula as it existed on June 30, 2001, except that the department is to provide reimbursement at the rate of:
 - a. Fifty-one and one-half cents per mile for schoolbuses having a capacity of 10 or more passengers and transporting students within city limits.
 - b. Seventy-three and one-half cents per mile for schoolbuses having a capacity of 10 or more passengers and transporting students in rural areas.
 - c. Forty cents per mile for vehicles having a capacity of nine or fewer passengers and transporting students in rural areas.
2. For the second year of the biennium, the department is to distribute transportation aid to each school district in the same amount the district received for the first year of the biennium.

Section 48 also provides that if any funds appropriated for transportation aid for the 2007-09 biennium remain unspent after all statutory obligations are met, the Department of Public Instruction is to prorate the remaining amounts according to the percentage of the total transportation formula amount to which each school district is entitled.

Special Education Contracts

The Legislative Assembly did not change the executive budget recommendation to provide a general fund appropriation of \$17.5 million for special education contracts. The 2007-09 biennium appropriation is \$2 million more than the 2005-07 biennium appropriation of \$15.5 million.

Regional Education Association Incentives

The Legislative Assembly removed the \$2 million of funding from the general fund included in the executive budget recommendation for regional education association incentives. The Legislative Assembly provided that the Department of Public Instruction use \$1 million of the estimated funding available for contingent per student and transportation aid distributions for the 2005-07 biennium as payments to school districts that are members of regional education associations during the 2007-09 biennium. In addition, the Legislative Assembly provided that if any funds appropriated for state school aid payments for the 2007-09 biennium remain unspent after all statutory obligations are met, the department is to use \$2 million for providing additional per student payments to school districts participating in regional education associations (see **2005-07** and **2007-09 Contingent Distributions** sections below for additional information).

School District Reorganization Planning Grants

Section 50 of Senate Bill No. 2200 provides that the Department of Public Instruction may use \$100,000 of the 2007-09 legislative appropriation for state school aid for providing planning grants to school districts participating in reorganizations under North Dakota Century Code (NDCC) Chapter 15.1-12. A grant provided may not exceed \$25,000 and may not be awarded unless the student enrollment of the participating districts exceeds 360. If a grant is provided and the recipient districts vote not to reorganize, the department is to withhold the grant amount that each district received from any state aid payable to the district.

Teacher Compensation Increases

Section 19 of Senate Bill No. 2013 provides that during the 2007-09 biennium the board of each school district is to use an amount equal to at least 70 percent of all new money received by the district for per student payments to increase the compensation paid to teachers and to provide compensation to teachers who begin employment with the district on or after July 1, 2007.

School District Deferred Maintenance and Physical Plant Improvement Grants

Section 50 of Senate Bill No. 2200 provides a \$5 million general fund appropriation to the Department of Public Instruction for school districts deferred maintenance and physical plant improvement grants contingent upon the Office of Management and Budget projecting either the June 30, 2008, or the June 30, 2009, ending general fund balance to be \$30 million more than projected by the Office of Management and Budget at the end of the 2007 legislative session.

2005-07 Contingent Distributions - Per Student and Transportation Aid

The Department of Public Instruction anticipates approximately \$14,173,000 of per student and transportation aid funding for the 2005-07 biennium may be available for distribution as contingent payments after all statutory obligations are met. The following is a summary of the estimated funding available for contingent payments based on Sections 27 and 28 of House Bill No. 1154 (2005) and Section 18 of Senate Bill No. 2013, which amends Section 28 of House Bill No. 1154 (2005):

Estimated per student and transportation aid available for distribution as contingency payments		\$14,173,000
Projected distributions		
Return of money to the general fund	\$759,000	
Provide additional payments to school districts serving English language learners in accordance with NDCC Section 15.1-27-12	450,000	
Provide additional payments to school districts participating in eligible education associations. (The first \$45,000 of the \$1 million is to be distributed during the 2007-09 biennium as grants in the amount of \$5,000 each to any educational association that commits to the development and implementation of a teacher mentoring program. The remaining \$955,000 is to be distributed as additional per student payments to school districts participating in eligible education associations as provided in Section 32 of House Bill No. 1154 (2005).)	1,000,000	
Provide for increases over the established baselines in the minimum percentage of state aid payable to a district per weighted student unit during the 2007-09 biennium	600,000	

Provide additional transportation grants to school districts for the 2007-09 biennium as provided in 2007 Senate Bill No. 2200	2,000,000	
Provide payments to school districts that are members of regional education associations during the 2007-09 biennium	1,000,000	
Provide a grant to the Division of Independent Study for enhancing civic education	30,000	
Provide a one-time grant to the North Dakota Museum of Art for enhancing the Snow Country Prison Exhibit	15,000	
Pay for the services of professionals and experts with whom the Commission on Education Improvement contracts during the 2007-08 interim for assistance with its study of educational adequacy	200,000	
Provide funding to the Education Standards and Practices Board for providing payments to recipients of national board certification and scholarships to individuals seeking national board certification	77,000	
Provide additional payments to school districts offering an adult education program during the 2005-07 biennium	200,000	
Purchase automated external defibrillators and distribute to school districts	400,000	
Provide a grant to the North Central Council of School Television for licensing of education television programs for classroom use by North Dakota elementary and secondary schools, assisting with the North Dakota studies project, and other operating expenses	395,000	
Fund the rewrite of the state school aid computer system	500,000	
Fund the rewrite of the teacher licensure application used by the Department of Public Instruction and the Education Standards and Practices Board. (The Education Standards and Practices Board is to pay the remaining \$80,000 of the anticipated total project cost.)	650,000	
Reimburse eligible school districts that received reduced amounts of state aid. An eligible school district is one that received a reduction in state aid during the 2005-07 biennium because the district's general fund levy fell below 140 mills as the result of an accounting oversight.	25,478	
Provide grants of \$1,000 to North Dakota residents who are licensed to teach by the Education Standards and Practices Board, have taught in the state during each of the last five school years, and are enrolled in either a master of education program in educational leadership or a program leading to a specialist diploma in educational leadership	90,000	
Provide a grant for the Atlantik-Brucke teacher exchange program	50,000	
Subtotal		8,441,478
Funding remaining to be distributed as additional per student payments		\$5,731,522

2007-09 Contingent Distributions - State School Aid

Section 55 of Senate Bill No. 2200 provides that if any funds appropriated for state school aid payments for the 2007-09 biennium remain unspent after all statutory obligations are met, the Department of Public Instruction is to distribute the remaining funds as follows:

1. The first \$1 million for any state obligations in excess of the amount appropriated for special education contract charges.

2. The next \$2 million for providing additional per student payments to school districts participating in regional education associations under NDCC Chapter 15.1-09.1.
3. The next \$550,000 for providing additional payments to school districts serving English language learner and new immigrant English language learners in accordance with NDCC Chapter 15.1-38.
4. The next \$200,000 for providing additional payments to school districts offering an adult education program during the 2007-09 biennium.
5. Any remaining amounts as additional per student payments on a prorated basis according to the latest average daily membership of each school district.

Contingent Transfer for Special Education

Section 56 of Senate Bill No. 2200 provides that if the Superintendent of Public Instruction determines there are insufficient funds to fully reimburse school districts for the excess costs of serving the 1 percent of special education students statewide who require the greatest school district expenditures, the Industrial Commission shall transfer the amount necessary from the Bank of North Dakota. The Superintendent is to request a deficiency appropriation from the 61st Legislative Assembly to return any amount transferred under these provisions to the Bank of North Dakota.

Other Sections in Senate Bill No. 2013

Teachers' Fund for Retirement appropriation - Section 4 provides an appropriation to the Division of Independent Study, School for the Deaf, North Dakota Vision Services - School for the Blind, and the Department of Corrections and Rehabilitation for the additional employer retirement contributions for Teachers' Fund for Retirement members required by Senate Bill No. 2046.

2005-07 appropriation - Section 5 appropriates \$22 million of additional federal funds to the Department of Public Instruction for providing grants to school districts during the 2005-07 biennium.

Tuition apportionment - Section 6 provides that any money available in the state tuition fund in excess of the \$76.2 million appropriated in Section 3 of the bill is appropriated to the Department of Public Instruction for distribution to school districts.

Payments for 2005-07 biennium educational services - Section 7 provides that the Department of Public Instruction may use money appropriated for state school aid and special education contracts for the 2007-09 biennium to pay claims due but not filed with the department during the 2005-07 biennium.

Distribution of special education aid - Section 8 provides that the Department of Public Instruction is to use \$400,000 of the 2007-09 legislative appropriation for state school aid for reimbursing school districts or special education units for gifted and talented programs. The department is to encourage cooperative efforts for gifted and talented programs among school districts and special education units. State school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the Medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by the Department of Public Instruction to the Department of Human Services on behalf of the school district or unit.

Indirect cost allocation - Section 9 provides that notwithstanding NDCC Section 54-44.1-15, the Department of Public Instruction may deposit indirect cost recoveries in its operating account. Section 54-44.1-15 otherwise provides that indirect cost recoveries be deposited in the general fund.

Adult education per student funding study - Section 16 provides that the Commission on Education Improvement shall consider studying, during the 2007-08 interim, changes to the state school aid formula to provide per student payments to school districts offering an adult education program.

Exemption - Section 17 provides that any amounts distributed pursuant to Section 18 of the bill relating to contingent per student and transportation aid distributions for the 2005-07 biennium that will not be expended before June 30, 2007, are not subject to the provisions of NDCC Section 54-44.1-11 and may be expended during the 2007-09 biennium.

Superintendent's annual salary - Section 20 provides statutory changes relating to the Superintendent of Public Instruction's annual salary. The Superintendent's salary is increased from \$83,753 to \$87,103 on July 1, 2007, and \$90,587 on July 1, 2008.

Related Legislation

2005-07 deficiency appropriation - Senate Bill No. 2023 provides a \$275,000 general fund deficiency appropriation for the 2005-07 biennium for operating expenses for the department.

State school aid payments, deferred maintenance and physical plant improvement grants, and special education contingent transfer - Senate Bill No. 2200:

- Consolidates funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula.
- Provides a base per student payment (\$3,250 for 2007-08 and \$3,325 for 2008-09) with weighting factor adjustments for various programs authorized by the North Dakota Century Code, such as special education, English language learners, alternative high school, and summer school.
- Provides an offset to a school district's state aid payment if the district's general fund mill levy is below 150 mills in the first year of the 2007-09 biennium and 155 mills in the second year of the biennium. The amount is calculated as the difference in mills times the district's taxable valuation.
- Provides an offset to a school district's state aid payment if the district's imputed taxable valuation per student is greater than 150 percent of the state average imputed taxable valuation per student.
- Includes a minimum payment provision providing that each school district will receive a minimum payment per weighted student unit for the 2007-08 school year that is at least 103.5 percent of the baseline funding per weighted student unit. For the following school years, the payment per weighted student unit must be equal to at least 106 percent of the baseline funding per weighted student unit.
- Includes a maximum payment provision providing that, not including equity payments, a school district's state aid payment for the 2007-08 school year may not exceed 107 percent of the baseline funding per weighted student unit. For the following school years, the maximum annual increase in allowable funding per weighted student unit over the baseline is three percentage points per year plus the district's share of any increased state aid appropriated for that year.
- Provides authorization for the continuation of the North Dakota Commission on Education Improvement. The Department of Public Instruction may use up to \$40,000 of the 2007-09 legislative appropriation for state school aid for expense reimbursement for members of the commission.
- Provides for the distribution of transportation aid payments.
- Provides for school district reorganization planning grants.
- Provides an appropriation for school district deferred maintenance and physical plant improvement grants.
- Provides for the distribution of state school aid payments for the 2007-09 biennium.
- Provides for a contingent transfer by the Bank of North Dakota for special education.

High school graduation requirements - Senate Bill No. 2309 increases high school graduation requirements.

Automated external defibrillators - Senate Bill No. 2313 provides that the Superintendent of Public Instruction shall purchase automated external defibrillators and distribute the defibrillators to school districts in this state for placement in schools or at the site of school-related activities.

Contingent distributions of state school aid payments - Senate Bill No. 2388 amends Section 28 of Chapter 167 of 2005 Session Laws relating to contingent distributions of state school aid payments for the 2005-07 biennium to provide a payment of \$25,748 for reimbursing eligible school districts that received reduced amounts of state aid.

Superintendent of Public Instruction qualifications - House Bill No. 1169 removes the statutory requirement that the Superintendent of Public Instruction hold a valid North Dakota professional teaching license.

North Dakota studies - House Bill No. 1172 requires that North Dakota studies be taught in grades 4 and 8 and that high schools offer a semester course in North Dakota studies at least once every two years.

Reorganization bonuses - House Bill No. 1178 amends the contingent distribution provisions for funds appropriated for reorganization bonuses for the 2005-07 biennium.

Determination of the cost of elementary and secondary education - House Concurrent Resolution No. 3012 provides that the Legislative Council consider studying the determination of the cost of elementary and secondary education and the determination of the cost of delivering only that education required by state law, assuming a student-to-teacher ratio of 20 to 1 and excluding all extracurricular activities.

**STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION
COMPARISON OF 2005-07 APPROPRIATION AND ESTIMATED EXPENDITURES TO 2007-09 EXECUTIVE BUDGET AND LEGISLATIVE VERSIONS**

	2005-07 Legislative Appropriation ¹	2005-07 Estimated Expenditures ²	2007-09 Executive Budget	2007-09 Legislative Appropriation	2007-09 Appropriation Increase (Decrease) Compared to 2005-07 Appropriation	2007-09 Appropriation Increase (Decrease) Compared to 2005-07 Estimated Expenditures	2007-09 Appropriation Increase (Decrease) Compared to 2007-09 Executive Budget
State school aid program							
Per student formula payments	\$484,053,759	\$470,451,828	\$661,665,879	\$661,665,879	\$177,612,120	\$191,214,051	
Teacher compensation payments	50,912,120	50,768,260			(50,912,120)	(50,768,260)	
Special education - Average daily membership payments	37,000,000 ³	37,000,000 ³	43,000,000 ³	43,000,000 ³	6,000,000	6,000,000	
Revenue supplemental payments	5,000,000	5,000,000			(5,000,000)	(5,000,000)	
Equity payments			16,500,000	16,500,000	16,500,000	16,500,000	
Full-day kindergarten			3,000,000 ⁷	5,000,000 ⁷	5,000,000	5,000,000	\$2,000,000
Tuition apportionment	71,600,000	71,270,531			(71,600,000)	(71,270,531)	
Subtotal	<u>\$648,565,879</u>	<u>\$634,490,619</u>	<u>\$724,165,879⁸</u>	<u>\$726,165,879⁸</u>	<u>\$77,600,000</u>	<u>\$91,675,260</u>	<u>\$2,000,000</u>
Transportation aid payments	\$33,500,000	\$32,928,632	\$33,500,000	\$33,500,000		\$571,368	
Special education - Contracts	15,500,000	15,500,000	17,500,000	17,500,000	\$2,000,000	2,000,000	
Joint powers agreement incentives	1,000,000	1,000,000	2,000,000		(1,000,000)	(1,000,000)	(\$2,000,000)
Per student and transportation aid contingent distributions		14,173,299 ⁴				(14,173,299)	
Teacher compensation contingent distributions		143,860 ⁵				(143,860)	
Subtotal	<u>\$50,000,000</u>	<u>\$63,745,791</u>	<u>\$53,000,000</u>	<u>\$51,000,000</u>	<u>\$1,000,000</u>	<u>(\$12,745,791)</u>	<u>(\$2,000,000)</u>
Total - State school aid program	\$698,565,879	\$698,236,410	\$777,165,879	\$777,165,879	\$78,600,000	\$78,929,469	
General fund	\$626,965,879	\$626,965,879	\$700,965,879	\$700,965,879	\$74,000,000	\$74,000,000	
State tuition fund	71,600,000	71,270,531	76,200,000	76,200,000	4,600,000	4,929,469	
Total	<u>\$698,565,879</u>	<u>\$698,236,410</u>	<u>\$777,165,879</u>	<u>\$777,165,879</u>	<u>\$78,600,000</u>	<u>\$78,929,469</u>	
Other grants - General fund							
Reorganization bonuses	\$759,000	\$746,000			(\$759,000)	(\$746,000)	
Reorganization bonuses contingent distributions		13,000 ⁶				(13,000)	
Teacher center network	230,000	230,000	\$230,000	\$276,000	46,000	46,000	\$46,000
School food services	1,080,000	1,080,000	1,080,000	1,080,000			
Adult education grants	1,055,000	1,055,000	1,055,000	1,055,000			
LEAD Consortium	235,000	235,000	235,000	245,000	10,000	10,000	10,000
Governor's School	270,000	270,000	270,000	320,000	50,000	50,000	50,000
National writing projects	88,000	88,000	88,000	108,000	20,000	20,000	20,000
Rural art outreach project	250,000	250,000	250,000	295,000	45,000	45,000	45,000
FINDET	33,117	33,117	33,117	33,117			
National board certification	40,000	16,000	40,000	40,000		24,000	
Total other grants - General fund	<u>\$4,040,117</u>	<u>\$4,016,117</u>	<u>\$3,281,117</u>	<u>\$3,452,117</u>	<u>(\$588,000)</u>	<u>(\$564,000)</u>	<u>\$171,000</u>

Other grants - Other funds							
Federal grants	\$226,517,966	\$226,517,966	\$224,049,689	\$224,049,689	(\$2,468,277)	(\$2,468,277)	
Displaced homemaker program	240,000	240,000	240,000	240,000			
Total other grants - Other funds	<u>\$226,757,966</u>	<u>\$226,757,966</u>	<u>\$224,289,689</u>	<u>\$224,289,689</u>	<u>(\$2,468,277)</u>	<u>(\$2,468,277)</u>	
Total state school aid and other grants - All funds	\$929,363,962	\$929,010,493	\$1,004,736,685	\$1,004,907,685	\$75,543,723	\$75,897,192	\$171,000
Agency administration							
Administration (salaries, operating, equipment) - General func	\$5,712,591	\$5,712,591	\$7,338,730	\$6,005,279	\$292,688	\$292,688	(\$1,333,451)
Administration (salaries, operating, equipment) - Other funds	19,541,669	19,541,669	25,590,758	25,178,549	5,636,880	5,636,880	(412,209)
Total agency administration - All funds	<u>\$25,254,260</u>	<u>\$25,254,260</u>	<u>\$32,929,488</u>	<u>\$31,183,828</u>	<u>\$5,929,568</u>	<u>\$5,929,568</u>	<u>(\$1,745,660)</u>
Total Department of Public Instruction - All funds	<u>\$954,618,222</u>	<u>\$954,264,753</u>	<u>\$1,037,666,173</u>	<u>\$1,036,091,513</u>	<u>\$81,473,291</u>	<u>\$81,826,760</u>	<u>(\$1,574,660)</u>
General fund	\$636,718,587	\$636,694,587	\$711,585,726	\$710,423,275	\$73,704,688	\$73,728,688	(\$1,162,451)
Other funds	317,899,635	317,570,166	326,080,447	325,668,238	7,768,603	8,098,072	(412,209)
Total	<u>\$954,618,222</u>	<u>\$954,264,753</u>	<u>\$1,037,666,173</u>	<u>\$1,036,091,513</u>	<u>\$81,473,291</u>	<u>\$81,826,760</u>	<u>(\$1,574,660)</u>
FTE	92.75	92.75	98.25	94.75	2.00	2.00	(3.50)

¹ 2005-07 appropriation - The 2005-07 appropriation amounts:

Include the 2005-07 deficiency appropriation of \$275,000 from the general fund to the Department of Public Instruction for operating expenses.

Include \$22 million of federal funds appropriated to the Department of Public Instruction for providing grants to school districts authorized in Section 5 of Senate Bill No. 2013.

² 2005-07 estimated expenditures - The 2005-07 estimated expenditures:

Include the 2005-07 deficiency appropriation of \$275,000 from the general fund to the Department of Public Instruction for operating expenses.

Include \$22 million of federal funds appropriated to the Department of Public Instruction for providing grants to school districts authorized in Section 5 of Senate Bill No. 2013.

³ Special education average daily membership - The amounts reported for special education average daily membership payments include the continuation of \$400,000 for gifted and talented programs.

⁴ 2005-07 contingent per student and transportation compensation distributions - At the present time, the Department of Public Instruction anticipates approximately \$14,173,000 of per student and transportation aid for the 2005-07 biennium may be available for distribution as contingent payments after all statutory obligations are met. The following is a summary of the contingent distributions based on Sections 27 and 28 of House Bill No. 1154 (2005) and Section 18 of Senate Bill No. 2013 (2007), which amends Section 28 of House Bill No. 1154 (2005):

The first \$759,000 to be returned to the general fund.

The next \$450,000 to provide additional payments to school districts serving English language learners in accordance with NDCC Section 15.1-27-12.

The next \$1 million to provide additional payments to school districts participating in eligible educational associations. (The first \$45,000 of the \$1 million is to be distributed during the 2007-09 biennium as grants in the amount of \$5,000 each to any educational association that commits to the development and implementation of a teacher mentoring program. The remaining \$955,000 is to be distributed as additional per student payments to school districts participating in eligible educational associations as provided in Section 32 of 2005 House Bill No. 1154.)

The next \$600,000 to provide for increases over the established baselines in the minimum percentage of state aid payable to a district per weighted student unit during the 2007-09 biennium.

The next \$2 million to provide additional transportation grants to school districts for the 2007-09 biennium as provided in 2007 Senate Bill No. 2200.

The next \$1 million to provide payments to school districts that are members of regional educational associations during the 2007-09 biennium.

The next \$30,000 to provide a grant to the Division of Independent Study for enhancing civic education.

The next \$15,000 to provide a one-time grant to the North Dakota Museum of Art for enhancing the Snow Country Prison Travel Exhibit.

The next \$200,000 to pay for the services of professionals and experts with whom the Commission on Education Improvement contracts with during the 2007-08 interim for assistance with its study of educational adequacy.

The next \$77,000 to provide funding to the Education Standards and Practices Board for providing payments to recipients of national board certification and scholarships to individuals seeking national board certification.

The next \$200,000 to provide additional payments to school districts offering an adult education program during the 2005-07 biennium.

The next \$400,000 to purchase automated external defibrillators and distribute to school districts.

The next \$395,000 to provide a grant to the North Central Council of School Television for licensing of education television programs for classroom use by North Dakota elementary and secondary schools, assisting with the North Dakota studies project, and other operating expenses.

The next \$500,000 to fund the rewrite of the state school aid computer system.

The next \$650,000 to fund the rewrite of the teacher licensure application used by the Department of Public Instruction and the Education Standards and Practices Board (The Education Standards and Practices Board is to pay the remaining \$80,000 of the anticipated total project cost.)

The next \$25,478 to reimburse eligible school districts that received reduced amounts of state aid. An eligible school district is one that received a reduction in state aid during the 2005-07 biennium because the district's general fund levy fell below 140 mills as the result of an accounting oversight.

The next \$90,000 to provide grants in the amount of \$1,000 to North Dakota residents who are licensed to teach by the Education Standards and Practices Board, have taught in the state during each of the last five school years, and are enrolled in either a master of education program in educational leadership or a program leading to a specialist diploma in educational leadership.

The next \$50,000 to provide a grant for the Atlantik-Brucke teacher exchange program.

Any remaining amounts to be distributed as additional per student payments.

- ⁵ 2005-07 contingent teacher compensation distributions - Section 29 of House Bill No. 1154 (2005) provides that if any funds appropriated for teacher compensation payments for the 2005-07 biennium remain unspent after all statutory obligations are met, the Department of Public Instruction is to use the remaining funds to provide additional per student payments on a prorated basis according to the latest available daily membership of each school district.
- ⁶ 2005-07 contingent reorganization bonus distributions - Section 33 of House Bill No. 1154 (2005), as amended by the 2007 Legislative Assembly in House Bill No. 1178, provides that if any funds appropriated for reorganization bonus payments for the 2005-07 biennium remain unspent after the Department of Public Instruction completes the payment of bonuses for any reorganizations, the department is to use any remaining funds to provide additional per student payments on a prorated basis according to the latest available daily membership of each school district.
- ⁷ The executive budget recommendation for the 2007-09 biennium included \$3 million of funding from the general fund for full-day kindergarten for at-risk students beginning with the 2008-09 school year. The Legislative Assembly increased the funding by \$2 million from the general fund, from \$3 million to \$5 million, to expand funding for full-day kindergarten to all students beginning with the 2008-09 school year.
- ⁸ The Legislative Assembly did not change the executive budget recommendation to consolidate funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula.

**PER STUDENT STATE AID AND TUITION FUND PAYMENTS, WEIGHTED STUDENT UNITS,
TEACHER COMPENSATION PAYMENTS, AND MILL DEDUCTS FOR THE 2005-07 AND 2007-09 BIENNIUMS**

	2005-07 Legislative Appropriation	2005-07 Actual	2007-09 Executive Budget	2007-09 Legislative Appropriation
First-Year Payments				
Per student state aid payments	\$2,765	\$2,765		
Tuition fund distributions	351	351		
Total first-year payments	\$3,116	\$3,116	\$3,042 ³	\$3,250 ³
Second-Year Payments				
Per student state aid payments	\$2,879	\$2,879		
Tuition fund distributions	351	354 ¹		
Total second-year payments	\$3,230	\$3,233 ^{1,2}	\$3,142 ³	\$3,325 ³
Weighted Student Units				
First year	107,438	107,438	105,800 ³	107,254 ³
Second year	106,090	106,090 ¹	105,300 ³	107,028 ³
Teacher Compensation Payments				
First-year teachers	\$1,000	\$1,000	N/A ³	N/A ³
Other teachers	\$3,000	\$3,000	N/A ³	N/A ³
Qualifying teacher FTE positions - First year of biennium	8,750	8,719	N/A ³	N/A ³
Qualifying teacher FTE positions - Second year of biennium	8,750	8,685	N/A ³	N/A ³
Mill Levy Deducts				
First year	38 mills	38 mills	N/A ⁴	N/A ⁴
Second year	41 mills	41 mills	N/A ⁴	N/A ⁴

¹Estimated.

²The Department of Public Instruction's estimate of state school aid expenditures indicates an end-of-biennium unspent balance of approximately \$14 million. If that projection is realized, the \$14 million will be distributed at the end of the 2005-07 biennium pursuant to Sections 27 and 28 of chapter 167 of the 2005 Session Laws as amended by the 60th Legislative Assembly, including a distribution of approximately \$5.7 million of additional per student payments on a prorated basis according to the latest average daily membership of school districts.

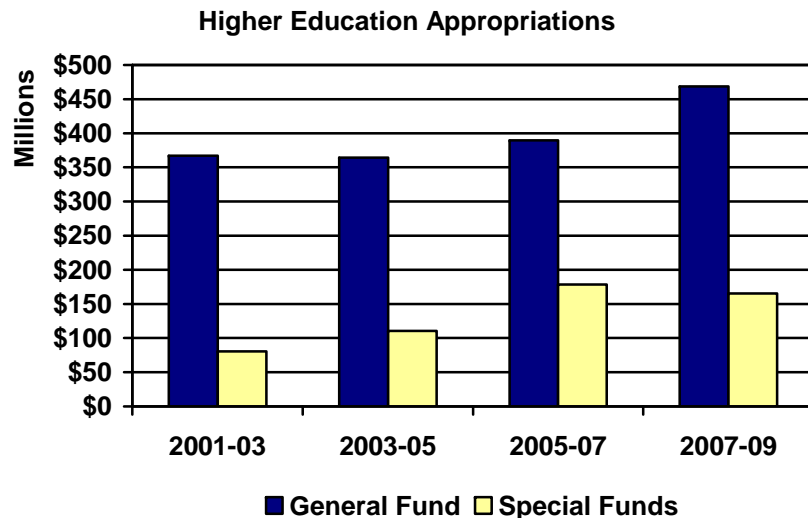
³The Legislative Assembly did not change the executive budget recommendation to consolidate funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula with a new distribution methodology. Therefore, the per student payment amounts and weighted student units are not comparable between the 2005-07 and 2007-09 bienniums.

⁴The Legislative Assembly did not change the executive budget recommendation to eliminate the state school aid mill levy deduct. In relation, the Legislative Assembly did not change the executive budget recommendation for the state school aid program to include a base payment adjustment if the local taxing effort is considerably below the statewide average.

HIGHER EDUCATION - OVERVIEW

The 2007 Legislative Assembly made the following 2007-09 biennium funding changes compared to 2005-07 legislative appropriations for higher education:

- Increased **general fund** support by \$79,077,412, or 20.3 percent, including approximately \$28.4 million of one-time funding from the general fund. The increase in funding is due in part to increasing funding for campus operations and extraordinary repairs by approximately \$53.5 million, increasing funding for major capital projects by approximately \$13.1 million, and increasing funding for student financial assistance by approximately \$4.1 million.
- Decreased support from **special funds** by \$13,132,407, or 7.4 percent, due to decreasing major capital projects funding from special funds by approximately \$16.9 million.
- Adjusted the authorized number of **full-time equivalent (FTE) positions** from 2,194.42 to 2,136.59 to reflect the number of FTE positions supported by the general fund.



Biennium	General Fund	Special Funds	Total
2001-03	\$366,953,836	\$80,367,201	\$447,321,037
2003-05	\$364,029,938	\$110,546,775	\$474,576,713
2005-07	\$389,572,212	\$178,552,108	\$568,124,320
2007-09	\$468,649,624	\$165,419,701	\$634,069,325

Major items include:

1. **One-time appropriations** - Provided funding of \$35,965,383, of which \$28,382,068 is from the general fund and \$7,583,315 is from the permanent oil tax trust fund:

Northern Tier Network infrastructure	\$2,773,800
ConnectND system support	2,300,000
Common information services parity funding	420,000
Deferred maintenance	10,893,033
Major capital projects	18,617,750
Campus initiatives	960,800
Total	\$35,965,383

2. **Campus parity** - Provided funding of \$33.8 million from the general fund as requested by the State Board of Higher Education for costs to continue the fiscal year 2007 legislatively authorized salary increases, 5 percent per year salary increases for the 2007-09 biennium, estimated health insurance increases, and 2.4 percent per year operating inflation. This level of funding represents 99 percent of the general fund portion of parity costs. The remaining funding of approximately \$223,450 will need to be funded with special funds or reallocation.
3. **Campus equity** - Provided funding of \$10 million from the general fund.
4. **Operating reduction** - Provided a .25 percent general fund reduction for higher education institutions totaling \$924,769.
5. **Student financial assistance grant program** - Provided funding of \$5,987,497, of which \$5,823,497 is from the general fund and \$164,000 is from federal funds, for the **student financial assistance grant program**. This level represents a total funds increase of \$2,483,095 from the 2005-07 legislative appropriation of \$3,504,402.
6. **Professional student exchange program** - Provided funding of \$2,722,946, of which \$2,199,566 is from the general fund and \$523,380 is from the student loan trust fund, for the **professional student exchange program**. The funding includes \$100,000 from the general fund for a new loan forgiveness program for veterinarians and \$523,380 from the student loan trust fund for funding five new students per year for the Kansas State University veterinary medicine program. This level represents a total funds increase of \$595,666 from the 2005-07 legislative appropriation of \$2,127,280.
7. **Scholars program** - Provided funding of \$1,478,566 from the general fund for the **scholars program**. The funding includes \$250,785 to increase the number of new freshmen awards from 35 to 50 per year

for fiscal years 2008 and 2009 and \$200,000 for a one-time \$2,000 stipend to all new freshmen in fiscal years 2008 and 2009. This level represents a general fund increase of \$616,489 from the 2005-07 legislative appropriation of \$862,077.

- 8. **Competitive research** - Provided funding of \$5,650,000 from the general fund for matching funding. This represents an increase in funding of \$460,000 from the 2005-07 legislative appropriation of \$5,190,000.
- 9. **Board initiatives** - Provided funding of \$398,500 from the general fund, including \$300,000 for a grant to the Space Grant Consortium and \$98,500 for a recruiting initiative for Minot State University - Bottineau. This level of funding represents a decrease of \$1,326,500 from the 2005-07 adjusted appropriation of \$1,725,000.
- 10. **Common information services pool** - Provided funding of \$31,477,093, of which \$28,703,293 is from the general fund and \$2,773,800 is from the permanent oil tax trust fund, for support of the Higher Education Computer Network, the Interactive Video Network, the On-line Dakota Information Network, and other related technology

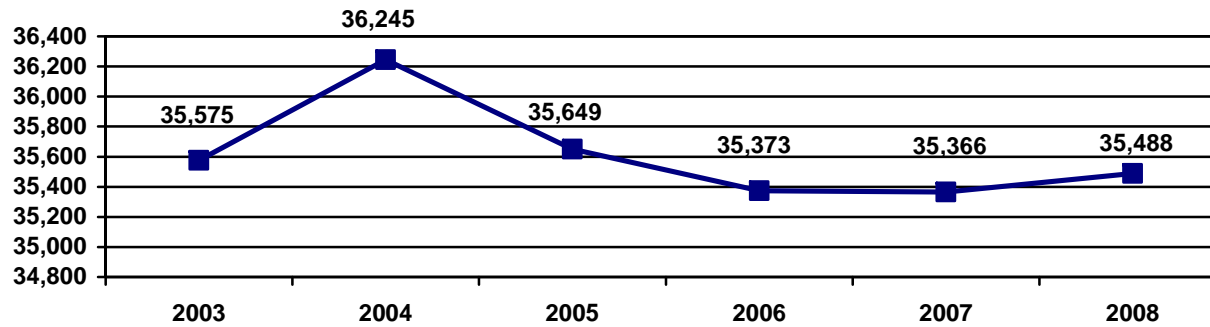
initiatives. The funding includes \$5,493,800 of one-time funding, including \$420,000 for parity, \$2.3 million for support of the ConnectND system, and \$2,773,800 for Northern Tier Network infrastructure. This level of funding represents an increase of \$10,870,000 from the 2005-07 adjusted appropriation of \$20,607,093.

- 11. **Capital assets** - Provided funding of \$205,274,118, including:

	General Fund	Special Funds	Total
Capital construction lease payments	\$14,724,362	\$1,029,750	\$15,754,112
Campus extraordinary repairs	17,607,086	0	17,607,086
Major capital projects	13,808,235	158,104,685	171,912,920
Total	\$46,139,683	\$159,134,435	\$205,274,118

Of the \$17,607,086 for campus extraordinary repairs, \$10,893,032 is one-time funding. The funding of \$13,808,235 from the general fund for major capital projects is also one-time funding. Please refer to the schedules under the **Capital Construction** section for additional information regarding capital improvements.

INSTITUTIONS OF HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS¹



Institution	Actual Enrollments				Projected Enrollments	
	Fall 2003	Fall 2004	Fall 2005	Fall 2006	Fall 2007	Fall 2008
Bismarck State College	2,747	2,800	2,602	2,651	2,700	2,750
Dickinson State University	1,992	2,034	2,031	2,059	2,100	2,142
Lake Region State College	738	738	738	750	739	745
Mayville State University	700	761	722	652	635	650
Minot State University	3,021	3,022	3,063	2,928	2,869	2,928
Minot State University - Bottineau	473	447	386	399	400	400
North Dakota State University	10,294	10,692	10,752	10,890	10,890	10,890
State College of Science	2,323	2,271	2,223	2,171	2,121	2,071
University of North Dakota	11,704	11,815	11,531	11,381	11,381	11,381
Valley City State University	879	956	899	844	870	870
Williston State College	704	709	702	648	661	661
Total	35,575	36,245	35,649	35,373	35,366	35,488

¹The State Board of Higher Education adopted a new enrollment reporting policy in August 2006. The policy, which is consistent with national Integrated Postsecondary Education Data Systems (IPEDS) reporting requirements, provides that an undergraduate full-time equivalent (FTE) student is equal to 15 credit hours rather than 16 credit hours as previously calculated. The policy also provides that for graduate students, one full-time student is equivalent to 1 FTE student and a part-time student is equivalent to a .5 FTE student. In order to provide a consistent basis for comparing fall 2006 enrollments to previous years, the enrollments reported for 2003 through 2005 have been recalculated based on the new definition. The information presented in this schedule was provided by the University System office.

HIGHER EDUCATION - TUITION RATES

The following is a schedule of tuition and fee rates at state institutions of higher education for the academic years 2003-04 through 2007-08. 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. 1030 (2007) continues this authority through June 30, 2009. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution	2003-04 ¹	2004-05 ¹	2005-06 ¹	2006-07 ¹	2007-08 ¹
Bismarck State College ²					
Undergraduate					
Resident	\$2,016 13.0%	\$2,629 30.4%	\$2,787 6.0%	\$3,052 9.5%	\$3,204 5.0%
Minnesota resident ³	\$2,600 (2.4%)	\$3,390 30.4%	\$3,590 5.9%	\$3,870 7.8%	\$4,603 ¹² 5.0%
Contiguous state/province ⁴	\$2,520 13.0%	\$3,286 30.4%	\$3,483 6.0%	\$3,815 9.5%	\$4,005 5.0%
Other nonresident	\$5,383 13.0%	\$7,019 30.4%	\$7,441 6.0%	\$8,148 9.5%	\$8,555 5.0%
Dickinson State University					
Undergraduate					
Resident	\$2,554 16.0%	\$3,040 19.0%	\$3,329 9.5%	\$3,646 9.5%	\$3,828 5.0%
Minnesota resident ³	\$2,923 14.4%	\$3,406 16.5%	\$3,730 9.5%	\$3,922 5.1%	\$4,118 ¹² 5.0%
Contiguous state/province ⁴	\$3,193 16.0%	\$3,800 19.0%	\$4,161 9.5%	\$4,558 9.5%	\$4,785 5.0%
Other nonresident	\$6,820 16.0%	\$8,117 19.0%	\$8,888 9.5%	\$9,735 9.5%	\$10,222 5.0%
Lake Region State College					
Undergraduate					
Resident	\$2,040 14.5%	\$2,328 14.1%	\$2,550 9.5%	\$2,780 9.0%	\$2,919 5.0%
Minnesota resident ³	\$3,002 12.9%	\$3,404 13.4%	\$3,729 9.5%	\$3,856 3.4%	\$4,049 ¹² 5.0%
Contiguous state/province ⁴	\$2,040 (8.4%)	\$2,328 14.1%	\$2,550 9.5%	\$2,780 9.0%	\$2,919 5.0%
Other nonresident	\$2,040 (57.1%)	\$2,328 14.1%	\$2,550 9.5%	\$2,780 9.0%	\$2,919 5.0%
International students					\$7,298
Mayville State University					
Undergraduate					
Resident	\$2,576 17.0%	\$3,014 17.0%	\$3,300 9.5%	\$3,614 9.5%	\$3,795 5.0%

Institution	2003-04 ¹	2004-05 ¹	2005-06 ¹	2006-07 ¹	2007-08 ¹
Minnesota resident ³	\$2,948 15.4%	\$3,376 14.5%	\$3,696 9.5%	\$3,888 5.2%	\$4,082 ¹² 5.0%
Contiguous state/province ⁴	\$3,220 17.0%	\$3,768 17.0%	\$4,125 9.5%	\$4,518 9.5%	\$4,743 5.0%
All Canadian provinces except Saskatchewan and Manitoba				\$5,421	\$5,692 5.0%
Other nonresident	\$6,878 17.0%	\$8,047 17.0%	\$8,811 9.5%	\$5,421 (38.5%)	\$5,692 5.0%
International students					\$10,132
Minot State University					
Undergraduate					
Resident	\$2,730 14.5%	\$3,160 15.8%	\$3,460 9.5%	\$3,790 9.5%	\$3,980 5.0%
Minnesota resident ³	\$3,125 13.0%	\$3,540 13.3%	\$3,876 9.5%	\$4,077 5.2%	\$4,281 ¹² 5.0%
Contiguous state/province ⁴	\$3,413 14.5%	\$3,950 15.7%	\$4,325 9.5%	\$4,736 9.5%	\$4,973 5.0%
Other nonresident	\$7,289 14.5%	\$8,437 15.7%	\$9,238 9.5%	\$10,116 9.5%	\$10,622 5.0%
Graduate					
Resident	\$3,612 14.5%	\$4,180 15.7%	\$4,578 9.5%	\$5,013 9.5%	\$5,264 5.0%
Minnesota resident ³	\$4,778 13.5%	\$5,494 15.0%	\$6,017 9.5%	\$6,285 4.5%	\$6,599 ¹² 5.0%
Contiguous state/province ⁴	\$5,418 14.5%	\$6,270 15.7%	\$6,867 9.5%	\$7,520 9.5%	\$7,896 5.0%
Other nonresident	\$9,644 14.5%	\$11,160 15.7%	\$12,223 9.5%	\$13,384 9.5%	\$14,053 5.0%
Minot State University - Bottineau					
Undergraduate					
Resident	\$2,042 14.6%	\$2,362 15.7%	\$2,575 9.0%	\$2,830 9.9%	\$2,972 5.0%
Minnesota resident ³	\$3,002 12.9%	\$3,404 13.4%	\$3,729 9.5%	\$3,856 3.4%	\$4,049 ¹² 5.0%
South Dakota and Montana residents	\$2,553 14.6%	\$2,953 15.7%	\$2,953 0.0%	\$2,953 0.0%	\$3,715 25.8%
All provinces ⁵	\$2,042 14.6%	\$2,362 15.7%	\$2,575 9.0%	\$2,830 9.9%	\$2,972 5.0%
Other nonresident	\$5,452 14.6%	\$6,307 15.7%	\$6,875 9.0%	\$7,556 9.9%	\$4,458 ¹³ (41.0%)

Institution	2003-04 ¹	2004-05 ¹	2005-06 ¹	2006-07 ¹	2007-08 ¹
State College of Science ^{6, 7}					
Undergraduate					
Resident	\$2,052 15.2%	\$2,670 30.1%	\$2,828 5.9%	\$3,054 8.0%	\$3,207 5.0%
Minnesota resident ³	\$3,002 12.9%	\$3,390 12.9%	\$3,590 5.9%	\$3,870 7.8%	\$4,063 ¹² 5.0%
Contiguous state/province ⁴	\$2,565 15.1%	\$3,338 30.1%	\$3,534 5.9%	\$3,818 8.0%	\$4,009 5.0%
Other nonresident	\$5,478 15.1%	\$7,129 30.1%	\$7,550 5.9%	\$8,154 8.0%	\$8,563 5.0%
Business and Industry Partnership Program ⁸					
Resident	\$2,052 15.2%	\$2,670 30.1%	\$2,828 5.9%	\$3,054 8.0%	\$3,207 5.0%
Minnesota resident ³	\$3,002 12.9%	\$3,390 12.9%	\$3,590 5.9%	\$3,870 7.8%	\$4,063 ¹² 5.0%
Contiguous state/province ⁴	\$2,052 15.2%	\$2,670 30.1%	\$2,828 5.9%	\$3,054 8.0%	\$3,207 5.0%
Other nonresident	\$2,052 15.2%	\$2,670 30.1%	\$2,828 5.9%	\$3,054 8.0%	\$3,207 5.0%
North Dakota State University					
Undergraduate					
Resident	\$3,374 16.2%	\$3,982 18.0%	\$4,360 9.5%	\$4,774 9.5%	\$5,013 5.0%
Minnesota resident ³	\$3,900 14.8%	\$4,476 14.8%	\$4,901 9.5%	\$5,142 4.9%	\$5,399 ¹² 5.0%
Contiguous state/province ⁴	\$5,061 16.2%	\$5,972 18.0%	\$6,540 9.5%	\$7,161 9.5%	\$7,519 5.0%
Other nonresident	\$9,009 16.2%	\$10,630 18.0%	\$11,641 9.5%	\$12,747 9.5%	\$13,384 5.0%
Graduate					
Resident	\$3,618 16.2%	\$4,270 18.0%	\$4,676 9.5%	\$5,120 9.5%	\$5,376 5.0%
Minnesota resident ³	\$4,778 15.0%	\$5,494 15.0%	\$6,015 9.5%	\$6,285 4.5%	\$6,599 ¹² 5.0%
Contiguous state/province ⁴	\$5,427 16.2%	\$6,404 18.0%	\$7,013 9.5%	\$7,680 9.5%	\$8,064 5.0%
Other nonresident	\$9,660 16.2%	\$11,400 18.0%	\$12,485 9.5%	\$13,671 9.5%	\$14,354 5.0%
University of North Dakota					
Undergraduate					
Resident	\$3,441	\$4,009	\$4,390	\$4,786	\$5,025

Institution	2003-04 ¹	2004-05 ¹	2005-06 ¹	2006-07 ¹	2007-08 ¹
Minnesota resident ³	\$3,900 14.8%	\$4,476 14.8%	\$4,901 9.5%	\$5,142 4.9%	\$5,399 ¹² 5.0%
Contiguous state/province ⁴	\$5,163 16.5%	\$6,013 16.5%	\$6,584 9.5%	\$7,180 9.1%	\$7,538 5.0%
Other nonresident	\$9,187 16.5%	\$10,703 16.5%	\$11,722 9.5%	\$12,780 9.0%	\$13,418 5.0%
Graduate					
Resident	\$3,703 16.5%	\$4,313 16.5%	\$4,722 9.5%	\$5,148 9.0%	\$5,405 5.0%
Minnesota resident ³	\$4,778 15.0%	\$5,494 15.0%	\$6,015 9.5%	\$6,285 4.5%	\$6,599 ¹² 5.0%
Contiguous state/province ⁴	\$5,555 16.5%	\$6,471 16.5%	\$7,084 9.5%	\$7,722 9.0%	\$8,108 5.0%
Other nonresident	\$9,889 16.5%	\$11,519 16.5%	\$12,610 9.5%	\$13,746 9.0%	\$14,432 5.0%
School of Law					
Resident	\$4,045 16.5%	\$4,713 16.5%	\$5,160 9.5%	\$5,780 12.0%	\$6,069 5.0%
Minnesota resident ³	\$4,778 15.0%	\$5,494 15.0%	\$6,015 9.5%	\$6,285 4.5%	\$6,599 ¹² 5.0%
Minnesota resident (newly enrolled as of the 2006-07 academic year) ³				\$15,432	\$16,204 ¹² 5.0%
Contiguous state/province ⁴	\$6,067 16.5%	\$7,069 16.5%	\$7,740 9.5%	\$8,670 12.0%	\$9,104 5.0%
Other nonresident	\$10,801 16.5%	\$12,581 16.5%	\$13,778 9.5%	\$15,432 12.0%	\$16,204 5.0%
School of Medicine and Health Sciences					
Resident	\$15,343 14.1%	\$17,507 14.1%	\$18,908 8.0%	\$20,422 8.0%	\$21,443 5.0%
Minnesota resident ³	\$17,561 12.6%	\$19,608 11.7%	\$21,177 8.0%	\$21,969 3.7%	\$23,067 ¹² 5.0%
Minnesota resident (newly enrolled as of the 2006-07 academic year) ³				\$22,464	\$23,587 ¹² 5.0%
Other nonresident	\$40,963 14.1%	\$46,741 14.1%	\$50,482 8.0%	\$37,800 (25.1%)	\$39,690 5.0%
Physical Therapy ⁹					
Resident	\$7,091 30.4%	\$8,091 14.1%	\$8,738 8.0%	\$9,438 8.0%	\$9,910 5.0%
Minnesota resident ³	\$7,091 30.4%	\$8,091 14.1%	\$8,738 8.0%	\$9,438 8.0%	\$9,910 ¹² 5.0%

Institution	2003-04 ¹	2004-05 ¹	2005-06 ¹	2006-07 ¹	2007-08 ¹
Contiguous state/province ⁴	\$9,811 14.1%	\$11,195 14.1%	\$12,090 8.0%	\$13,058 8.0%	\$13,711 5.0%
Other nonresident	\$9,811 14.1%	\$11,195 14.1%	\$12,090 8.0%	\$13,058 8.0%	\$13,711 5.0%
Valley City State University ¹⁰					
Undergraduate					
Resident	\$2,652 20.4%	\$3,130 18.0%	\$3,428 9.5%	\$3,753 9.5%	\$3,941 5.0%
Minnesota resident ³	\$3,035 18.8%	\$3,506 15.5%	\$3,839 9.5%	\$4,037 5.2%	\$4,239 ¹² 5.0%
Contiguous state/province ⁴	\$3,315 20.4%	\$3,913 18.0%	\$4,284 9.5%	\$4,691 9.5%	\$4,926 5.0%
Other nonresident	\$7,081 20.4%	\$8,357 18.0%	\$9,152 9.5%	\$10,021 9.5%	\$10,522 5.0%
Graduate					
Resident			\$4,560	\$4,993 9.5%	\$5,243 5.0%
Minnesota resident ³			\$6,017	\$6,377 6.0%	\$6,599 ¹² 3.5%
Contiguous state/province ⁴			\$5,700	\$6,241 9.5%	\$6,554 5.0%
Other nonresident			\$12,175	\$13,332 9.5%	\$13,998 5.0%
Williston State College ¹¹					
Undergraduate					
Resident	\$1,920 6.0%	\$2,074 8.0%	\$2,198 6.0%	\$2,374 8.0%	\$2,493 5.0%
Minnesota resident ³	\$2,600 (3.7%)	\$2,938 13.0%	\$3,111 5.9%	\$3,354 7.8%	\$3,521 ¹² 5.0%
Contiguous state/province ⁴	\$1,920 6.0%	\$2,074 8.0%	\$2,198 6.0%	\$2,374 8.0%	\$2,493 5.0%
Other nonresident	\$2,880 6.0%	\$3,111 8.0%	\$3,298 6.0%	\$3,561 8.0%	\$3,740 5.0%

¹Beginning with the 2002-03 academic year, 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.

²Bismarck State College implemented a per credit tuition model beginning in the 2000-01 academic year. For academic years 2000-01 through 2003-04, the institution charged a per credit (part-time) tuition rate for all credit hours except for the 14th and 15th credits, which were at no charge. Beginning with the 2004-05 academic year, the institution charges a per credit (part-time) tuition rate for all credit hours. 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.

³Under 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. Beginning with the 2006-07 academic year, the University of North Dakota School of Law and School of Medicine and Health Sciences are removed from the reciprocity agreement. The university is allowed to establish its own tuition rates for Minnesota residents for these programs.

⁴The contiguous states and provinces are South Dakota, Montana, Saskatchewan, and Manitoba.

⁵Beginning with the 2002-03 academic year, Minot State University - Bottineau charges resident tuition rates to students from all Canadian provinces.

⁶Beginning with the 2002-03 academic year, 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:

	2003-04	2004-05	2005-06	2006-07	2007-08
Undergraduate					
Contiguous state/province	\$2,052	\$2,670	\$2,828	\$3,054	\$3,207
Other nonresidents	\$3,078	\$4,005	\$2,828	\$3,054	\$4,063

⁷The State College of Science implemented a per credit tuition model beginning in the 2004-05 academic year. For the 2004-05 academic year, the institution charged a per credit (part-time) tuition rate for all credit hours except for the 17th and 18th credits, which were at no charge. Beginning with the 2005-06 academic year, the institution charges a per credit (part-time) tuition rate for all credit hours. 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.

⁸Beginning with the 2001-02 academic year, the State College of Science charges resident tuition rates to students who are enrolled in a business and industry partnership program except for students from Minnesota who are assessed tuition as specified in the reciprocity agreement between North Dakota and Minnesota.

⁹Physical therapy students pay undergraduate tuition rates during the first two years. In the students' junior year, students enter the physical therapy program and start paying tuition based on the physical therapy program tuition rates.

¹⁰Valley City State University implemented a per credit tuition model beginning in the 2005-06 academic year. The institution charges a per credit (part-time) tuition rate for all credit hours. The undergraduate 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. The graduate tuition rates shown are based on a credit load of 12 credit hours per semester, which is the number of credit hours taken by an average graduate full-time student.

¹¹Williston State College implemented a per credit tuition model 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.

¹²The tuition rates for Minnesota residents for the 2007-08 academic year will not be finalized until June or July 2007. The rates shown are estimates.

¹³At the June 2007 meeting of the State Board of Higher Education, Minot State University - Bottineau will request approval to charge nonresident students 1.5 times the resident rate rather than 2.67 times the resident rate. The tuition rate shown is 1.5 times the resident rate.

North Dakota University System office
Budget No. 215
House Bill Nos. 1003, 1395

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	21.00	\$70,910,723	\$2,437,810	\$73,348,533
2007-09 legislative appropriations	20.00	68,601,118¹	6,117,530	74,718,648
Legislative increase (decrease) to executive budget	(1.00)	(\$2,309,605)	\$3,679,720	\$1,370,115
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$13,031,507	\$3,517,754	\$16,549,261

¹This amount includes \$3,470,000 of one-time funding of which \$2.3 million is for support of the ConnectND system, \$420,000 is for common information services parity funding, and \$750,000 is for a master capital plan and deferred maintenance at Mayville State University. Excluding this amount, the agency's ongoing general fund appropriation is \$65,131,118.

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

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items		
	FTE Positions	General Fund	Other Funds
			Total
The legislative action:			
Decreased funding for bond payments from \$15,822,002, of which \$14,792,252 is from the general fund and \$1,027,750 is from special funds, to \$15,754,112, of which \$14,724,362 is from the general fund and \$1,029,750 is from special funds, to more accurately reflect estimated bond payments for the 2007-09 biennium (see Capital Assets section below)		(\$67,890)	(\$67,890)
Decreased funding for board initiatives from \$2,091,174 as recommended in the executive budget to \$398,500, of which \$300,000 is for a grant to the Space Grant Consortium and \$98,500 is for a recruiting initiative at Minot State University - Bottineau (see Board Initiatives section below)		(1,692,674)	(1,692,674)
Removed funding included in the executive budget recommendation to separate the vice chancellor for strategic planning and the executive director of the College Technical Education Council as well as provide funding for anticipated higher salary needs for the vice chancellor position (see System Governance section below)	(1.00)	(308,000)	(308,000)

Decreased funding for system governance relating to one-time funding provided in the 2005-07 biennium for a technology commercialization study (see System Governance section below)	(50,000)		(50,000)
Decreased funding for system governance (see System Governance section below)	(200,000)		(200,000)
Increased funding for Northern Tier Network infrastructure from \$1 million to \$2,773,800 and changed funding source from the general fund to the permanent oil tax trust fund	(1,000,000)	\$2,773,800	1,773,800
Removed funding for an operations pool	(344,559)		(344,559)
Removed funding for contingency and capital emergency	(496,482)		(496,482)
Decreased funding for professional student exchange program to remove funding included in the executive budget recommendation for a proposed loan forgiveness program for optometrists (see Professional Student Exchange Program section below)	(100,000)		(100,000)
Allocated \$250,000 of the \$1 million included in the executive budget recommendation for the North Dakota University System office for development of a master capital plan and deferred maintenance projects at Mayville State University to the university for support of campus operations (see Capital Assets section below)	(250,000)		(250,000)
Increased funding for competitive research from \$5.5 million to \$5,650,000 (see Competitive Research section below)	150,000		150,000
Increased funding for support of the ConnectND system from \$3.7 million to \$6 million	2,300,000		2,300,000
Decreased funding for professional liability insurance from \$1,350,000 to \$1.1 million	(250,000)		(250,000)
Increased funding for the Kansas State University veterinary medicine program, from \$317,460 to \$523,380 from the student loan trust fund, to fund five new students per year in the 2007-09 biennium (see Professional Student Exchange Program section below)		205,920	205,920

Provided funding in House Bill No. 1395 for grant assistance payments to tribally controlled community colleges (see Related Legislation section below)			700,000	700,000
Total	(1.00)	(\$2,309,605)	\$3,679,720	\$1,370,115

FTE Changes

The Legislative Assembly removed the 1 new FTE position included in the executive budget recommendation to separate the vice chancellor for strategic planning and the executive director of the College Technical Education Council position. The 2007-09 biennium appropriation includes funding for 20 FTE positions, the same as the 2005-07 biennium.

One-Time Funding

In Section 19 of House Bill No. 1003, the Legislative Assembly identified \$28,382,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for the following one-time funding items for the North Dakota University System. These amounts are not to be considered part of the University System's base budget for preparing the 2009-11 executive budget and the University System is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

	General Fund	Permanent Oil Tax Trust Fund	Total
Northern Tier Network infrastructure (University System office)		\$2,773,800	\$2,773,800
ConnectND system support (University System office)	\$2,300,000		2,300,000
Common information system pool parity funding (University System office)	420,000		420,000
Deferred maintenance (University System office and higher education institutions)	10,893,033		10,893,033
Capital projects (higher education institutions)	13,808,235	4,809,515	18,617,750
Campus initiatives (higher education institutions)	960,800		960,800
Total	\$28,382,068	\$7,583,315	\$35,965,383

Competitive Research

The Legislative Assembly provided funding of \$5,650,000 from the general fund for competitive research. The \$5,650,000 is \$150,000 more than the executive recommendation of \$5.5 million and \$460,000 more than the 2005-07 biennium legislative appropriation of \$5,190,000. The following is a summary of funding for the competitive research program:

Biennium	General Fund
1995-97	\$1,980,000
1997-99	\$1,980,000
1999-2001	\$1,971,000
2001-03	\$4,000,000
2003-05	\$4,750,000 ¹
2005-07	\$5,190,000
2007-09	\$5,650,000

¹The 2003 Legislative Assembly provided that \$100,000 of the \$4,750,000 be used for a public private partnership for establishment of a design center at the University of North Dakota.

Board Initiatives

The Legislative Assembly provided funding of \$398,500 from the general fund for board initiatives. The \$398,500 is \$1,692,674 less than the executive recommendation of \$2,091,174 and \$1,326,500 less than the 2005-07 biennium adjusted appropriation of \$1,725,000. Section 5 of House Bill No. 1003 provides that the board initiatives funding includes \$300,000 for a grant to the Space Grant Consortium to match federal funds and \$98,500 for a recruiting initiative for Minot State University - Bottineau. The funding for the recruiting initiative is provided for a two-year pilot basis, and Minot State University - Bottineau is to report on the effectiveness of the initiative to the Appropriations Committees of the 61st Legislative Assembly.

System Governance

The Legislative Assembly provided funding of \$5,883,394, of which \$5,652,394 is from the general fund and \$231,000 is from special funds, for system governance. The \$5,883,394 is \$558,000 less than the executive recommendation of \$6,441,394 and \$314,972 more than the 2005-07 biennium appropriation of \$5,568,422. The following is a summary of the funding for system governance:

	2007-09 Executive Budget Recommendation			2007-09 Legislative Appropriation		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
2005-07 biennium appropriation	\$5,378,496	\$189,926	\$5,568,422	\$5,378,496	\$189,926	\$5,568,422
Provide funding for costs to continue fiscal year 2007 legislatively funded salary increases	46,301	3,475	49,776	46,301	3,475	49,776
Provide funding for salary increases of 5 percent per year	239,132	11,586	250,718	239,132	11,586	250,718
Provide funding for estimated health insurance premium increases	64,294	5,781	70,075	64,294	5,781	70,075
Provide funding for operating expenses increase, including increases in Western Interstate Commission on Higher Education and Midwestern Higher Education Compact dues	174,171	20,232	194,403	174,171	20,232	194,403
Provide funding to separate the vice chancellor for strategic planning and the executive director of the College Technical Education Council as well as provide funding for an anticipated higher salary replacement cost for the vice chancellor position	308,000		308,000			
Remove funding relating to one-time funding provided in the 2005-07 biennium for a technology commercialization study				(50,000)		(50,000)
Decrease funding from the general fund				(200,000)		(200,000)
2007-09 biennium appropriation	\$6,210,394	\$231,000	\$6,441,394	\$5,652,394	\$231,000	\$5,883,394

Common Information Services

The Legislative Assembly provided funding of \$31,477,093, of which \$28,703,293 is from the general fund and \$2,773,800 is from the permanent oil tax trust fund, for common information services to be allocated by the State Board of Higher Education based on the provisions of Section 7 of House Bill No. 1003. The following is a summary of the 2007-09 biennium legislative appropriation compared to the 2007-09 executive recommendation and the 2005-07 biennium adjusted appropriation:

	2005-07 Biennium Adjusted Appropriation	2007-09 Biennium Executive Recommendation	2007-09 Biennium Legislative Appropriation	2007-09 Biennium Legislative Appropriation Increase (Decrease) from 2007-09 Biennium Executive Recommendation	2007-09 Biennium Legislative Appropriation Increase (Decrease) from 2005-07 Biennium Adjusted Appropriation
General fund	\$20,607,093	\$27,403,293	\$28,703,293	\$1,300,000	\$8,096,200
Permanent oil tax trust fund			2,773,800	2,773,800	2,773,800
Total	\$20,607,093	\$27,403,293	\$31,477,093	\$4,073,800	\$10,870,000

Of the \$31,477,093, \$6 million from the general fund is for support of the ConnectND system of which \$3.7 million is considered base funding and \$2.3 million is considered one-time funding, and \$2,773,800 from the permanent oil tax trust fund is one-time funding for Northern Tier Network infrastructure. Section 7 provides that the common information services allocations are to be made based on the University System information technology plan and technology priorities. 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.

Student Financial Assistance Grants

The Legislative Assembly did not change the executive recommendation to provide funding of \$5,987,497, of which \$5,823,497 is from the general fund and \$164,000 is from federal funds, for student financial assistance grants. The \$5,987,497 is \$2,483,095 more than the 2005-07 biennium appropriation of \$3,504,402. The funding will be used to provide grants to students of up to \$1,000 per year. 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. The following is a summary of funding for student financial assistance grants:

Biennium	General Fund	Federal Funds	Other Funds	Total Funds
1995-97	\$2,032,478	\$400,000	\$1,350,000	\$3,782,478
1997-99	\$1,495,000	\$410,986	\$2,574,400	\$4,480,386
1999-2001	\$1,735,881	\$140,000	\$2,574,400	\$4,450,281
2001-03	\$2,670,881	\$214,000	\$1,338,150	\$4,223,031
2003-05	\$2,730,215	\$200,000	\$0	\$2,930,215
2005-07	\$3,332,402	\$172,000	\$0	\$3,504,402
2007-09	\$5,823,497	\$164,000	\$0	\$5,987,497

Professional Student Exchange Program

The Legislative Assembly provided funding of \$2,722,946, of which \$2,199,566 is from the general fund and \$523,380 is from the student loan trust fund, for the professional student exchange program. The \$2,722,946 is \$105,920 more than the executive recommendation of \$2,617,026, of which \$2,299,566 is from the general fund and \$317,460 is from the student loan trust fund, and \$595,666 more than the 2005-07 biennium appropriation of \$2,127,280. The Legislative Assembly removed funding of \$100,000 from the general fund included in the executive budget recommendation for a new loan forgiveness program for optometrists. The Legislative Assembly did not change the executive recommendation to provide \$100,000 from the general fund for a new loan forgiveness program for veterinarians. The Legislative Assembly increased funding from the student loan trust fund by \$205,920, from \$317,460 as included in the executive recommendation to \$523,380, to fund five new students per year for the 2007-09 biennium in the Kansas State University veterinary medicine program compared to the two new students per year included in the executive recommendation. The following is a summary of funding for the professional student exchange program:

Biennium	General Fund	Student Loan Trust Fund	Total Funds
1995-97	\$1,326,756		\$1,326,756
1997-99	\$1,389,801		\$1,389,801
1999-2001	\$1,310,716		\$1,310,716
2001-03	\$1,560,716		\$1,560,716
2003-05	\$1,678,300		\$1,678,300
2005-07	\$1,864,780	\$262,500	\$2,127,280
2007-09	\$2,199,566	\$523,380	\$2,722,946

Scholars Program

The Legislative Assembly did not change the executive recommendation to provide funding of \$1,478,566 from the general fund for the scholars program. The \$1,478,566 is \$616,489 more than the 2005-07 biennium appropriation of \$862,077. The funding is sufficient to provide 50 new freshmen awards in each year of the 2007-09 biennium, an increase of approximately 15 new freshmen awards from the number provided in fiscal year 2007. The Legislative Assembly did not change the executive recommendation to provide \$200,000 from the general fund to provide a one-time \$2,000 stipend to all new freshmen in fiscal years 2008 and 2009. The following is a summary of funding for the scholars program:

Biennium	General Fund	Special Funds	Total Funds
1995-97	\$496,403		\$496,403
1997-99	\$473,786	\$185,500	\$659,286
1999-2001	\$520,730	\$185,500	\$706,230
2001-03	\$770,730		\$770,730
2003-05	\$816,386		\$816,386
2005-07	\$862,077		\$862,077
2007-09	\$1,478,566		\$1,478,566

Native American Scholarship Program

The Legislative Assembly did not change the executive recommendation to provide funding of \$380,626 from the general fund for Native American scholarships. The \$380,626 is \$128,638 more than the 2005-07 biennium appropriation of \$251,988. The funding is expected to be sufficient to provide approximately 270 grants of \$700 per student for each year of the biennium. The University System office provided 362 grants of \$700 per student for the 2005-07 biennium. The following is a summary of funding for the Native American scholarship program:

Biennium	General Fund
1995-97	\$200,000
1997-99	\$204,000
1999-2001	\$204,082
2001-03	\$204,082
2003-05	\$204,086
2005-07	\$251,988
2007-09	\$380,626

Education Incentive Programs

The Legislative Assembly did not change the executive recommendation to provide funding of \$1,740,314 from the general fund for education incentive programs, an increase in funding of \$512,412 from the 2005-07 biennium appropriation of \$1,227,902. Section 14 of House Bill No. 1003 provides that the funding of \$1,740,314 may be allocated to education incentive programs as determined by the State Board of Higher Education. The board may determine the appropriate number of years of program eligibility for each education incentive program.

Capital Assets

The Legislative Assembly provided funding of \$16,504,112, of which \$15,474,362 is from the general fund and \$1,029,750 is from special funds, for capital assets. Of the \$16,504,112, \$15,754,112 is for capital construction lease payments relating to bonds issued by the North Dakota Building Authority for building projects authorized by the Legislative Assembly and \$750,000 is for the development of a master capital plan and deferred maintenance projects at Mayville State University as approved by the State Board of Higher Education. The following is a summary of the 2007-09 legislative appropriation compared to the 2007-09 executive recommendation and the 2005-07 legislative appropriation:

	2005-07 Biennium Legislative Appropriation	2007-09 Biennium Executive Recommendation	2007-09 Biennium Legislative Appropriation	2007-09 Biennium Legislative Appropriation Increase (Decrease) From 2007-09 Biennium Executive Recommendation	2007-09 Biennium Legislative Appropriation Increase (Decrease) From 2005-07 Biennium Legislative Appropriation
Capital construction lease payments Master capital plan and deferred maintenance (Mayville State University)	\$14,278,141	\$15,822,002 1,000,000	\$15,754,112 750,000	(\$67,890) (250,000)	\$1,475,971 750,000
Total	\$14,278,141	\$16,822,002	\$16,504,112	(\$317,890)	\$2,225,971
General fund	\$12,998,391	\$15,792,252	\$15,474,362	(\$317,890)	\$2,475,971
Special funds	1,279,750	1,029,750	1,029,750		(250,000)
Total	\$14,278,141	\$16,822,002	\$16,504,112	(\$317,890)	\$2,225,971

Capital Improvements

The following schedule presents the higher education capital improvement funding contained in the 2007-09 executive recommendation and the appropriations approved by the Legislative Assembly for the 2007-09 biennium:

Entity/Project	2007-09 Executive Recommendation		2007-09 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
University System office				
Master capital plan and deferred maintenance (Mayville State University)	\$1,000,000		\$750,000	
Total	\$1,000,000		\$750,000	
Bismarck State College				
Schafer Hall renovation first floor	\$515,195	\$27,805	\$488,700	\$54,300
Student housing project				5,679,750
Extraordinary repairs	473,192		473,192	
Total	\$988,387	\$27,805	\$961,892	\$5,734,050
Lake Region State College				
Wind energy project		\$3,007,600		\$3,007,600
Extraordinary repairs	\$125,604		\$125,604	
Total	\$125,604	\$3,007,600	\$125,604	\$3,007,600
Williston State College				
Creighton building addition		\$1,400,000		\$1,400,000
Service rig facility				700,000
Extraordinary repairs	\$157,198		\$157,198	
Total	\$157,198	\$1,400,000	\$157,198	\$2,100,000
University of North Dakota				
Allied Health facility		\$20,400,000		\$20,400,000
American Indian Center		10,000,000		10,000,000
EERC Commercialization Center		5,000,000		5,000,000

Entity/Project	2007-09 Executive Recommendation		2007-09 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
Earth Systems Science Building		5,000,000		5,000,000
Indoor track facility		15,000,000		15,000,000
Memorial Union front (north) entrance		4,500,000		4,500,000
O'Kelly Hall-Ireland Laboratory renovations	\$2,200,000		\$1,980,000	220,000
School of Medicine and Health Sciences - Laboratory and administration renovations		9,800,000		9,800,000
School of Medicine and Health Sciences - Bismarck Family Practice Center		4,500,000		4,000,000
Wilkerson dining center		4,000,000		4,000,000
Extraordinary repairs	5,928,875		5,928,875	
Total	\$8,128,875	\$78,200,000	\$7,908,875	\$77,920,000
North Dakota State University				
Dakota Coteau Field School		\$4,000,000		\$4,000,000
Ellig Softball Complex		4,500,000		4,500,000
Living Learn Residence Hall West and Ceres Hall		12,000,000		12,000,000
Minard Hall renovation - Phases 1 and 2	\$5,000,000		\$4,500,000	500,000
Bison Sports Arena renovation				25,500,000
Extraordinary repairs	4,209,161		4,209,161	
Total	\$9,209,161	\$20,500,000	\$8,709,161	\$46,500,000
State College of Science				
Football stadium and track renovation		\$1,700,000		\$1,700,000
Parking lot		714,000		714,000
Robertson Hall renovation		6,000,000		6,000,000
Steamline distribution replacement	\$1,670,420			1,670,420
Extraordinary repairs	1,386,445		\$1,386,445	
Total	\$3,056,865	\$8,414,000	\$1,386,445	\$10,084,420
Dickinson State University				
Whitney Stadium renovation and addition		\$8,000,000		\$8,000,000
Extraordinary repairs	\$1,018,763		\$1,018,763	
Total	\$1,018,763	\$8,000,000	\$1,018,763	\$8,000,000
Mayville State University				
Northwest Hall rehabilitation		\$900,000		\$900,000
Extraordinary repairs	\$946,930		\$1,089,963	
Total	\$946,930	\$900,000	\$1,089,963	\$900,000
Minot State University				
Swain Hall renovation and addition	\$2,500,000	\$4,536,150	\$6,332,535	\$703,615
Dome athletic floor replacement		336,400	387,000	

Entity/Project	2007-09 Executive Recommendation		2007-09 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
Dakota Hall elevator		340,000		340,000
Pioneer Hall elevator		363,000		363,000
Extraordinary repairs	1,452,744		1,452,744	
Total	\$3,952,744	\$5,575,550	\$8,172,279	\$1,406,615
Valley City State University				
Steamline replacement	\$2,200,000			\$2,200,000
Extraordinary repairs	796,235		\$796,235	
Total	\$2,996,235	\$0	\$796,235	\$2,200,000
Minot State University - Bottineau				
Steamline replacement	\$239,095	\$12,905		\$252,000
Extraordinary repairs	158,702		\$158,702	
Total	\$397,797	\$12,905	\$158,702	\$252,000
Forest Service				
Storage buildings and outdoor restroom facilities	\$120,000		\$120,000	
Extraordinary repairs	60,204		60,204	
Total	\$180,204	\$0	\$180,204	\$0
Total Higher Education	\$32,158,763	\$126,037,860	\$31,415,321	\$158,104,685

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of House Bill No. 1003 and House Bill No. 1030, to appropriate on a continuing basis (through June 30, 2009) all other funds, including tuition income, received by the institutions of higher education during the 2007-09 biennium. Consequently, the legislative appropriations for all institutions of higher education do not include a specific appropriation of other funds, including tuition income.

Other Sections in House Bill No. 1003

Appropriation - Section 4 provides a \$150,000 general fund appropriation to Dickinson State University for one-time startup funding for establishing a Theodore Roosevelt Center.

Student loan trust fund - Section 9 provides that the appropriation for the North Dakota University System includes funding of \$523,380 from the student loan trust fund for the professional student exchange program.

Permanent oil tax trust fund - Section 10 provides that the appropriation for the North Dakota University System includes funding of \$7,783,315 from the permanent oil tax trust fund, of which \$2,773,800 is for Northern Tier Network infrastructure, \$4,109,515 is for steamline projects at the State College of Science, Valley City State University, and Minot State University - Bottineau, and \$900,000 is for the service rig program at Williston State College.

Transfer authority - Section 12 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. Any transfers are to be reported to the Office of Management and Budget.

FTE positions - Section 13 provides the State Board of Higher Education with the authority to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control. The University System is to report any adjustments to the Office of Management and Budget prior to the submission of the 2009-11 budget request.

Bismarck State College National Energy Center of Excellence building - Section 15 allows the State Board of Higher Education to enter agreements with the Bismarck State College Foundation or other private entity to authorize construction by the foundation or other private entity of a National Energy Center of Excellence building on the Bismarck State College campus using state funds, federal funds, donations, gifts, or other private funds.

Bond issuance authorization and appropriation - Section 16 authorizes the State Board of Higher Education 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.

Higher education accountability measures - Section 17 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.

Tuition rate increases - Section 18 provides that the State Board of Higher Education is to limit any annual tuition increase for students attending institutions under its control for the 2007-08 and 2008-09 academic years to not more than 5 percent for each year unless the board receives prior Budget Section approval.

Unspent 2005-07 general fund appropriations - Section 20 requires the State Board of Higher Education to use \$200,000 of University System office unspent 2005-07 biennium general fund appropriation authorized to continue under NDCC Section 54-44.1-11 for completing and furnishing the Thatcher Hall renovation and addition at Minot State University - Bottineau.

Northern Tier Network - Section 21 provides legislative intent that higher education institutions utilizing the Northern Tier Network be responsible for funding the related ongoing maintenance costs for the network.

North Dakota State University College of Business building - Section 22 allows the State Board of Higher Education to enter an agreement or agreements with the North Dakota State University Foundation or other private entity for construction of a College of Business building off the North Dakota State University campus, using donations, gifts, or other private funds.

Legislative Council study - Higher education - Section 23 provides for a Legislative Council study of higher education.

Legislative Council study - Professional student exchange programs - Section 24 provides for a Legislative Council study of professional student exchange programs.

Bismarck Family Practice Center - Section 25 provides legislative intent that the University of North Dakota School of Medicine and Health Sciences may construct, renovate, remodel, purchase, or lease a building for the Bismarck Family Practice Center.

Veterinary medicine education program - Kansas State University - Sections 26 and 27 amend NDCC Section 15-10-43 to eliminate the payback provision for all Kansas State University veterinary medicine positions and allow for the appointment of alternates to the selection committee.

Repeal - Section 27 repeals NDCC Section 15-10-43 relating to the North Dakota State University's 18th Street development fund.

Related Legislation

Special revenue funds - House Bill No. 1030 provides for the continuation of the continuing appropriation authority for higher education institutions' special revenue funds, including tuition, through June 30, 2009.

Budget requests and appropriations - House Bill No. 1031 provides for the continuation of the requirement that the budget request for the North Dakota University System 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 and the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding through June 30, 2009.

Unspent general fund appropriations - House Bill No. 1032 provides for the continuation of the University System authority to carry over at the end of the biennium unspent general fund appropriations through June 30, 2009.

Veterinarian loan repayment program - House Bill No. 1125 establishes a loan repayment program for veterinarians. Under the program, veterinarians in the state will be eligible to receive up to \$80,000 in loan repayment funds.

Financial assistance to tribally controlled community colleges - House Bill No. 1395 provides a \$700,000 special funds appropriation from the permanent oil tax trust fund to the State Board of Higher Education for providing grant assistance payments to tribally controlled community colleges to defray the costs of education associated with enrollment of nonbeneficiary students. This bill also provides that the State Treasurer transfer to the permanent oil tax trust fund the first \$700,000 of the state's share of tax revenues under NDCC Chapter 57-51.1 from oil produced from wells within the exterior boundaries of the Fort Berthold Reservation drilled and completed after June 30, 2007.

Higher education information technology - House Bill No. 1461 provides that the State Board of Higher Education manage and regulate information technology planning, services, and major projects.

Student loan interest rates - House Bill No. 1487 provides the Bank of North Dakota with the ability to offer a fixed or variable interest rate option for student loans guaranteed by the state without federal coinsurance.

Nursing Education Consortium - Senate Bill No. 2379 provides that the University of North Dakota College of Nursing establish and administer a Nursing Education Consortium for addressing common concerns in nursing education which produce obstacles in meeting the state's current and future nursing needs with a focus on the specific needs of rural communities. The bill also provides a \$200,000 general fund appropriation to the University of North Dakota for funding a simulation laboratory program.

**Bismarck State College
Budget No. 227
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	105.38	\$20,771,525	\$27,805	\$20,799,330
2007-09 legislative appropriations	105.38	20,695,572¹	5,734,050	26,429,622
Legislative increase (decrease) to executive budget	0.00	(\$75,953)	\$5,706,245	\$5,630,292
Legislative increase (decrease) to 2005-07 appropriations	(9.77)	\$3,186,543	\$1,988,750	\$5,175,293

¹This amount includes \$718,411 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$19,977,161.

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

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided a .25 percent operating reduction		(\$49,458)		(\$49,458)
Changed the executive recommendation for funding for the college's Schafer Hall renovation project from \$515,195 from the general fund and \$27,805 from other funds to \$488,700 from the general fund and \$54,300 from other funds		(26,495)	\$26,495	0
Provided funding for reauthorization of the college's student housing project			5,679,750	5,679,750
Total	0.00	(\$75,953)	\$5,706,245	\$5,630,292

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 105.38 FTE positions, a decrease of 9.77 FTE positions from the authorized number of FTE positions for the 2005-07 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 13 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 2009-11 budget request.

One-Time Funding

In Section 19 of House Bill No. 1003, the Legislative Assembly identified \$28,382,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for one-time funding items for the North Dakota University System of which \$488,700 from the general fund is for the Schafer Hall renovation project and \$229,711 from the general fund is for extraordinary repairs at Bismarck State College. This amount is not to be considered part of the agency's base budget for

preparing the 2009-11 executive budget and Bismarck State College is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of House Bill No. 1003 and House Bill No. 1030, to appropriate on a continuing basis (through June 30, 2009) all other funds, including tuition income, received by the institutions of higher education during the 2007-09 biennium. Consequently, the legislative appropriation for Bismarck State College does not include a specific appropriation of other funds, except for capital projects.

Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide funding of \$473,192 from the general fund for extraordinary repairs, an increase of \$229,711 from the 2005-07 biennium legislative appropriation of \$243,481. Of the \$473,192, \$243,481 is considered base funding and \$229,711 is considered one-time funding.

Capital Projects

The Legislative Assembly changed the executive recommendation for funding for the college's Schafer Hall renovation project from \$515,195 from the general fund and \$27,805 from other funds to \$488,700 from the general fund and \$54,300 from other funds. The Legislative Assembly provided \$5,679,750 for reauthorization of the college's student housing project.

Other Sections in Bill

National Energy Center of Excellence building - Section 15 provides that the State Board of Higher Education may enter into an agreement or agreements with the Bismarck State College Foundation or other private entity to authorize construction of a National Energy Center of Excellence building on the Bismarck State College campus using state funds, federal funds, donations, gifts, or other private funds.

**Dickinson State University
Budget No. 239
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	121.60	\$17,917,119	\$8,000,000	\$25,917,119
2007-09 legislative appropriations	121.60	18,024,873¹	8,000,000	26,024,873
Legislative increase (decrease) to executive budget	0.00	\$107,754	\$0	\$107,754
Legislative increase (decrease) to 2005-07 appropriations	12.62	\$2,929,556	(\$1,100,557)	\$1,828,999

¹This amount includes \$785,073 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$17,239,800.

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

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Provided a .25 percent operating reduction		(\$42,246)		(\$42,246)
Provided one-time startup funding for establishing a Theodore Roosevelt Center		150,000		150,000
Total	0.00	\$107,754	\$0	\$107,754

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 121.60 FTE positions, an increase of 12.62 FTE positions from the authorized number of FTE positions for the 2005-07 biennium. The increase in FTE positions adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 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 2009-11 budget request.

One-Time Funding

In Section 19 of House Bill No. 1003, the Legislative Assembly identified \$28,382,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for one-time funding items for the North Dakota University System of which \$785,073 from the general fund is for extraordinary repairs (\$635,073) and startup funding for a Theodore Roosevelt Center (\$150,000) at Dickinson State University. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and Dickinson State University is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of House Bill No. 1003 and House Bill No. 1030, to appropriate on a continuing basis (through June 30, 2009) all other funds, including tuition income, received by the institutions of higher education during the 2007-09 biennium. Consequently, the legislative appropriation for Dickinson State University does not include a specific appropriation of other funds, except for capital projects.

Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide funding of \$1,018,763 from the general fund for extraordinary repairs, an increase of \$635,073 from the 2005-07 biennium legislative appropriation of \$383,690. Of the \$1,018,763, \$383,690 is considered base funding and \$635,073 is considered one-time funding.

Capital Projects

The Legislative Assembly did not change the executive recommendation to provide \$8 million of special funds for renovation and an addition to Whitney Stadium.

**Forest Service
Budget No. 244
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	19.47	\$2,541,449	\$997,486	\$3,538,935
2007-09 legislative appropriations	19.47	2,535,546¹	997,486	3,533,032
Legislative increase (decrease) to executive budget	0.00	(\$5,903)	\$0	(\$5,903)
Legislative increase (decrease) to 2005-07 appropriations	7.07	\$427,763 ²	\$22,485	\$450,248

¹This amount includes \$143,566 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$2,391,980.

²This amount reflects the 2005-07 deficiency appropriation of \$55,500 from the general fund to the Forest Service for costs incurred in fighting wild land fires in 2006.

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

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Provided a .25 percent operating reduction		(\$5,903)		(\$5,903)
Total	0.00	(\$5,903)	\$0	(\$5,903)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 19.47 FTE positions, an increase of 7.07 FTE positions from the authorized number of FTE positions for the 2005-07 biennium. The increase in FTE positions adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 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 2009-11 budget request.

One-Time Funding

In Section 19 of House Bill No. 1003, the Legislative Assembly identified \$28,382,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for one-time funding items for the North Dakota University System of which \$23,566 from the general fund is for extraordinary repairs and \$120,000 is for a capital project at the Forest Service. These amounts are not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Forest Service is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of House Bill No. 1003 and House Bill No. 1030, to appropriate on a continuing basis (through June 30, 2009) all other funds, including tuition income, received by the institutions of higher education during the 2007-09 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 \$997,486, including \$247,486 from the trees for North Dakota program and \$750,000 from nursery tree sales.

Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide funding of \$60,204 from the general fund for extraordinary repairs, an increase of \$23,566 from the 2005-07 biennium legislative appropriation of \$36,638. Of the \$60,204, \$36,638 is considered base funding and \$23,566 is considered one-time funding.

Capital Projects

The Legislative Assembly did not change the executive recommendation to provide \$120,000 from the general fund for storage buildings and outdoor restroom facilities.

Related Legislation

State Forester reserve account - House Bill No. 1066 increases the maximum fund balance limit for the State Forester reserve account from \$500,000 to \$1 million and increases the minimum fund balance limit from \$200,000 to \$700,000.

2005-07 biennium deficiency appropriation - Senate Bill No. 2023 provides the Forest Service a \$55,500 general fund deficiency appropriation for the 2005-07 biennium for costs incurred in fighting wild land fires in 2006.

**Lake Region State College
Budget No. 228
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	30.49	\$6,653,271	\$3,007,600	\$9,660,871
2007-09 legislative appropriations	30.49	6,636,952¹	3,007,600	9,644,552
Legislative increase (decrease) to executive budget	0.00	(\$16,319)	\$0	(\$16,319)
Legislative increase (decrease) to 2005-07 appropriations	(5.72)	\$459,426	\$3,007,600	\$3,467,026

¹This amount includes \$81,942 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$6,555,010.

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

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Provided a .25 percent operating reduction		(\$16,319)		(\$16,319)
Total	0.00	(\$16,319)	\$0	(\$16,319)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 30.49 FTE positions, a decrease of 5.72 FTE positions from the authorized number of FTE positions for the 2005-07 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 13 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 2009-11 budget request.

One-Time Funding

In Section 19 of House Bill No. 1003, the Legislative Assembly identified \$28,382,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for one-time funding items for the North Dakota University System, of which \$81,942 from the general fund is for extraordinary repairs at Lake Region State College. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and Lake Region State College is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of House Bill No. 1003 and House Bill No. 1030, to appropriate on a continuing basis (through June 30, 2009) all other funds, including tuition income, received by the institutions of higher education during the 2007-09 biennium. Consequently, the legislative appropriation for Lake Region State College does not include a specific appropriation of other funds, except for capital projects.

Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide funding of \$125,604 from the general fund for extraordinary repairs, an increase of \$81,942 from the 2005-07 biennium legislative appropriation of \$43,662. Of the \$125,604, \$43,662 is considered base funding and \$81,942 is considered one-time funding.

Capital Projects

The Legislative Assembly did not change the executive recommendation to provide funding of \$3,007,600 from other funds for the college's wind energy project.

**Mayville State University
Budget No. 240
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	55.89	\$10,836,719	\$900,000	\$11,736,719
2007-09 legislative appropriations	55.89	11,205,028¹	900,000	12,105,028
Legislative increase (decrease) to executive budget	0.00	\$368,309	\$0	\$368,309
Legislative increase (decrease) to 2005-07 appropriations	(10.91)	\$1,842,404	(\$600,000)	\$1,242,404

¹This amount includes \$880,970 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$10,324,058.

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

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided a .25 percent operating reduction		(\$24,724)		(\$24,724)
Allocated \$250,000 of the \$1 million included in the executive budget recommendation for the North Dakota University System office for deferred maintenance and developing a master plan at Mayville State University to the university for support of operations		250,000		250,000
Provided funding for special assessment installments for the second year payment for the 2005-07 biennium and both payments for the 2007-09 biennium		143,033		143,033
Total	0.00	\$368,309	\$0	\$368,309

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 55.89 FTE positions, a decrease of 10.91 FTE positions from the authorized number of FTE positions for the 2005-07 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 13 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 2009-11 budget request.

One-Time Funding

In Section 19 of House Bill No. 1003, the Legislative Assembly identified \$28,382,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for one-time funding items for the North Dakota University System of which \$880,970 from the general fund is for extraordinary repairs at Mayville State University. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and Mayville State University is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of House Bill No. 1003 and House Bill No. 1030, to appropriate on a continuing basis (through June 30, 2009) all other funds, including tuition income, received by the institutions of higher education during the 2007-09 biennium. Consequently, the legislative appropriation for Mayville State University does not include a specific appropriation of other funds, except for capital projects.

Extraordinary Repairs

The Legislative Assembly provided funding of \$1,089,963 from the general fund for extraordinary repairs, an increase of \$143,033 from the executive budget recommendation of \$946,930 and an increase of \$730,969 from the 2005-07 biennium legislative appropriation of \$358,994. Of the \$1,089,963, \$208,993 is considered base funding and \$880,970 is considered one-time funding. In addition, the Legislative Assembly provided a \$750,000 general fund appropriation to the North Dakota University System office for the development of a master capital plan and deferred maintenance projects at Mayville State University as approved by the State Board of Higher Education.

Capital Projects

The Legislative Assembly did not change the executive recommendation to provide \$900,000 of special funds for renovation of Northwest Hall.

**Minot State University
Budget No. 241
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	184.83	\$34,123,292	\$5,575,550	\$39,698,842
2007-09 legislative appropriations	184.83	38,267,401¹	1,406,615	39,674,016
Legislative increase (decrease) to executive budget	0.00	\$4,144,109	(\$4,168,935)	(\$24,826)
Legislative increase (decrease) to 2005-07 appropriations	(13.99)	\$10,374,682	(\$7,128,385)	\$3,246,297

¹This amount includes \$7,575,409 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$30,691,992.

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

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided a .25 percent operating reduction		(\$75,426)		(\$75,426)
Changed the funding source for the Swain Hall renovation and addition project from \$2.5 million from the general fund and \$4,536,150 from special funds as provided for in the executive budget recommendation to \$6,332,535 from the general fund and \$703,615 of special funds		3,832,535	(\$3,832,535)	0
Increased funding and changed the funding source for the dome athletic floor replacement from \$336,400 of special funds as provided for in the executive budget recommendation to \$387,000 from the general fund		387,000	(336,400)	50,600
Total	0.00	\$4,144,109	(\$4,168,935)	(\$24,826)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 184.83 FTE positions, a decrease of 13.99 FTE positions from the authorized number of FTE positions for the 2005-07 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 13 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 2009-11 budget request.

One-Time Funding

In Section 19 of House Bill No. 1003, the Legislative Assembly identified \$28,282,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for one-time funding items for the North Dakota University System of which \$7,575,409 is for extraordinary repairs (\$855,874) and for capital projects (\$6,719,535) at Minot State University. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and Minot State University is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of House Bill No. 1003 and House Bill No. 1030, to appropriate on a continuing basis (through June 30, 2009) all other funds, including tuition income, received by the institutions of higher education during the 2007-09 biennium. Consequently, the legislative appropriation for Minot State University does not include a specific appropriation of other funds, except for capital projects.

Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide funding of \$1,452,744 from the general fund for extraordinary repairs, an increase of \$775,874 from the 2005-07 biennium legislative appropriation of \$676,870. Of the \$1,452,744, \$596,870 is considered base funding and \$855,874 is considered one-time funding.

Capital Projects

The Legislative Assembly authorized the following projects:

	2007-09 Executive Budget Recommendation			2007-09 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Swain Hall renovation and addition	\$2,500,000	\$4,536,150	\$7,036,150	\$6,332,535	\$703,615	\$7,036,150
Dome athletic floor replacement		336,400	336,400	387,000		387,000
Dakota Hall elevator		340,000	340,000		340,000	340,000
Pioneer Hall elevator		363,000	363,000		363,000	363,000
Total	\$2,500,000	\$5,575,550	\$8,075,550	\$6,719,535	\$1,406,615	\$8,126,150

**Minot State University - Bottineau
Budget No. 243
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	31.11	\$5,169,274	\$12,905	\$5,182,179
2007-09 legislative appropriations	<u>31.11</u>	<u>4,918,250¹</u>	<u>252,000</u>	<u>5,170,250</u>
Legislative increase (decrease) to executive budget	0.00	(\$251,024)	\$239,095	(\$11,929)
Legislative increase (decrease) to 2005-07 appropriations	(3.21)	\$474,065	(\$5,748,000)	(\$5,273,935)

¹This amount includes \$48,977 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$4,869,273.

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

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided a .25 percent operating reduction		(\$11,929)		(\$11,929)
Changed the funding source for the university's steamline replacement project from \$239,095 from the general fund and \$12,905 from other funds to \$252,000 from other funds of which \$239,095 is from the permanent oil tax trust fund		(239,095)	\$239,095	0
Total	<u>0.00</u>	<u>(\$251,024)</u>	<u>\$239,095</u>	<u>(\$11,929)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 31.11 FTE positions, a decrease of 3.21 FTE positions from the authorized number of FTE positions for the 2005-07 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 13 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 2009-11 budget request.

One-Time Funding

In Section 19 of House Bill No. 1003, the Legislative Assembly identified \$28,382,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for one-time funding items for the North Dakota University System of which \$48,977 from the general fund is for extraordinary repairs and \$239,095 from the permanent oil tax trust fund is for a capital project at Minot State University - Bottineau. These amounts are not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and Minot State University - Bottineau is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of House Bill No. 1003 and House Bill No. 1030, to appropriate on a continuing basis (through June 30, 2009) all other funds, including tuition income, received by the institutions of higher education during the 2007-09 biennium. Consequently, the legislative appropriation for Minot State University - Bottineau does not include a specific appropriation of other funds, except for capital projects.

Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide funding of \$158,702 from the general fund for extraordinary repairs, an increase of \$48,977 from the 2005-07 biennium legislative appropriation of \$109,725. Of the \$158,702, \$109,725 is considered base funding and \$48,977 is considered one-time funding.

Capital Projects

The Legislative Assembly changed the executive recommendation for funding for the university's steamline replacement project from \$239,095 from the general fund and \$12,905 from other funds to \$252,000 from other funds, of which \$239,095 is from the permanent oil tax trust fund.

Other Sections in House Bill No. 1003

Recruiting initiative - Section 5 provides that \$98,500 of the \$398,500 appropriated to the University System office for board initiatives is to be used for a recruiting initiative for Minot State University - Bottineau. The funding for the initiative is provided for a two-year pilot basis, and Minot State University - Bottineau is to report on the effectiveness of the initiative to the Appropriations Committees of the 61st Legislative Assembly.

Thatcher Hall renovation and addition - Section 20 provides that the State Board of Higher Education use \$200,000 of the North Dakota University System office unspent 2005-07 general fund appropriation authorized to continue under North Dakota Century Code Section 54-44.1-11 for completing and furnishing the Thatcher Hall renovation and addition at Minot State University - Bottineau.

**North Dakota State University
Budget No. 235
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	498.12	\$99,027,336	\$20,500,000	\$119,527,336
2007-09 legislative appropriations	498.12	98,302,791¹	46,500,000	144,802,791
Legislative increase (decrease) to executive budget	0.00	(\$724,545)	\$26,000,000	\$25,275,455
Legislative increase (decrease) to 2005-07 appropriations	14.13	\$19,905,915	\$9,000,000	\$28,905,915

¹ This amount includes \$7,016,935 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$91,285,856.

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

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided a .25 percent operating reduction		(\$224,545)		(\$224,545)
Changed the funding source for \$500,000 of the total \$5 million appropriation for the Minard Hall renovation project from the general fund to special funds to provide for a local match		(500,000)	\$500,000	0
Provided a special funds appropriation to reauthorize the Bison Sports Arena renovation project			25,500,000	25,500,000
Total	0.00	(\$724,545)	\$26,000,000	\$25,275,455

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 498.12 FTE positions, an increase of 14.13 FTE positions from the authorized number of FTE positions for the 2005-07 biennium. The increase in FTE positions adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 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 2009-11 budget request.

One-Time Funding

In Section 19 of House Bill No. 1003, the Legislative Assembly identified \$28,382,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for one-time funding items for the North Dakota University System, of which \$2,516,935 from the general fund is for extraordinary repairs and \$4.5 million from the general fund is for the Minard Hall renovation project at North Dakota State University. These amounts are not to be considered part of the agency's base

budget for preparing the 2009-11 executive budget and North Dakota State University is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in Bill

College of Business building - Section 22 provides that the State Board of Higher Education may enter agreements with the North Dakota State University Foundation or other private entity to allow for construction by the foundation or other private entity of a College of Business building off the North Dakota State University campus, using donations, gifts, or other private funds.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of House Bill No. 1003 and House Bill No. 1030, to appropriate on a continuing basis (through June 30, 2009) all other funds, including tuition income, received by the institutions of higher education during the 2007-09 biennium. Consequently, the legislative appropriation for North Dakota State University does not include a specific appropriation of other funds, except for capital projects.

Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide funding of \$4,209,161 from the general fund for extraordinary repairs, an increase of \$2,516,935 from the 2005-07 biennium legislative appropriation of \$1,692,226. Of the \$4,209,161, \$1,692,226 is considered base funding and \$2,516,935 is considered one-time funding.

Capital Projects

Minard Hall renovation project - The Legislative Assembly appropriated \$5 million, of which \$4.5 million is from the general fund and \$500,000 is from special funds for Phases 1 and 2 of the Minard Hall renovation project. The \$4.5 million appropriation from the general fund is considered one-time funding.

Dakota Coteau Field Research School - The Legislative Assembly did not change the executive recommendation to authorize \$4 million in special funds for the Dakota Coteau Field Research School to be located along North Dakota State Highway 36 midway between Woodworth and Pingree.

Ellig Softball Complex - The Legislative Assembly did not change the executive recommendation to authorize \$4.5 million in special funds for renovation of the Ellig Softball Complex.

Living Learning Residence Hall West/Ceres Hall - The Legislative Assembly did not change the executive recommendation of \$12 million of special funds spending authority from the issuance of revenue bonds for construction of a Living Learning Residence Hall.

Bison Sports Arena - The Legislative Assembly provided \$25.5 million of special funds spending authority for reauthorization of the university's Bison Sports Arena renovation project.

**State College of Science
Budget No. 238
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	156.77	\$30,416,758	\$8,414,000	\$38,830,758
2007-09 legislative appropriations	<u>156.77</u>	<u>29,126,813¹</u>	<u>10,084,420</u>	<u>39,211,233</u>
Legislative increase (decrease) to executive budget	0.00	(\$1,289,945)	\$1,670,420	\$380,475
Legislative increase (decrease) to 2005-07 appropriations	(23.11)	\$3,386,653	\$7,279,500	\$10,666,153

¹This amount includes \$983,113 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$28,143,700.

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

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided a .25 percent operating reduction		(\$69,525)		(\$69,525)
Provided funding for support of the nanoscience initiative		350,000		350,000
Provided additional funding for support of campus operations		100,000		100,000
Changed the executive recommendation for funding for the college's steamline project from \$1,670,420 from the general fund to \$1,670,420 from the permanent oil tax trust fund		(1,670,420)	\$1,670,420	0
Total	<u>0.00</u>	<u>(\$1,289,945)</u>	<u>\$1,670,420</u>	<u>\$380,475</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 156.77 FTE positions, a decrease of 23.11 FTE positions from the authorized number of FTE positions for the 2005-07 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 13 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 2009-11 budget request.

One-Time Funding

In Section 19 of House Bill No. 1003, the Legislative Assembly identified \$28,382,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for one-time funding items for the North Dakota University System of which \$350,000 from the general fund is for support of the Center for Nanoscience and Technology Training and \$633,113 from the general fund is for extraordinary repairs at the State College of Science. This amount is not to be considered part of

the agency's base budget for preparing the 2009-11 executive budget and the State College of Science is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of House Bill No. 1003 and House Bill No. 1030, to appropriate on a continuing basis (through June 30, 2009) all other funds, including tuition income, received by the institutions of higher education during the 2007-09 biennium. Consequently, the legislative appropriation for the State College of Science does not include a specific appropriation of other funds, except for capital projects.

Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide funding of \$1,386,445 from the general fund for extraordinary repairs, an increase of \$633,113 from the 2005-07 biennium legislative appropriation of \$753,332. Of the \$1,386,445, \$753,332 is considered base funding and \$633,113 is considered one-time funding.

Capital Projects

The Legislative Assembly authorized the following projects:

	2007-09 Executive Budget Recommendation			2007-09 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Football stadium and track renovation		\$1,700,000	\$1,700,000		\$1,700,000	\$1,700,000
Parking lot (revenue bonds)		714,000	714,000		714,000	714,000
Robertson Hall renovation (revenue bonds)		6,000,000	6,000,000		6,000,000	6,000,000
Steamline distribution replacement ¹	\$1,670,420		1,670,420		1,670,420	1,670,420
Total	\$1,670,420	\$8,414,000	\$10,084,420	\$0	\$10,084,420	\$10,084,420

¹The Legislative Assembly changed the executive recommendation for funding for the college's steamline project from the general fund to the permanent oil tax trust fund.

Other Sections in Bill

Steamline replacement - Section 10 identifies funding from the permanent oil tax trust fund for the college's steamline replacement project.

Bond issuance authorization - Section 16 provides for the State Board of Higher Education to issue revenue bonds for the Robertson Hall renovation (\$6 million) and parking lot construction (\$714,000) at the State College of Science.

**University of North Dakota
Budget No. 230
House Bill No. 1003, Senate Bill No. 2379**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	637.24	\$115,408,905	\$78,200,000	\$193,608,905
2007-09 legislative appropriations	637.24	115,120,705¹	77,920,000	193,040,705
Legislative increase (decrease) to executive budget	0.00	(\$288,200)	(\$280,000)	(\$568,200)
Legislative increase (decrease) to 2005-07 appropriations	13.48	\$19,808,558	(\$19,911,554)	(\$102,996)

¹This amount includes \$5,808,330 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$109,312,375.

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

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:					
Provided a .25 percent operating reduction			(\$268,200)		(\$268,200)
Provided funding for the costs of a Nursing Education Consortium mobile simulation laboratory program to travel the state and provide clinical education for nursing students and clinical education to medical facility staff. This appropriation is considered one-time funding (Senate Bill No. 2379).			200,000		200,000
Changed funding source for a portion of the total appropriation for the O'Kelly Hall and Ireland Laboratory renovation projects. The total appropriation is \$2.2 million, of which \$1,980,000 is from the general fund and \$220,000 is from special funds.			(220,000)	220,000	0
Reduced special funds spending authority from \$4.5 million to \$4 million for a new Bismarck Family Practice Center				(500,000)	(500,000)
Total		0.00	(\$288,200)	(\$280,000)	(\$568,200)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 637.24 FTE positions, an increase of 13.48 FTE positions from the authorized number of FTE positions for the 2005-07 biennium. The increase in FTE positions adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 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 2009-11 budget request.

One-Time Funding

In Section 19 of House Bill No. 1003, the Legislative Assembly identified \$28,382,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for one-time funding items for the North Dakota University System, of which \$3,628,330 from the general fund is for extraordinary repairs, \$1,980,000 from the general fund is for the O'Kelly Hall and Ireland Laboratory renovation projects, and \$200,000 from the general fund is for the Nursing Education Consortium at the University of North Dakota. These amounts are not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the University of North Dakota is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of House Bill No. 1003 and House Bill No. 1030, to appropriate on a continuing basis (through June 30, 2009) all other funds, including tuition income, received by the institutions of higher education during the 2007-09 biennium. Consequently, the legislative appropriation for the University of North Dakota does not include a specific appropriation of other funds, except for capital projects.

Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide funding of \$5,928,875 from the general fund for extraordinary repairs, an increase of \$3,638,330 from the 2005-07 biennium legislative appropriation of \$2,300,545. Of this amount \$2,300,545 is considered base funding and \$3,628,330 is considered one-time funding.

Capital Projects

Allied Health facility - The Legislative Assembly did not change the executive recommendation to appropriate \$20.4 million from special funds for an Allied Health facility.

American Indian Center - The Legislative Assembly did not change the executive recommendation to appropriate \$10 million from special funds for a new American Indian Center.

Energy and Environmental Research Center Commercialization Center - The Legislative Assembly did not change the executive recommendation to appropriate \$5 million from special funds for the Energy and Environmental Research Center (EERC) Commercialization Center which will provide space for private sector business and industry.

Earth systems science building - The Legislative Assembly did not change the executive recommendation to appropriate \$5 million from special funds for an earth systems science building. The facility will feature wind, solar, and geothermal energy production along with specialized treatment facilities for waste water and refuse.

Indoor track facility - The Legislative Assembly did not change the executive recommendation to appropriate \$15 million from special funds for an indoor track facility.

Memorial Union front entrance - The Legislative Assembly did not change the executive recommendation to appropriate \$4.5 million from special funds for the Memorial Union front entrance renovation project.

O'Kelly Hall and Ireland Laboratory renovation projects - The Legislative Assembly appropriated \$2.2 million, of which \$1,980,000 is from the general fund and \$220,000 is from special funds, for the O'Kelly Hall and Ireland Laboratory renovation projects.

University of North Dakota School of Medicine and Health Sciences renovation project - The Legislative Assembly did not change the executive recommendation to appropriate \$9.8 million from special funds for laboratory and administrative support space renovation projects at the University of North Dakota School of Medicine and Health Sciences.

Bismarck Family Practice Center building - The Legislative Assembly appropriated \$4 million from special funds for a University of North Dakota School of Medicine and Health Sciences Center for Family Practice building in Bismarck.

Wilkerson dining center renovation - The Legislative Assembly did not change the executive recommendation to authorize \$4 million of special funds spending authority from the issuance of revenue bonds for the Wilkerson dining center renovation project.

**University of North Dakota School of Medicine and Health Sciences
Budget No. 232
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	155.74	\$33,874,938	\$0	\$33,874,938
2007-09 legislative appropriations	157.74	34,488,501¹		34,488,501
Legislative increase (decrease) to executive budget	2.00	\$613,563	\$0	\$613,563
Legislative increase (decrease) to 2005-07 appropriations	(20.82)	\$3,127,499	\$0	\$3,127,499

¹ This amount includes \$460,800 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$34,027,701.

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

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Provided a .25 percent operating reduction		(\$86,437)		(\$86,437)
Provided funding for recruiting two new faculty positions specializing in bacteriology and immunology. Of the total appropriation, \$460,800 is considered one-time funding and \$239,200 is considered base funding.	2.00	700,000		700,000
Total	2.00	\$613,563	\$0	\$613,563

FTE Changes

The Legislative Assembly authorized funding for 157.74 FTE positions, an increase of 2 FTE positions from the executive recommendation and a reduction of 20.82 FTE positions from the authorized number of FTE positions for the 2005-07 biennium. The reduction in FTE positions adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 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 2009-11 budget request.

One-Time Funding

In Section 19 of House Bill No. 1003, the Legislative Assembly identified \$28,382,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for one-time funding items for the North Dakota University System of which \$460,800 from the general fund is for recruiting two new faculty positions for the Medical School. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the University of North Dakota School of Medicine and Health Sciences is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in Bill

Bismarck Family Practice Center - Section 25 of the bill provides legislative intent that the University of North Dakota School of Medicine and Health Sciences may construct, renovate, remodel, purchase, or lease a building for the Bismarck Family Practice Center.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of House Bill No. 1003 and House Bill No. 1030, to appropriate on a continuing basis (through June 30, 2009) all other funds, including tuition income, received by the institutions of higher education during the 2007-09 biennium. Consequently, the legislative appropriation for the University of North Dakota School of Medicine and Health Sciences does not include a specific appropriation of other funds.

**Valley City State University
Budget No. 242
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	78.15	\$15,979,831	\$0	\$15,979,831
2007-09 legislative appropriations	<u>78.15</u>	<u>14,146,372¹</u>	<u>2,200,000</u>	<u>16,346,372</u>
Legislative increase (decrease) to executive budget	0.00	(\$1,833,459)	\$2,200,000	\$366,541
Legislative increase (decrease) to 2005-07 appropriations	(12.42)	\$1,831,430	\$2,200,000	\$4,031,430

¹This amount includes \$537,819 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$16,608,553.

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

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided a .25 percent operating reduction		(\$33,459)		(\$33,459)
Provided funding for support of campus operations		400,000		400,000
Changed the funding source for the university's steamline replacement project from the general fund to the permanent oil tax trust fund		(2,200,000)	\$2,200,000	0
Total	<u>0.00</u>	<u>(\$1,833,459)</u>	<u>\$2,200,000</u>	<u>\$366,541</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 78.15 FTE positions, a decrease of 12.42 FTE positions from the authorized number of FTE positions for the 2005-07 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 13 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 2009-11 budget request.

One-Time Funding

In Section 19 of House Bill No. 1003, the Legislative Assembly identified \$28,282,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for one-time funding items for the North Dakota University System of which \$537,819 from the general fund is for extraordinary repairs and \$2.2 million from the permanent oil tax trust fund is for a capital project at Valley City State University. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and Valley City State University is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of House Bill No. 1003 and House Bill No. 1030, to appropriate on a continuing basis (through June 30, 2009) all other funds, including tuition income, received by institutions of higher education during the 2007-09 biennium. Consequently, the legislative appropriation for Valley City State University does not include a specific appropriation of other funds, except for capital projects.

Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide funding of \$796,235 from the general fund for extraordinary repairs, an increase of \$537,819 from the 2005-07 biennium legislative appropriation of \$258,416. Of the \$796,235, \$258,416 is considered base funding and \$537,819 is considered one-time funding.

Capital Projects

The Legislative Assembly changed the executive recommendation for funding for the university's steamline replacement project from \$2.2 million from the general fund to \$2.2 million from the permanent oil tax trust fund.

**Williston State College
Budget No. 229
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	38.80	\$6,596,300	\$1,400,000	\$7,996,300
2007-09 legislative appropriations	39.80	6,579,702¹	2,300,000	8,879,702
Legislative increase (decrease) to executive budget	1.00	(\$16,598)	\$900,000	\$883,402
Legislative increase (decrease) to 2005-07 appropriations	(5.18)	\$650,230	(\$5,660,000)	(\$5,009,770)

¹This amount includes \$70,723 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$6,508,979.

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

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Provided a .25 percent operating reduction		(\$16,598)		(\$16,598)
Provided funding from the permanent oil tax trust fund for the service rig program, including 1 FTE position (\$140,000), operating (\$60,000), and construction of a new facility (\$700,000)	1.00		\$900,000	900,000
Total	1.00	(\$16,598)	\$900,000	\$883,402

FTE Changes

The 2007-09 biennium appropriation includes funding for 39.80 FTE positions, an increase of 1 FTE position from the executive recommendation of 38.80 FTE positions and a decrease of 5.18 FTE positions from the authorized number of FTE positions for the 2005-07 biennium. The Legislative Assembly authorized 1 FTE position for the college's service rig program. 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 13 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 2009-11 budget request.

One-Time Funding

In Section 19 of House Bill No. 1003, the Legislative Assembly identified \$28,382,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for one-time funding items for the North Dakota University System, of which \$70,723 from the general fund is for extraordinary repairs at Williston State College. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and Williston State College is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of House Bill No. 1003 and House Bill No. 1030, to appropriate on a continuing basis (through June 30, 2009) all other funds, including tuition income, received by the institutions of higher education during the 2007-09 biennium. Consequently, the legislative appropriation for Williston State College does not include a specific appropriation of other funds, except for capital projects.

Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide funding of \$157,198 from the general fund for extraordinary repairs, a decrease of \$19,277 from the 2005-07 biennium legislative appropriation of \$176,475. Of the \$157,198, \$86,475 is considered base funding and \$70,723 is considered one-time funding.

Capital Projects

The Legislative Assembly did not change the executive recommendation to provide \$1.4 million of special funds for the college's Creighton building addition project and added \$700,000 from the permanent oil tax trust fund for a service rig facility.

Other Sections in Bill

Service rig program - Section 10 provides \$900,000 from the permanent oil tax trust fund for the college's service rig program.

DEPARTMENT OF HUMAN SERVICES - SUMMARY

DEPARTMENTWIDE

Total funding - The chart below provides a comparison of legislative appropriations for the department for the 2007-09 biennium compared to the 2005-07 biennium.

Biennium	General Fund	Other Funds	Total
2007-09	\$591,962,788	\$1,290,084,630	\$1,882,047,418
2005-07	484,421,474	1,195,640,833	1,680,062,307
Increase (decrease)	\$107,541,314	\$94,443,797	\$201,985,111

FTE positions - The Department of Human Services is authorized a total of 2,210.78 full-time equivalent (FTE) positions for the 2007-09 biennium, an increase of 125.10 FTE positions compared to the executive budget and an increase of 163.35 FTE positions compared to the 2005-07 biennium. Changes compared to the 2005-07 biennium include:

- Adding 122.60 FTE positions associated with the state taking responsibility from the counties for administration of child support enforcement activities pursuant to provisions of Senate Bill No. 2205, 38.50 FTE positions for the State Hospital's secure services unit, 11 FTE positions at the human service centers, and 2 FTE positions in the central office.
- Removing 8 FTE children's special health services positions transferred to the State Department of Health, 1.75 FTE infant development positions privatized at the human service centers, and 1 FTE position in the central office not requested by the agency.

Anticipated salary savings - The Legislative Assembly did not change the executive recommendation which reduced salaries and wages funding from the general fund at the State Hospital and Developmental Center in anticipation of savings from vacant positions and employee turnover during the 2007-09 biennium. In addition, the Legislative Assembly reduced salaries and wages funding from the general fund in the Management and Program and Policy subdivisions in anticipation of savings from vacant positions and employee turnover. The reductions made are:

Management	\$200,000
Program and policy	400,000
State Hospital	1,059,046
Developmental Center	1,047,908
Total general fund reduction	\$2,706,954

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 2007-09 biennium. The department is to report to the Budget Section after June 30, 2008, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 2009 Legislative Assembly regarding any transfers made.

FMAP - The federal medical assistance percentage (FMAP) determines the state and federal share of Medicaid, foster care, and other program costs within the department. The schedule below presents recent and projected FMAPs for North Dakota. The Legislative Assembly did not change the executive budget recommendation which provided \$9.12 million of additional general fund support as a result of North Dakota's FMAP reductions projected for the 2007-09 biennium.

Federal Fiscal Year	North Dakota's FMAP Estimates
2004	71.31
2005	67.49
2006	65.85
2007	64.72
2008	63.75
2009 (estimate)	64.08

Inflationary increases - The Legislative Assembly provided a total of \$57.5 million, of which \$20.7 million is from the general fund and \$525,597 is from the health care trust fund, to provide a 4 percent inflationary increase for the first year of the biennium and a 5 percent inflationary increase for the second year of the biennium for the department's service providers. The executive budget recommended providing 3 percent annual inflationary increases. The Legislative Assembly added \$19.2 million, of which \$6.6 million is from the general fund and \$525,597 is from the health care trust fund, to the executive budget recommendation of \$38.3 million, of which \$14.1 million is from the general fund.

MANAGEMENT

MMIS project - The executive budget recommended and the Legislative Assembly approved the department's request for an additional \$31,072,641 to rewrite the Medicaid management information system (MMIS) computer application. Of the total, \$3,643,133 is state matching funds from the general fund. The 2005 Legislative Assembly appropriated \$29,188,859, of which \$3,667,820 was state matching funds from the permanent oil tax trust fund. Estimated total project costs include:

	State Match	Federal Funds	Total
2005-07 appropriation	\$3,667,820	\$25,521,039	\$29,188,859
2007-09 appropriation	3,643,133	27,429,508	31,072,641
Total	\$7,310,953	\$52,950,547	\$60,261,500

PROGRAM AND POLICY

TANF - Funding for temporary assistance for needy families (TANF) benefits is provided at \$22,439,980, of which \$4,314,942 is from the general fund, \$6,174,667 is retained funds, and \$11,950,371 is from federal funds and child support collections, the same as the executive budget and \$1,820,020 less than the 2005-07 legislative appropriation of \$24,260,000. The funding level is anticipated to provide services for an average monthly caseload of 2,750 and to provide an average monthly payment of \$340 per case for the 2007-09 biennium.

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 100 percent of the excess costs. The Legislative Assembly provided \$2,919,731 for these grants, of which \$955,124 is from the general fund and \$1,964,607 is from "retained funds," \$617,076 less than the executive budget and \$192,050 less than the 2005-07 biennium appropriation. All changes to the funding were made to the general fund. The legislative reduction relates to the state taking responsibility for administration of child support enforcement from the counties as provided in Senate Bill No. 2205.

Child support enforcement activities - The Legislative Assembly approved Senate Bill No. 2205 providing for state administration of child support enforcement activities. Under provisions of the bill, the regional child support enforcement units, including an estimated 122.6 FTE positions, currently under county supervision are transferred to the Department of Human Services effective July 1, 2007. The bill includes an appropriation of \$12,488,292, of which \$6,873,169 is from the general fund; however, these amounts are net of the \$617,076 Indian county allocation adjustment (see **Indian county allocation** section above); therefore, the total funding provided for these enforcement activity costs for the 2007-09 biennium is \$13,105,368, of which \$7,490,245 is from the general fund.

Basic care assistance - The schedule below provides a comparison of funding for basic care assistance. The Legislative Assembly added funding to provide a 4 percent inflationary increase for the first year of the biennium and a 5 percent increase for the second year for basic care assistance providers rather than the 3 percent annual inflationary increase recommended in the executive budget and reduced funding to reflect an anticipated reduction in the cost and caseload/utilization of the program from the amounts included in the executive budget.

	2005-07 Biennium	2007-09 Executive Budget	2007-09 Legislative Appropriation	2007-09 Legislative Increase (Decrease) to 2007-09 Executive Budget	2007-09 Legislative Increase (Decrease) to 2005-07
Total basic care assistance	\$13,301,971	\$14,401,246	\$14,083,121	(\$318,125)	\$781,150
General fund	\$5,374,918	\$6,323,372	\$6,097,305	(\$226,067)	\$722,387
Health care trust fund	\$158,095			\$0	(\$158,095)
"Retained funds"	\$2,284,362	\$2,284,362	\$2,284,362	\$0	\$0
Federal funds	\$5,484,596	\$5,793,512	\$5,701,454	(\$92,058)	\$216,858

Medical assistance - 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. The Legislative Assembly made a number of adjustments to the funding for medical assistance grants, including:

- Adding funds to provide for an inflationary increase of 4 percent for the first year of the biennium and a 5 percent increase for the second year rather than the 3 percent annual increases recommended by the Governor; continuous eligibility for children; additional dental services for children; increased payment rates for critical access hospitals, chiropractors, and ambulance services; a Medicaid buyin program for families of children with disabilities; a Medicaid waiver program to provide in-home services to children with extraordinary medical needs; and increasing the Medicaid eligibility level for children from 100 percent to 133 percent of poverty if allowed by the federal government.
- Reducing funds to reflect an anticipated reduction in funding needed for inpatient hospital services, prescription drugs, and durable medical equipment.

	2005-07 Biennium	2007-09 Executive Budget	2007-09 Legislative Appropriation	2007-09 Legislative Increase (Decrease) to 2007-09 Executive Budget	2007-09 Legislative Increase (Decrease) to 2005-07
Total medical assistance	\$369,706,833	\$382,231,740	\$396,153,123	\$13,921,383	\$26,446,290
General fund	\$87,151,956	\$99,271,951	\$104,104,510	\$4,832,559	\$16,952,554
Federal funds	\$256,278,074	\$252,049,579	\$261,138,403	\$9,088,824	\$4,860,329
Health care trust fund	\$846,712				(\$846,712)
Community health trust fund	\$254,356	\$213,904	\$213,904	\$0	(\$40,452)
Estate collections	\$4,003,032	\$3,400,000	\$3,400,000	\$0	(\$603,032)
Other funds	\$21,172,703	\$27,296,306	\$27,296,306	\$0	\$6,123,603

Medicare Part D "clawback" payments - The Legislative Assembly appropriated \$19,149,615 from the general fund for making Medicare Part D prescription drug "clawback" payments to the federal government for the estimated prescription drug costs paid by Medicare for individuals eligible for both Medicare and Medicaid, the same amount recommended in the executive budget. Of the 2005-07 biennium funding provided for prescription drug expenditures in the Medicaid program, \$15,851,709 from the general fund was allocated for "clawback" payments.

Healthy Steps - The Legislative Assembly provided funding of \$20,204,746, of which \$4,649,132 is from the general fund and \$15,555,614 is federal funds for Healthy Steps (children's health insurance program). The amount provided is \$514,441 more than the executive budget. The general fund amount was reduced by \$316,423 and federal funds increased by \$830,864. Compared to the 2005-07 legislative appropriation, the funding provided is a \$8,129,204 increase, \$1,753,899 of which is from the general fund and \$6,375,305 of federal funds. The Legislative Assembly made a number of adjustments to the funding

for Healthy Steps, including adding funding to allow income eligibility disregards similar to the Medicaid program and reducing funding to reflect an anticipated reduction in the cost and caseload/utilization of the program from the amounts included in the executive budget. In addition, the Legislative Assembly, in House Bill No. 1463, increased Medicaid eligibility for children under 19 years of age from 100 percent to 133 percent of poverty and the children's health insurance program net income eligibility from 140 percent to 150 percent of poverty. The Medicaid eligibility change is contingent on the federal government's approval. If the federal government does not approve the change, the children's health insurance program eligibility change is contingent on the federal government providing additional children's health insurance program funding to provide the additional federal matching funds needed to allow for this change to be made.

Developmental disabilities grants - The schedule below provides a comparison of funding for developmental disabilities (DD) grants. The Legislative Assembly added funding to provide a 4 percent inflationary increase for the first year of the biennium and a 5 percent increase for the second year for developmental disabilities service providers rather than the 3 percent annual inflationary increase recommended in the executive budget and reduced funding to reflect an anticipated reduction in the cost and caseload/utilization of the program from the amounts included in the executive budget. The Legislative Assembly did not change the executive recommendation to increase the average wage of employees of developmental disabilities service providers by 60 cents per hour effective July 1, 2007. In addition, the Legislative Assembly provided a \$3.5 million contingent appropriation from Bank of North Dakota loan proceeds to provide additional state matching funds for developmental disabilities services grants, contingent on cost and caseload/utilization being more than anticipated and subject to Budget Section approval.

	2005-07 Biennium	2007-09 Executive Budget	2007-09 Legislative Appropriation	2007-09 Legislative Increase (Decrease) to 2007-09 Executive Budget	2007-09 Legislative Increase (Decrease) to 2005-07
Total DD grants	\$211,379,320	\$267,128,377	\$274,423,470	\$7,295,093	\$63,044,150
General fund	\$74,552,161	\$96,812,766	\$95,952,600	(\$860,166)	\$21,400,439
Health care trust fund	\$975,408				(\$975,408)
Contingent Bank of North Dakota loan proceeds			\$3,500,000	\$3,500,000	\$3,500,000
Federal funds	\$135,851,751	\$170,315,611	\$174,970,870	\$4,655,259	\$39,119,119

Nursing facilities - The schedule below provides a comparison of the funding provided for nursing facility payments under the medical assistance program. The Legislative Assembly added funding to provide a 4 percent inflationary increase for the first year of the biennium and a 5 percent increase for the second year for nursing facilities rather than the 3 percent annual inflationary increase recommended in the executive budget and reduced funding to reflect an anticipated reduction in the cost and caseload/utilization of the nursing facility services from the amounts included in the executive budget. The Legislative Assembly did not change the executive recommendation to include funding to rebase nursing home rates effective January 1, 2009, and to change the nursing home rebasing formula to use the RS means construction index rather than the consumer price index.

	2005-07 Biennium	2007-09 Executive Budget	2007-09 Legislative Appropriation	2007-09 Legislative Increase (Decrease) to 2007-09 Executive Budget	2007-09 Legislative Increase (Decrease) to 2005-07
Total nursing facilities	\$343,013,040	\$378,455,376	\$371,475,215	(\$6,980,161)	\$28,462,175
General fund	\$120,807,641	\$136,360,652	\$133,318,915	(\$3,041,737)	\$12,511,274
Health care trust fund	\$736,598		\$525,597	\$525,597	(\$211,001)
Federal funds	\$221,468,801	\$242,094,724	\$237,630,703	(\$4,464,021)	\$16,161,902

SPED - The schedule below provides a comparison of funding for service payments for elderly and disabled (SPED). The Legislative Assembly added funding to increase the inflationary rate for SPED from 3 percent for each year of the biennium as recommended in the executive budget to 4 percent for the first year of the biennium and 5 percent for the second year. The Legislative Assembly did not approve the executive recommendation to require individuals to need assistance in at least one activity of daily living (ADL) in order to be eligible for the program. The Legislative Assembly added funding to provide that qualified service providers be paid using a fee-for-service method based on 15-minute units of service.

	2005-07 Biennium	2007-09 Executive Budget	2007-09 Legislative Appropriation	2007-09 Legislative Increase (Decrease) to 2007-09 Executive Budget	2007-09 Legislative Increase (Decrease) to 2005-07
Total SPED	\$13,021,263	\$9,101,518	\$11,945,116	\$2,843,598	(\$1,076,147)
General fund	\$12,015,332	\$8,646,445	\$11,347,860	\$2,701,415	(\$667,472)
Health care trust fund	\$140,431				(\$140,431)
County funds	\$639,780	\$435,656	\$597,256	\$161,600	(\$42,524)
Federal funds	\$225,720	\$19,417		(\$19,417)	(\$225,720)

Residential substance abuse treatment services - The Legislative Assembly added \$134,000 from the general fund for increasing the department's contract from \$500,000 as recommended in the executive budget and provided for the 2005-07 biennium to \$634,000 for substance abuse treatment services at the Robinson Recovery Center. This amount is prior to any inflationary increases or other legislative adjustments. The executive budget also included \$700,000 from the general fund for adding a second residential treatment center for providing methamphetamine treatment services. The Legislative Assembly provided that this funding be used for increasing the number of individuals receiving methamphetamine treatment services at the Robinson Recovery Center.

Community-based sex offender treatment services - The Legislative Assembly did not change the executive recommendation which included \$2,774,562 from the general fund for phasing in a community-based sex offender treatment program to provide services for up to 140 offenders.

STATE HOSPITAL

Secure services - The Legislative Assembly provided the following items for the secure services unit (sex offender treatment services and services to individuals that are mentally ill and dangerous) at the State Hospital:

- Provide \$3.1 million from the general fund to construct a high security addition to the GM building at the State Hospital for individuals requiring a high level of security within the secure services unit.
- Continue funding of \$2.3 million, of which \$2.2 million is from the general fund, and 19 FTE positions approved by the Emergency Commission during the 2005-07 biennium and related operating expenses for expanding the secure services unit from 42 beds to 62 beds during the 2005-07 biennium.
- Expand the secure services unit by an additional 20 beds for a total of 82 beds by providing an additional \$1.3 million from the general fund and by authorizing an additional 17.5 new FTE positions.

Capital improvements - The Legislative Assembly appropriated \$3,062,757 from the general fund for capital improvements, including upgrading the electrical service, road improvements, and lift station repairs. The amount provided is \$300,000 less than recommended in the executive budget. The Legislative Assembly did not change the executive recommendation to provide \$1,333,500 from the general fund for extraordinary repairs at the State Hospital.

DEVELOPMENTAL CENTER

Capital improvements - The Legislative Assembly provided \$300,000 from the general fund for capital improvement projects at the Developmental Center, \$647,092 less than the amount recommended in the executive budget. The Legislative Assembly provided \$547,092 from the general fund for extraordinary repairs at the Developmental Center, \$52,908 less than the executive recommendation.

HUMAN SERVICE CENTERS

Operating budget reductions - The Legislative Assembly reduced human service center operating budgets by a total of \$800,000 from the general fund as follows:

Human Service Center	Reduction Amount
Northwest	\$54,640
North Central	111,200
Lake Region	67,760
Northeast	123,600
Southeast	147,680
South Central	103,120
West Central	129,840
Badlands	62,160
Total	\$800,000

Department of Human Services

Budget No. 325

Senate Bill Nos. 2012, 2024, 2070, 2186, 2205, 2312, 2326, House Bill Nos. 1014, 1246, 1463

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	2,085.68	\$582,160,899	\$1,266,310,102	\$1,848,471,001
2007-09 legislative appropriations	2,210.78	591,962,788¹	1,290,084,630	1,882,047,418
Legislative increase (decrease) to executive budget	125.10	\$9,801,889	\$23,774,528	\$33,576,417
Legislative increase (decrease) to 2005-07 appropriations	163.35	\$107,541,314	\$94,443,797	\$201,985,111

¹This amount includes \$11,887,264 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$580,075,524.

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. 2189.

	Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:					
Departmentwide					
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$132,310)	(\$77,339)	(\$209,649)
Management					
Reduced funding for salaries and wages in anticipation of savings resulting from vacant positions and employee turnover			(200,000)		(200,000)
Program and Policy					
Reduced funding for salaries and wages in anticipation of savings resulting from vacant positions and employee turnover			(400,000)		(400,000)
Economic Assistance Policy					
Added funding in Senate Bill No. 2186 from federal temporary assistance for needy families (TANF) block grant funds for child care transition assistance				1,491,210	1,491,210

Added funding in Senate Bill No. 2186 from federal TANF block grant funds to establish a statewide system of early childhood care workforce development			500,000	500,000
Added funding in Senate Bill No. 2186 to replace the reduction in child care development fund grants		166,221		166,221
Added funding from federal TANF block grant funds for continuing the alternatives-to-abortion services program			400,000	400,000
Child Support				
Removed operating expenses funding for the Devils Lake Child Support Enforcement Unit due to provisions of Senate Bill No. 2205 providing for state administration of child support enforcement		(215,016)		(215,016)
Added funding in Senate Bill No. 2205 for state administration of child support enforcement	122.60	6,873,169	5,615,123	12,488,292
Medical Services				
Added funding to provide a 4 percent annual inflationary increase for the first year of the biennium and a 5 percent increase for the second year for the department's service providers rather than the 3 percent annual increase recommended by the Governor		2,111,480	4,279,531	6,391,011
Added funding to provide for continuous Medicaid eligibility for children under 19 years of age who are either categorically needy or optionally categorically needy beginning January 2008		1,500,000	2,664,354	4,164,354
Added salaries and wages funding for administration of the children's health insurance program	1.00	18,919	56,127	75,046
Added funding for the children's health insurance program to make policies relating to disregards similar to the Medicaid program		393,005	1,165,922	1,558,927
Added operating expense funding for providing additional outreach relating to the children's health insurance program. The department is to provide this funding to an entity that focuses on statewide community health care initiatives and issues.		114,201	338,799	453,000

Added funding for increasing Medicaid eligibility for children under 19 years of age to 133 percent of poverty and the children's health insurance program net income eligibility to 150 percent of poverty in accordance with provisions of House Bill No. 1463	833,039	701,775	1,534,814
Added contingent funding in House Bill No. 1463 for implementing expansion of the children's health insurance program to 150 percent of poverty if the federal government does not approve increasing Medicaid eligibility for children under 19 years of age to 133 percent of poverty	144,067	2,196,987	2,341,054
Added funding to implement cost-based reimbursement for critical hospitals	1,544,469	2,743,341	4,287,810
Added funding to increase Medicaid payment rates for chiropractic services	31,845	56,564	88,409
Added funding to increase Medicaid payment rates for ambulance services	125,000	222,029	347,029
Added funding in House Bill No. 1246 for increasing funding for children's dental services	160,000	284,198	444,198
Reduced funding to reflect an anticipated reduction in the cost and caseload/utilization of the following medical assistance services from the amounts included in the executive budget:			
• Inpatient hospital	(1,000,000)	(1,776,236)	(2,776,236)
• Drugs	(1,783,368)	(3,167,035)	(4,950,403)
• Healthy Steps	(200,000)	(593,336)	(793,336)
• Durable medical equipment	(166,269)	(295,177)	(461,446)
Added operating expenses funding and Section 7 requiring the department to develop a method for rebasing hospital, physician, dentist, ambulance, and chiropractic services payment rates under the Medicaid program. Any general fund amounts remaining from this \$175,000 appropriation may not be spent for other purposes but must be a part of the department's general fund turnback.	175,000	175,000	350,000
Removed funding added in the executive budget for registering and conducting background checks on certified nurse aides	(75,081)	(225,176)	(300,257)

Added funding in Senate Bill No. 2326 for establishing and implementing a Medicaid buyin program for families of children with disabilities and for the Medicaid waiver to provide in-home services to children with extraordinary medical needs	1.00	1,059,932	1,673,835	2,733,767
Long-Term Care Services				
Added funding to provide a 4 percent annual inflationary increase for the first year of the biennium and a 5 percent increase for the second year for the department's service providers rather than the 3 percent annual increase recommended by the Governor. Of the other funds, \$525,597 is from the health care trust fund for the additional state matching funds relating to nursing homes.		3,720,705	7,442,164	11,162,869
Added funding to continue the same service payments for elderly and disabled (SPED) eligibility criteria as in the 2005-07 biennium. The Governor had recommended changing the criteria to require individuals to need assistance in at least one activity of daily living (ADL) in order to be eligible for the program.		1,537,030	80,896	1,617,926
Added funding to provide that qualified service providers be paid using a fee-for-service method based on 15-minute units of service and that rates, prior to any 2007-09 biennium inflationary increases, for each 15-minute unit of service be: <ul style="list-style-type: none"> • Agency qualified service provider - \$4.50 • Individual qualified service provider - \$3.16 Three agency providers that are currently paid more than the \$4.50 rate will continue to be paid the higher rate.		2,154,808	1,983,921	4,138,729
Reduced funding to reflect an anticipated reduction in the cost and caseload/utilization of nursing home, aged and disabled waiver, basic care, and personal care option services from the amounts included in the executive budget		(6,185,000)	(10,986,015)	(17,171,015)
Reduced funding to reflect another anticipated reduction in the cost and caseload/utilization of basic care services from the amounts included in the executive budget		(216,537)	(145,565)	(362,102)
Reduced funding to reflect an anticipated reduction in the cost and caseload/utilization of developmental disabilities services from the amounts included in the executive budget		(3,575,000)	(6,350,042)	(9,925,042)

Added funding from a Bank of North Dakota loan for additional state matching funds for developmental disabilities services grants, contingent on cost and caseload/utilization being more than anticipated and subject to Budget Section approval		3,500,000	3,500,000
Added federal funds for developmental disabilities services grants associated with the contingent Bank of North Dakota loan		6,216,824	6,216,824
Added funding for the transition of selected Developmental Center residents to community programs	400,000	710,495	1,110,495
Added funding for increasing payment rates for children who are severely medically fragile residing at the Anne Carlsen Center for Children	300,000	532,871	832,871
Added funding for increasing payment rates for facilities serving children with behavioral challenges	200,000	355,247	555,247
Aging Services			
Added funding in Senate Bill No. 2070 for establishing or contracting for an Aging and Disability Resource Center. The other funds are from a federal grant.	40,000	800,000	840,000
Children and Family Services			
Added funding to provide a 4 percent annual inflationary increase for the first year of the biennium and a 5 percent increase for the second year for the department's service providers rather than the 3 percent annual increase recommended by the Governor	368,307	810,533	1,178,840
Reduced funding to reflect an anticipated reduction in the cost and caseload/utilization of subsidized adoption services from the amounts included in the executive budget	(300,000)	(426,392)	(726,392)
Added funding from federal TANF block grant funds to increase reimbursements for county child abuse and neglect assessments by \$100 per assessment		770,800	770,800
Added funding to provide a total of \$500,000 from the general fund for the Children's Advocacy Centers in Bismarck and Fargo	400,000		400,000
Added funding for the Healthy Families program--home visitation program for newborns and their parents	300,000		300,000

Mental Health and Substance Abuse Services

Added funding to provide a 4 percent annual inflationary increase for the first year of the biennium and a 5 percent increase for the second year for the department's service providers rather than the 3 percent annual increase recommended by the Governor	(240)	2,191	1,951
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Added funding for increasing the department's contract for substance abuse treatment services at the Robinson Recovery Center prior to any inflationary or other legislative increases	134,000		134,000
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Disabilities Services

Added funding to provide a 4 percent annual inflationary increase for the first year of the biennium and a 5 percent increase for the second year for the department's service providers rather than the 3 percent annual increase recommended by the Governor	35,192	4,844	40,036
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Added funding to support and maintain assistive technology services for the elderly and disabled provided through the interagency program for assistive technology (IPAT)	500,000		500,000
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Added funding to provide a total of \$1,381,457, of which \$546,040 is from the general fund for the centers for independent living	250,000		250,000
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Subtotal - Program and Policy changes	124.60	\$11,473,878	\$23,810,607	\$35,284,485
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State Hospital

Added funding for increasing security in the secure services unit	1.50	167,482		167,482
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Removed funding for a vocational training position in the secure services unit added in the executive budget	(1.00)	(69,028)	(1,445)	(70,473)
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Reduced funding for capital improvements from \$3,362,757 to \$3,062,757		(300,000)		(300,000)
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Subtotal - State Hospital changes	.50	(\$201,546)	(\$1,445)	(\$202,991)
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Developmental Center

Reduced funding for capital improvement projects from the general fund from \$947,092 to \$300,000		(647,092)		(647,092)
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Reduced funding for extraordinary repairs from \$600,000 to \$547,092	(52,908)		(52,908)
Subtotal - Developmental Center changes	(\$700,000)		(\$700,000)
Human Service Centers			
Northwest			
Added funding to provide a 4 percent annual inflationary increase for the first year of the biennium and a 5 percent increase for the second year for the department's service providers rather than the 3 percent annual increase recommended by the Governor	28,016		28,016
Reduced general fund support for the human service center	(54,640)		(54,640)
Subtotal - Northwest Human Service Center changes	(\$26,624)		(\$26,624)
North Central			
Added funding to provide a 4 percent annual inflationary increase for the first year of the biennium and a 5 percent increase for the second year for the department's service providers rather than the 3 percent annual increase recommended by the Governor	62,661		62,661
Reduced general fund support for the human service center	(111,200)		(111,200)
Subtotal - North Central Human Service Center changes	(\$48,539)		(\$48,539)
Lake Region			
Added funding to provide a 4 percent annual inflationary increase for the first year of the biennium and a 5 percent increase for the second year for the department's service providers rather than the 3 percent annual increase recommended by the Governor	40,912		40,912
Reduced general fund support for the human service center	(67,760)		(67,760)
Subtotal - Lake Region Human Service Center changes	(\$26,848)		(\$26,848)
Northeast			
Added funding to provide a 4 percent annual inflationary increase for the first year of the biennium and a 5 percent increase for the second year for the department's service providers rather than the 3 percent annual increase recommended by the Governor	46,332	5,727	52,059

Reduced general fund support for the human service center	(123,600)		(123,600)
Subtotal - Northeast Human Service Center changes	(\$77,268)	\$5,727	(\$71,541)
Southeast			
Added funding to provide a 4 percent annual inflationary increase for the first year of the biennium and a 5 percent increase for the second year for the department's service providers rather than the 3 percent annual increase recommended by the Governor	84,317		84,317
Reduced general fund support for the human service center	(147,680)		(147,680)
Subtotal - Southeast Human Service Center changes	(\$63,363)		(\$63,363)
South Central			
Added funding to provide a 4 percent annual inflationary increase for the first year of the biennium and a 5 percent increase for the second year for the department's service providers rather than the 3 percent annual increase recommended by the Governor	40,220	14,130	54,350
Reduced general fund support for the human service center	(103,120)		(103,120)
Subtotal - South Central Human Service Center changes	(\$62,900)	\$14,130	(\$48,770)
West Central			
Added funding to provide a 4 percent annual inflationary increase for the first year of the biennium and a 5 percent increase for the second year for the department's service providers rather than the 3 percent annual increase recommended by the Governor	40,277	22,655	62,932
Reduced general fund support for the human service center	(129,840)		(129,840)
Subtotal - West Central Human Service Center changes	(\$89,563)	\$22,655	(\$66,908)
Badlands			
Added funding to provide a 4 percent annual inflationary increase for the first year of the biennium and a 5 percent increase for the second year for the department's service providers rather than the 3 percent annual increase recommended by the Governor	19,132	193	19,325
Reduced general fund support for the human service center	(62,160)		(62,160)

Subtotal - Badlands Human Service Center changes	_____	(\$43,028)	\$193	(\$42,835)
Total	125.10	\$9,801,889	\$23,774,528	\$33,576,417

FTE Changes

The Legislative Assembly added 122.60 FTE positions relating to state administration of child support enforcement, 1 additional FTE position for administration of the children's health insurance program, 1 FTE position for establishing and implementing a Medicaid buyin program for families of children with disabilities and for the Medicaid waiver to provide in-home services to children with extraordinary medical needs, and 1.5 FTE security positions for the secure services unit at the State Hospital. The Legislative Assembly removed 1 FTE vocational training position in the secure services unit at the State Hospital added in the executive budget but did not change the following FTE adjustments recommended in the executive budget:

- Program and Policy subdivision - Transferred 8 FTE positions to the State Department of Health for children's special health services and removed 1 FTE economic assistance policy position not requested by the agency.
- State Hospital secure services unit - Added 19 FTE positions approved by the Emergency Commission, 1 FTE security position, 2 FTE senior resident positions, and 15 mental health care specialists.
- Human service centers - Removed 1.15 FTE infant development positions privatized at Northeast and a .6 FTE infant development position privatized at South Central and added 1 FTE addiction counselor at North Central; 1 FTE human service aide II at Lake Region; 1 FTE SMI case manager and 1 FTE addiction counselor at Northeast; 3 FTE SMI case managers, 2 FTE addiction counselors, and 1 FTE sexual abuse therapist at Southeast; and 1 FTE addiction counselor at West Central.

One-Time Funding

Section 11 of Senate Bill No. 2012 and Senate Bill No. 2024 include \$11,887,264 from the general fund identified by the Legislative Assembly as one-time funding. This amount relates to:

- Medicaid management information system (MMIS) computer project - \$3,643,133.
- State Hospital sex offender treatment addition - \$3,100,000.
- State Hospital capital improvements - \$3,062,757.
- State Hospital extraordinary repairs - \$1,153,500.
- Developmental Center capital improvements - \$300,000.
- Developmental Center extraordinary repairs - \$547,092.
- Developmental Center equipment - \$80,782.

This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Department of Human Services is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in Senate Bill No. 2012

Section 4 authorizes the department to transfer appropriation authority between line items within each subdivision and between subdivisions of the department. The department is to report to the Budget Section after June 30, 2008, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 2009 Legislative Assembly regarding any transfers made.

Section 5 authorizes the department, if cost and caseload/utilization of developmental disabilities services is more than anticipated by the Legislative Assembly and subject to Budget Section approval, to obtain a Bank of North Dakota loan for up to \$3.5 million for providing the state matching share of additional medical assistance grants for developmental disabilities services during the 2007-09 biennium.

Section 6 requires the department to implement a cost-based reimbursement system for inpatient and outpatient hospital services of critical access hospitals.

Section 7 provides that the department, with the assistance of a health care consultant, determine the estimated cost of rebasing Medicaid payment rates for hospital, physician, dentist, ambulance, and chiropractic services to the actual cost of providing these services for use in preparing the department's 2009-11 biennium budget request. The department is to report its findings and recommendations to the Appropriations Committees of the 2009 Legislative Assembly.

Section 8 provides for a Legislative Council study of nursing home rate equalization and nursing home provider taxes or assessments.

Section 9 provides for a Legislative Council study of infant development programs.

Section 10 provides legislative intent that developmental disabilities service providers give priority to using the increased funding being provided for the 2007-09 biennium for increasing employees' salaries.

Section 11 identifies one-time funding included in Senate Bill No. 2012.

Section 12 requires the department to use the \$700,000 from the general fund included in the operating expenses line item of the Program and Policy subdivision for increasing the number of individuals receiving methamphetamine treatment services at the Robinson Recovery Center.

Section 13 identifies \$525,597 of the department's other funds appropriation as being from the health care trust fund.

Section 14 provides legislative intent that the \$453,000 provided for the children's health insurance outreach program be provided to an entity that focuses on statewide community health care initiatives and issues.

Sections 15 through 20 and 23 provide the statutory changes necessary to transfer the children's special health services program from the Department of Human Services to the State Department of Health.

Section 21 changes the requirements of guardianship services for vulnerable adults.

Section 22 relates to nursing home property cost values of assets acquired as a result of a natural disaster.

Related Legislation

Senate Bill No. 2129 establishes fees for child support services.

Senate Bill No. 2132 authorizes the Department of Human Services to recover medical assistance benefits paid on behalf of a recipient from responsible third-party payers.

Senate Bill No. 2136 authorizes the Department of Human Services and the Department of Corrections and Rehabilitation to enter into an interagency agreement allowing the Department of Corrections and Rehabilitation to train, consult, and assist in the provision of security services at the State Hospital.

House Bill No. 1390 requires the department to provide liability coverage for family foster care homes for damage caused by a foster child.

House Bill No. 1463 raises Medicaid income eligibility for children under 19 years of age to 133 percent of poverty and net income eligibility for the children's health insurance program to 150 percent of poverty. Provisions of the bill are subject to approval by the federal government.

Adjutant General, including the National Guard and the Department of Emergency Services
Budget No. 540
Senate Bill No. 2016, House Bill No. 1014

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	232.00	\$21,711,846	\$121,694,392	\$143,406,238
2007-09 legislative appropriations	232.00	21,802,813¹	121,675,673	143,478,486
Legislative increase (decrease) to executive budget	0.00	\$90,967	(\$18,719)	\$72,248
Legislative increase (decrease) to 2005-07 appropriations	39.00	(\$3,858,088) ²	\$32,371,595	\$28,513,507

¹This amount includes \$2,781,970 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$19,020,843.

²This amount reflects the 2005-07 deficiency appropriation of \$4.1 million from the general fund to the Adjutant General to repay the Bank of North Dakota for the state's share of disaster costs.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$9,033)	(\$18,719)	(\$27,752)
Reduced funding for special assessment payments (National Guard)		(320,000)		(320,000)
Provided funding for increasing armory lease payments or providing deferred maintenance grants to political subdivision-owned armories as determined appropriate by the Adjutant General (National Guard)		120,000		120,000
Provided funding for salary equity and pay grade adjustments for State Radio employees based on a compensation plan established by the Adjutant General (Department of Emergency Services)		300,000		300,000
Total	0.00	\$90,967	(\$18,719)	\$72,248

FTE Changes

The 2007-09 biennium appropriation includes funding for 232 FTE positions, an increase of 39 FTE positions from the 2005-07 biennium authorized level of 193 FTE positions. The Legislative Assembly did not change the executive recommendation to add 2 FTE family program counselor positions, 7 FTE security positions relating to the agency's Air Guard contract, 28 FTE security positions relating to the agency's Army Guard contract, 1 FTE public information officer position, and 1 FTE grants officer position.

One-Time Funding

In Section 9 of Senate Bill No. 2016, the Legislative Assembly identified \$2,781,970 from the general fund as one-time funding items. These items, which are summarized as follows, are not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Adjutant General is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding:

Computer-aided dispatch project	\$980,000
Motorola lease purchase payment (general fund portion)	1,084,970
Special assessments	92,000
Deferred maintenance	625,000
Total	\$2,781,970

Capital Asset Funding

The Legislative Assembly provided funding of \$2,456,014, of which \$2,015,637 is from the general fund and \$440,377 is from special funds, for capital assets. The funding of \$2,456,014 is a decrease of \$320,000 from the executive recommendation of \$2,776,014. The following is a summary of the capital asset funding:

	2007-09 Executive Recommendation			2007-09 Legislative Appropriation		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
National Guard						
Payment in lieu of taxes (Camp Grafton)	\$35,000		\$35,000	\$35,000		\$35,000
Bond payments	70,667		70,667	70,667		70,667
Special assessments	470,000		470,000	150,000		150,000
Extraordinary repairs	625,000		625,000	625,000		625,000
Equipment over \$5,000	50,000		50,000	50,000		50,000
Subtotal - National Guard	\$1,250,667		\$1,250,667	\$930,667		\$930,667
Department of Emergency Services						
Motorola lease purchase agreement payment	\$1,084,970	\$440,377	\$1,525,347	\$1,084,970	\$440,377	\$1,525,347
Grand total - Adjutant General	\$2,335,637	\$440,377	\$2,776,014	\$2,015,637	\$440,377	\$2,456,014

Tuition and Enlistment Compensation

The Legislative Assembly did not change the executive recommendation to provide \$2,407,500 from the general fund for the tuition and enlistment compensation program, an increase of \$400,000 from the 2005-07 biennium appropriation of \$2,007,500. The additional \$400,000 is for recruitment and retention bonuses. The tuition and enlistment compensation program is a scholarship program providing approximately \$1,000 per semester for eligible students taking 12 or more credits. Students taking fewer than 12 credits receive lower payments. In addition, under North Dakota Century Code (NDCC) Section 37-07.1-03, the accredited postsecondary institution waives 25 percent of the total tuition cost for each eligible student.

Veterans Cemetery

The Legislative Assembly provided funding of \$354,922, of which \$238,585 is from the general fund and \$116,337 is special funds from the Veterans Cemetery maintenance fund, for the operation of the Veterans Cemetery. This represents an increase in funding of \$64,351 from the 2005-07 biennium appropriation of \$290,571, of which \$216,297 was from the general fund and \$74,274 was special funds from the Veterans Cemetery maintenance fund. Section 4 of Senate Bill No. 2106 provides that any additional funds received by the Adjutant General and deposited in the Veterans Cemetery maintenance fund pursuant to NDCC Sections 37-03-14 and 39-04-10.10 for the operation of the North Dakota Veterans Cemetery are appropriated to the Adjutant General.

Other Sections in Senate Bill No. 2016

Line item transfer authority - Section 5 provides that the Adjutant General may transfer up to \$500,000 from various line items to the operating expenses and capital assets line items for the maintenance and repair of state-owned armories during the 2007-09 biennium. Any amounts transferred must be reported to the Office of Management and Budget.

Department of Emergency Services Advisory Committee - Section 6 provides legislative intent that the Adjutant General consider changing the membership of the Department of Emergency Services Advisory Committee established pursuant to NDCC Section 37-17.1-02.2 to remove representatives of the Information Technology Department and the Infragard and include representatives of the North Dakota Healthcare Association and North Dakota Sheriffs Association.

Homeland security funding - Section 7 provides legislative intent that political subdivisions place a greater influence on allocations of federal homeland security funding to emergency medical services and hospitals.

Legislative Council study - Section 8 provides that the Legislative Council consider studying, during the 2007-08 interim, the Department of Emergency Services, including the Division of Homeland Security and the Division of State Radio. The study should include a review of the allocation of federal homeland security funding, the operation of State Radio, and potential changes to the 911 fee structure to continue salary equity funding provided in the 2007-09 biennium.

Transfer to the Veterans Cemetery trust fund - Section 10 amends Section 6 of 2005 House Bill No. 1017 to provide that any unexpended general fund appropriation authority relating to the \$5 million appropriated for the payment of adjusted compensation to veterans during the 2005-07 and 2007-09 bienniums is not subject to the provisions of NDCC Section 54-44.1-11 and must be transferred to the Veterans Cemetery trust fund during the 2009-11 biennium.

Related Legislation

2005-07 deficiency appropriation - Senate Bill No. 2023 provides a \$4.1 million general fund deficiency appropriation for the 2005-07 biennium to repay the Bank of North Dakota for the state's share of disaster costs.

Tuition and enlistment compensation program and adjusted compensation program - Senate Bill No. 2115 modifies the tuition and enlistment compensation program to allow any qualifying member of the National Guard to enroll in any accredited postsecondary institution and modifies the adjusted compensation program for veterans to continue the program through the 2007-09 biennium and to include nonresident members of the North Dakota National Guard.

Veterans' number plates - Senate Bill No. 2263 modifies the funding structure for the initial and annual fees paid for veterans' license plates.

Adjusted compensation program - House Bill No. 1291 increases the death benefit provided under the adjusted compensation program for veterans from \$2,500 to \$5,000.

Office of Administrative Hearings
Budget No. 140
House Bill Nos. 1017, 1014

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	8.00	\$0	\$1,694,091	\$1,694,091
2007-09 legislative appropriations	8.00		1,642,863	1,642,863
Legislative increase (decrease) to executive budget	0.00	\$0	(\$51,228)	(\$51,228)
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$0	\$333,019	\$333,019

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. 2189. In addition, the Legislative Assembly did not change the executive recommendation providing \$120,528 of special funds for equity salary adjustments for administrative law judges.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$1,228)	(\$1,228)
Reduced funding for professional fees for temporary law judges			(50,000)	(50,000)
Total	0.00	\$0	(\$51,228)	(\$51,228)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 8 FTE positions, the same as the 2005-07 biennium.

**Aeronautics Commission
Budget No. 412
House Bill Nos. 1006, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	6.00	\$550,000	\$6,522,844	\$7,702,844
2007-09 legislative appropriations	6.00	550,000	6,522,036	7,072,036
Legislative increase (decrease) to executive budget	0.00	\$0	(\$808)	(\$808)
Legislative increase (decrease) to 2005-07 appropriations	0.00	(\$187)	\$1,281,918	\$1,281,731

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$808)	(\$808)
Total	0.00	\$0	(\$808)	(\$808)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 6 FTE positions, the same as the 2005-07 biennium.

Air Service (Air Carrier) Airport Grants

The legislative action did not change the executive recommendation to provide funding of \$2 million, of which \$550,000 is from the general fund and \$1,450,000 is from other funds, for the air service airport grant program. This is an increase of \$222,500 from the funding provided for the 2005-07 biennium of \$1,777,500, which included \$550,000 from the general fund and \$1,227,500 from other funds.

General Aviation (Secondary Airport) Grant Program

The legislative action did not change the executive recommendation to provide funding of \$1.5 million of special funds for the general aviation grant program. This is an increase of \$280,000 from the funding for the 2005-07 biennium of \$1,220,000 from other funds.

**NDSU Main Research Center
Budget No. 640
House Bill Nos. 1020, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	348.08	\$45,437,622	\$41,261,157	\$86,698,779
2007-09 legislative appropriations	348.88	44,235,584¹	43,100,764	87,336,348
Legislative increase (decrease) to executive budget	0.80	(\$1,202,038)	\$1,839,607	\$637,569
Legislative increase (decrease) to 2005-07 appropriations	3.80 ²	\$13,441,517	(\$1,561,882)	\$11,879,635

¹This amount includes \$8,007,750 of general fund one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$36,227,834.

²The 2005-07 appropriation was based on 340.05 FTE positions. Section 6 of Senate Bill No. 2020 (2005) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 5.03 FTE positions were added pursuant to this section and reported to the Office of Management and 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 NDSU Main Research Center is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly appropriated \$829,669, of which \$438,129 is from the general fund and \$391,540 is from special funds, to the Main Research Center to provide agricultural research and extension agency employees an additional 1 percent salary increase each year of the biennium. The Main Research Center is to allocate the funding between the Main Research Center, branch research centers, North Dakota State University Extension Service, Northern Crops Institute, and Agronomy Seed Farm. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$4,167)	(\$1,933)	(\$6,100)
Added a .80 FTE position and related funding for research and development of innovative waste management systems	0.80	184,000		184,000
Added \$750,000 from the permanent oil tax trust fund to the Main Research Center for operating costs at the Dickinson Research Center			750,000	750,000
Changed the funding source from the agricultural research fund to the general fund for research projects as determined by the granting committees		300,000	(300,000)	0
Reduced funding for the Carrington, Hettinger, and North Central Research Center office addition projects from \$1,107,750 to \$907,750		(200,000)		(200,000)

Decreased funding for the research greenhouse project at the Main Research Center from \$9 million to \$7 million	(2,000,000)		(2,000,000)
Added funding to provide a 5 percent salary increase effective July 1, 2007, and a 5 percent increase effective July 1, 2008 (see Salaries and Wages section above)	438,129	391,540	829,669
Added funding for design and engineering costs for a beef research facility	80,000		80,000
Added spending authority for a beef research facility		1,000,000	1,000,000
Total	<u>0.80</u>	<u>(\$1,202,038)</u>	<u>\$1,839,607</u>

FTE Changes

The 2005-07 appropriation is based on 340.05 FTE positions authorized by the 2005 Legislative Assembly. Section 6 of 2005 Senate Bill No. 2020 authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 5.03 FTE positions were added pursuant to this section for a total of 345.08 FTE positions. The 2007-09 biennium appropriation includes funding for 348.88 FTE positions, an increase of a .80 FTE position from the executive recommendation of 348.08 FTE positions and an increase of 3.80 FTE positions from the 2005-07 authorized level of 345.08. The Legislative Assembly did not change the executive recommendation to add 1 FTE faculty position and 1 FTE research specialist position for bioproducts/bioenergy research and 1 FTE faculty position for pulse variety development. The Legislative Assembly added a .80 FTE waste management research position.

One-Time Funding

In Section 15 of House Bill No. 1020, the Legislative Assembly identified \$8,007,750 from the general fund for the Main Research Center greenhouse project (\$7 million), deferred maintenance pool (\$100,000), and Carrington, Hettinger, and North Central Research Centers office addition projects (\$907,750) as one-time funding items. In addition \$750,000 from the permanent oil tax trust fund for an operating pool at Dickinson Research Center is a one-time funding item. These amounts are not to be considered part of the agency's base budget for preparing the 2009 executive budget and the Main Research Center is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 4 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 (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2007-09 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2007-09 biennium.

Industrial hemp licensure - Section 7 amends North Dakota Century Code Section 4-41-02 to provide that state licensure requirements for industrial hemp production is not conditioned on or subject to review or approval by the United States Drug Enforcement Agency.

Carryover authority - Section 9 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2007-09 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2007-09 biennium.

Operating pool - Section 11 provides that the operating pool of \$750,000 from the permanent oil tax trust fund appropriated to the Main Research Center be used for operating costs at the Dickinson Research Center and be limited to the amount oil revenues are less than budgeted for the biennium.

Livestock facilities - Section 12 provides that the Agricultural Experiment Station consider options to ensure that the use of the livestock facilities at Dickinson, Hettinger, Carrington, and Streeter are being maximized.

National Cattlemen's Beef Association funding - Section 13 directs the Agricultural Experiment Station to provide a report to the 61st Legislative Assembly regarding the funding received during the 2007-09 biennium from the National Cattlemen's Beef Association.

Capital Projects

Carrington, Hettinger, and North Central Research Center headquarters office additions - The 2007-09 biennium executive recommendation for the Main Research Center included an appropriation of \$1,107,750 from the general fund for a Carrington Research Center headquarters office building addition (\$465,000), Hettinger Research Center headquarters office building addition (\$222,750), and North Central Research Center office and technology transfer building addition (\$420,000). The 2007 Legislative Assembly reduced the total appropriation for these projects by \$200,000, from \$1,107,750 to \$907,750.

Beef research facility - The Legislative Assembly appropriated \$1 million from special funds for a beef research facility in Fargo. Section 10 of House Bill No. 1020 provides that if the Main Research Center proceeds with a beef research center appropriate city and county officials agree to the location of the facility.

Main Research Center greenhouse complex - The 2005 Legislative Assembly authorized \$7 million of funding from bond proceeds (\$2 million) and gifts, grants, and donations (\$5 million) for Phase 1 of the research greenhouse project. The 2007-09 biennium executive recommendation included \$9 million from the general fund for Phase 2 of the research greenhouse project. The Legislative Assembly reduced the funding by \$2 million, from \$9 million to \$7 million. In addition, the Legislative Assembly removed references to Phases 1 and 2 of the greenhouse project and provided that the Main Research Center may use any funding available within the total appropriation authority for the Main Research Center greenhouse project to begin construction. The total appropriation includes 2005-07 biennium carryover authority of \$7 million and \$7 million from the general fund.

Deferred maintenance pool - The Legislative Assembly appropriated \$100,000 from the general fund for a deferred maintenance pool to address needs at the Main Research Center and branch research centers.

Extraordinary repairs - The Legislative Assembly appropriated \$740,465 for extraordinary repairs, including \$170,465 for landscaping, \$20,000 for greenhouse repairs, and \$550,000 for general repairs and maintenance.

Related Legislation

House Bill No. 1490 - This bill authorizes North Dakota State University to **import and resell industrial hemp** that has been certified as having no more than three-tenths of one percent tetrahydrocannabinol.

**Agronomy Seed Farm
Budget No. 649
House Bill Nos. 1020, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	3.00	\$0	\$1,230,346	\$1,230,346
2007-09 legislative appropriations	3.00		1,230,162	1,230,162
Legislative increase (decrease) to executive budget	0.00	\$0	(\$184)	(\$184)
Legislative increase (decrease) to 2005-07 appropriations	0.00 ¹	\$0	\$29,154	\$29,154

¹The 2005-07 appropriation was based on 2.97 FTE positions. Section 6 of Senate Bill No. 2020 (2005) authorized the State Board of Higher Education to adjust FTE positions as needed. A total .03 FTE position was added pursuant to this section and reported to the Office of Management and 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 Agronomy Seed Farm is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly appropriated \$829,669, of which \$438,129 is from the general fund and \$391,540 is from special funds, to the Main Research Center to provide agricultural research and extension agency employees an additional 1 percent salary increase each year of the biennium. The Main Research Center is to allocate the funding between the Main Research Center, branch research centers, North Dakota State University Extension Service, Northern Crops Institute, and Agronomy Seed Farm. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		\$0	(\$184)	(\$184)
Total	0.00	\$0	(\$184)	(\$184)

FTE Changes

The 2005-07 appropriation is based on 2.97 FTE positions authorized by the 2005 Legislative Assembly. Section 6 of 2005 Senate Bill No. 2020 authorized the State Board of Higher Education to adjust FTE positions as needed. A .03 FTE position was added pursuant to this section for a total of 3 FTE positions. The Legislative Assembly did not change the executive recommendation which included funding for 3 FTE positions.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 4 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 (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2007-09 biennium.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2007-09 biennium.

State motor pool requirements - Section 8 amends North Dakota Century Code Section 24-02-03.3 to exempt certain vehicles used in farming operations at the Agronomy Seed Farm and branch research centers from state motor pool requirements.

Carryover authority - Section 9 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2007-09 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2007-09 biennium.

**Council on the Arts
Budget No. 709
House Bill Nos. 1010, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	5.00	\$1,196,307	\$1,288,318	\$2,484,625
2007-09 legislative appropriations	5.00	1,165,799¹	1,288,318	2,454,117
Legislative increase (decrease) to executive budget	0.00	(\$30,508)	\$0	(\$30,508)
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$166,108	\$20,000	\$186,108

¹This amount includes \$10,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$1,155,799.

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. 2189.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$508)		(\$508)
Removed funding for grants to local arts organizations		(30,000)		(30,000)
Total	0.00	(\$30,508)	\$0	(\$30,508)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 5 FTE positions, the same as the 2005-07 biennium.

One-Time Funding

The Legislative Assembly identified the general fund appropriation for one-time funding of \$10,000 for the Lincoln Bicentennial. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Council on the Arts is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

**Bank of North Dakota
Budget No. 471
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	176.50	\$10,100,000	\$38,142,359	\$48,242,359
2007-09 legislative appropriations	176.50	13,600,000¹	38,121,867	51,721,867
Legislative increase (decrease) to executive budget	0.00	\$3,500,000	(\$20,492)	\$3,479,508
Legislative increase (decrease) to 2005-07 appropriations	(2.00)	\$6,700,000	(\$6,453,208)	\$246,792

¹This amount includes \$4.2 million of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$9.4 million.

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. 2189.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$20,492)	(\$20,492)
Added funding for deposit in the partnership in assisting community expansion (PACE) fund for a total of \$8 million		\$3,500,000		3,500,000
Total	0.00	\$3,500,000	(\$20,492)	\$3,479,508

FTE Changes

The 2007-09 biennium appropriation includes funding for 176.5 FTE positions, a decrease of 2 FTE positions from the 2005-07 biennium authorized level of 178.5 FTE positions. The Legislative Assembly did not change the executive recommendation to remove 2 FTE information technology positions.

Economic Development

The Legislative Assembly increased the recommended level of funding for the PACE fund from \$4.5 million to \$8 million. The Legislative Assembly did not change the recommended funding levels for the agriculture partnership in assisting community expansion (Ag PACE) fund or the beginning farmer revolving loan fund and did not change the executive recommendation to replace the Biodiesel PACE fund with the Biofuels PACE fund. The following is a comparison of the funding for the PACE fund, Ag PACE fund, Biodiesel PACE fund, Biofuels PACE fund, and the beginning farmer revolving loan fund:

	2005-07 Appropriation	Executive Recommendation	2007-09 Appropriation
PACE fund	\$5,700,000	\$4,500,000	\$8,000,000
Ag PACE fund	1,425,000	1,400,000	1,400,000
Biodiesel PACE fund	1,200,000		
Biofuels PACE fund		4,200,000	4,200,000
Beginning farmer revolving loan fund	950,000	950,000	950,000
Total	\$9,275,000	\$11,050,000	\$14,550,000
Funding sources			
General fund	\$6,900,000	\$10,100,000	\$13,600,000
Other funds - Beginning farmer revolving loan fund	\$2,375,000	\$950,000	\$950,000

General Fund Transfers

Section 14 of House Bill No. 1014 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 2007-09 biennium. This is the same amount as the executive recommendation and the same as authorized by the 2005 Legislative Assembly. Section 14 also provides that any transfer authorized from the Bank of North Dakota to the general fund may only be made to the extent that the transfer does not reduce the Bank's capital structure below \$175 million.

The following schedule shows an analysis of the Bank's estimated capital structure for the 2007-09 biennium:

June 30, 2007, estimated capital level	\$190,000,000
Estimated 2007-09 biennium profits	96,000,000
2007-09 biennium transfers to the general fund per Section 14 of House Bill No. 1014	(60,000,000)
Estimated capital on June 30, 2009	\$226,000,000

¹Actual calendar year 2006 profits were \$42.85 million.

One-Time Funding

In Section 4 of House Bill No. 1014, the Legislative Assembly identified the general fund appropriation of \$4.2 million for the Biofuels PACE fund as one-time funding. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Bank of North Dakota is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in Bill

Exemption - Section 8 provides that the amount appropriated to the Bank of North Dakota in the capital assets line item in Sections 3 and 6 of Senate Bill No. 2014 (2005) is not subject to the provisions of North Dakota Century Code (NDCC) Section 54-44.1-11 relating to unexpended appropriations. Any unexpended funds from this appropriation are available for construction of the new Bank building during the 2007-09 biennium.

Bank property - Section 23 amends subsection 6 of NDCC Section 6-09-15 to authorize the Bank to sell real and personal property that has been acquired by the Bank; however, Section 19 provides legislative intent that real estate property at the new Bank location not be sold by the Bank of North Dakota during the 2007-09 biennium.

Biodiesel PACE - Section 24 amends NDCC Section 6-09.17-02 relating to the Biodiesel PACE fund to provide that any unexpended and unobligated balance in the fund at the end of the biennium must be transferred to the Biofuels PACE fund.

PACE fund incentive limitation - Section 25 adds a new section to NDCC Chapter 6-09.17 to provide that a biodiesel production facility or ethanol production facility that receives interest buydown from the Biofuels PACE fund is not eligible to receive interest buydown from the PACE fund for the same project during the same biennium.

Related Legislation

House Bill No. 1061 increases the maximum amount of outstanding agricultural real estate loans held by the Bank of North Dakota from \$5 million to \$8 million.

House Bill No. 1100 expands eligibility for the Bank of North Dakota's farm operating loan program, increases the total dollar amount for loans from the family farm loan program, and allows for a service fee for lead lenders with the Ag PACE loan program.

House Bill No. 1135 provides that up to \$1 million from the beginning farmer revolving loan fund may be transferred each biennium for the purpose of interest buydown on a loan made for investment in a feedlot or dairy operation.

House Bill No. 1503 extends the tribal-state guaranty program for businesses located in the state which contract with a business located in the state which is either owned by one of the five North Dakota Indian tribes or which is an American Indian-owned small business located in this state.

Senate Bill No. 2120 increases the total outstanding loans that the Bank of North Dakota may guarantee for the beginning entrepreneur loan program from \$4 million to \$8 million.

**North Dakota Vision Services - School for the Blind
Budget No. 253
Senate Bill No. 2013, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	27.00	\$2,792,756	\$844,117	\$3,636,873
2007-09 legislative appropriations	28.00	2,917,936	843,857	3,761,793
Legislative increase (decrease) to executive budget	1.00	\$125,180	(\$260)	\$124,920
Legislative increase (decrease) to 2005-07 appropriations	1.05	\$393,327	(\$2,590)	\$390,737

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. 2189.

	Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:					
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$864)	(\$260)	(\$1,124)
Provided funding for 1 new FTE position (\$94,938), additional teacher and houseparent salaries and wages (\$8,466), and operating expenses (\$20,040) for providing additional adult services	1.00		123,444		123,444
Provided funding for the additional employer retirement contribution for Teachers' Fund for Retirement members required by Senate Bill No. 2046			2,600		2,600
Total	1.00		\$125,180	(\$260)	\$124,920

FTE Changes

The 2007-09 biennium appropriation includes funding for 28 FTE positions, an increase of 1.05 FTE positions from the 2005-07 biennium authorized level of 26.95 FTE positions. The legislative action did not change the executive recommendation to add a .05 FTE position requested by the agency. In addition, the Legislative Assembly added 1 new FTE position for providing additional adult services.

Capital Assets

The Legislative Assembly did not change the executive recommendation to appropriate funding of \$142,100, of which \$119,600 is from the general fund and \$22,500 is from special funds, for a Braille printer (\$6,500) and extraordinary repairs (\$135,600). The following is a summary of the funding for extraordinary repairs:

	General Fund	Special Funds	Total
Carpet replacement	\$34,000	\$10,000	\$44,000
Window replacement	49,600		49,600
Sidewalk repairs		6,000	6,000
Ceiling tile replacements for gymnasium	6,000		6,000
Driveway extension	30,000		30,000
Total	\$119,600	\$16,000	\$135,600

Related Legislation

Teacher retirement contributions - Senate Bill No. 2046 requires an additional .5 percent employer retirement contribution for Teachers' Fund for Retirement members beginning on July 1, 2008.

**Land Department
Budget No. 226
House Bill Nos. 1013, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	18.75	\$0	\$9,126,688	\$9,126,688
2007-09 legislative appropriations	18.75		9,124,124	9,124,124
Legislative increase (decrease) to executive budget	0.00	\$0	(\$2,564)	(\$2,564)
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$0	\$1,298,102	\$1,298,102

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$2,564)	(\$2,564)
Total	<u>0.00</u>	<u>\$0</u>	<u>(\$2,564)</u>	<u>(\$2,564)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 18.75 FTE positions, the same as the 2005-07 biennium.

Other Sections in House Bill No. 1013

Oil and gas impact grant fund - Section 4 provides that \$6 million of the special funds appropriation contained in Section 3 of 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 the administration of the oil and gas development impact grant program. This is an increase of \$1 million from the 2005-07 biennium, pursuant to North Dakota Century Code (NDCC) Section 57-51-15 (effective after June 30, 2007).

Carryover of appropriations for oil and gas impact grants - Section 5 provides that NDCC Section 54-44.4-11 does not apply to appropriations for oil and gas impact grants and, consequently, the 2007-09 appropriation authority may be continued into the 2009-11 biennium.

Contingencies line item/appropriation transfers - Section 6 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. The commissioner shall notify the Office of Management and Budget of each transfer made pursuant to this section.

Trust fund distributions to state entities - Section 7 provides the amounts to be distributed to various state entities from state trust funds managed by the Land Department and provides that NDCC Section 15-03-05.2 does not apply to distributions during the 2007-09 biennium. Section 15-03-05.2 provides the trust fund income may not be retained for future distributions to a trust fund beneficiary or added to a permanent fund if it would result in a decrease in distributions to the fund beneficiary from the amount distributed during the preceding fiscal year.

Related Legislation

House Bill No. 1171 changes the current 5 percent service fee to actual mills, as similarly paid by private landowners, as a fee assessed against the trust funds managed by the Board of University and School Lands to be paid to townships and counties for maintenance and repairs of roads and bridges.

**Branch Research Centers
Budget No. 628
House Bill Nos. 1020, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	95.26	\$10,658,084	\$13,716,431	\$24,374,515
2007-09 legislative appropriations	97.86	11,301,508¹	13,715,511	25,017,019
Legislative increase (decrease) to executive budget	2.60	\$643,424	(\$920)	\$642,504
Legislative increase (decrease) to 2005-07 appropriations	10.60 ²	\$2,915,199	\$596,144	\$3,511,343

¹This amount includes \$700,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$10,601,508.

²The 2005-07 appropriation was based on 77.41 FTE positions. Section 6 of Senate Bill No. 2020 (2005) authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section and reported to the Office of Management and 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 branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly appropriated \$829,669, of which \$438,129 is from the general fund and \$391,540 is from special funds, to the Main Research Center to provide agricultural research and extension agency employees an additional 1 percent per year salary increase each year of the biennium. The Main Research Center is to allocate the funding between the Main Research Center, branch research centers, North Dakota State University Extension Service, Northern Crops Institute, and Agronomy Seed Farm. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,576)	(\$920)	(\$3,496)
Provided \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center		300,000		300,000
Added 2 FTE research positions and related funding for the Williston Research Center irrigation project	2.00	250,000		250,000
Added a .60 FTE and related funding for research and development of innovative waste management systems at the Carrington Research Center	0.60	96,000		96,000
Total	2.60	\$643,424	(\$920)	\$642,504

FTE Changes

The 2005-07 appropriation is based on 77.41 FTE positions authorized by the 2005 Legislative Assembly. Section 6 of 2005 Senate Bill No. 2020 authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section for a total of 87.26 FTE positions. The 2007-09 biennium appropriation includes funding for 97.86 FTE positions, an increase of 2.60 FTE positions from the executive recommendation of 95.26 and 10.60 FTE positions from the 2005-07 authorized level of 87.26. The Legislative Assembly authorized 2 FTE positions for the Williston Research Center, .60 FTE positions for the Carrington Research Center, 1 FTE position for the North Central Research Center, and 7 FTE support staff positions (one for each branch research center).

One-Time Funding

In Section 15 of House Bill No. 1020, the Legislative Assembly identified \$700,000 from the general fund for the North Central Research Center laboratory and greenhouse project (\$400,000) and North Central Research Center equipment storage and maintenance shop facility (\$300,000) as one-time funding items. This amount is not to be considered part of the branch research center's budget for preparing the 2009-11 executive budget and the branch research center is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 4 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 (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2007-09 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2007-09 biennium.

State motor pool requirements - Section 8 amends North Dakota Century Code Section 24-02-03.3 to exempt certain vehicles used in farming operations at the Agronomy Seed Farm and branch research centers from state motor pool requirements.

Carryover authority - Section 9 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2007-09 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2007-09 biennium.

Operating pool - Section 11 provides that the operating pool of \$750,000 from the permanent oil tax trust fund appropriated to the Main Research Center be used for operating costs at the Dickinson Research Center and be limited to the amount oil revenues are less than budgeted for the biennium.

Livestock facilities - Section 12 provides that the Agricultural Experiment Station consider options to ensure that the use of the livestock facilities at Dickinson, Hettinger, Carrington, and Streeter are being maximized.

National Cattlemen's Beef Association funding - Section 13 directs the Agricultural Experiment Station to provide a report to the 61st Legislative Assembly regarding the funding received during the 2007-09 biennium from the National Cattlemen's Beef Association.

Capital Construction

North Central Research Center laboratory and greenhouse project - The 2005 Legislative Assembly authorized \$1,690,000, of which \$440,000 was from bond proceeds and \$1,250,000 was from gifts, grants, and donations, for the North Central Research Center laboratory and greenhouse project. The 2007 Legislative Assembly appropriated an additional \$400,000 from the general fund to complete the laboratory and greenhouse project.

North Central Research Center storage and maintenance shop facility - The 2007 Legislative Assembly appropriated \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center.

Dickinson Research Center waste management facility and landscaping projects - The 2007 Legislative Assembly authorized \$701,000 of special funds spending authority for the Dickinson Research Center to construct a waste management facility as mandated by State Department of Health requirements (\$351,000) and for a parking lot and landscaping project at the headquarters facility (\$350,000).

Carrington, Hettinger, and North Central Research Center headquarters office additions - The 2007-09 biennium executive recommendation for the Main Research Center included an appropriation of \$1,107,750 from the general fund for a Carrington Research Center headquarters office building addition (\$465,000), Hettinger Research Center headquarters office building addition (\$222,750), and North Central Research Center office and technology transfer building addition (\$420,000). The 2007 Legislative Assembly reduced the total appropriation for these projects by \$200,000, from \$1,107,750 to \$907,750.

**Department of Career and Technical Education
Budget No. 270
House Bill Nos. 1019, 1014, 1018**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	27.50	\$19,285,093	\$11,035,715	\$30,320,808
2007-09 legislative appropriations	27.50	21,804,036	11,035,632	32,839,668
Legislative increase (decrease) to executive budget	0.00	\$2,518,943	(\$83)	\$2,518,860
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$4,963,250	(\$255,565)	\$4,707,685

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 Career and Technical Education is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$1,057)	(\$83)	(\$1,140)
Added funding for grants for area career and technology centers		800,000		800,000
Added funding for workforce training grants to institutions of higher education		1,650,000		1,650,000
Provided funding in House Bill No. 1018 for grants for innovation		70,000		70,000
Total	0.00	\$2,518,943	(\$83)	\$2,518,860

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 27.5 FTE positions, the same as the 2005-07 biennium. The executive recommendation added 2 FTE positions for the career course network and removed 1 FTE administrative assistant position and 1 FTE vocational technical education program director position.

Other Sections in House Bill No. 1019

Area career and technology center grants - Section 4 requires the department to use \$1.2 million of the grants line item in Section 3 of the bill for the development, in the second year of the 2007-09 biennium, of at least two new area career and technology centers in areas of the state that currently are not served. The grants are to be awarded on a competitive basis and require a 25 percent match by a recipient.

Cost-share incentives - Section 4 requires the department to use \$800,000 of the grants line item in Section 3 of the bill to increase cost-share incentives for cooperative delivery efforts of career and technical education programs.

Workforce training grants - Section 5 provides that the workforce training line item in Section 3 of the bill includes \$1,650,000 from the general fund for supplemental grants to the institutions of higher education assigned primary responsibility for workforce training in the state.

Elementary student entrepreneurship program - Section 6 adds a new section to North Dakota Century Code (NDCC) Chapter 15-20.1 to create a North Dakota elementary student entrepreneurship program under the authority of the State Board for Career and Technical Education.

Workforce Enhancement Council - Section 8 adds a new section to NDCC Chapter 54-60 to create a Workforce Enhancement Council consisting of private sector members of the Workforce Development Council, the director of the Department of Career and Technical Education, and the director of the Division of Workforce Development, who shall serve as chairman.

Legislative intent - Section 12 provides legislative intent that \$250,000 from the grants line item in Section 3 of the bill be used to provide grants to support the North Dakota elementary student entrepreneurship program.

Related Legislation

House Bill No. 1018 provides a general fund appropriation of \$70,000 to the Department of Career and Technical Education for grants for innovation and related statutory provisions for the grant program.

House Bill No. 1078 allows employees of the Department of Career and Technical Education to transfer retirement plan membership from the Teachers' Fund for Retirement to the Public Employees Retirement System.

**Branch Research Centers
Budget No. 628
House Bill Nos. 1020, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	95.26	\$10,658,084	\$13,716,431	\$24,374,515
2007-09 legislative appropriations	97.86	11,301,508¹	13,715,511	25,017,019
Legislative increase (decrease) to executive budget	2.60	\$643,424	(\$920)	\$642,504
Legislative increase (decrease) to 2005-07 appropriations	10.60 ²	\$2,915,199	\$596,144	\$3,511,343

¹This amount includes \$700,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$10,601,508.

²The 2005-07 appropriation was based on 77.41 FTE positions. Section 6 of Senate Bill No. 2020 (2005) authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section and reported to the Office of Management and 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 branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly appropriated \$829,669, of which \$438,129 is from the general fund and \$391,540 is from special funds, to the Main Research Center to provide agricultural research and extension agency employees an additional 1 percent per year salary increase each year of the biennium. The Main Research Center is to allocate the funding between the Main Research Center, branch research centers, North Dakota State University Extension Service, Northern Crops Institute, and Agronomy Seed Farm. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,576)	(\$920)	(\$3,496)
Provided \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center		300,000		300,000
Added 2 FTE research positions and related funding for the Williston Research Center irrigation project	2.00	250,000		250,000
Added a .60 FTE and related funding for research and development of innovative waste management systems at the Carrington Research Center	0.60	96,000		96,000
Total	2.60	\$643,424	(\$920)	\$642,504

FTE Changes

The 2005-07 appropriation is based on 77.41 FTE positions authorized by the 2005 Legislative Assembly. Section 6 of 2005 Senate Bill No. 2020 authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section for a total of 87.26 FTE positions. The 2007-09 biennium appropriation includes funding for 97.86 FTE positions, an increase of 2.60 FTE positions from the executive recommendation of 95.26 and 10.60 FTE positions from the 2005-07 authorized level of 87.26. The Legislative Assembly authorized 2 FTE positions for the Williston Research Center, .60 FTE positions for the Carrington Research Center, 1 FTE position for the North Central Research Center, and 7 FTE support staff positions (one for each branch research center).

One-Time Funding

In Section 15 of House Bill No. 1020, the Legislative Assembly identified \$700,000 from the general fund for the North Central Research Center laboratory and greenhouse project (\$400,000) and North Central Research Center equipment storage and maintenance shop facility (\$300,000) as one-time funding items. This amount is not to be considered part of the branch research center's budget for preparing the 2009-11 executive budget and the branch research center is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 4 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 (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2007-09 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2007-09 biennium.

State motor pool requirements - Section 8 amends North Dakota Century Code Section 24-02-03.3 to exempt certain vehicles used in farming operations at the Agronomy Seed Farm and branch research centers from state motor pool requirements.

Carryover authority - Section 9 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2007-09 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2007-09 biennium.

Operating pool - Section 11 provides that the operating pool of \$750,000 from the permanent oil tax trust fund appropriated to the Main Research Center be used for operating costs at the Dickinson Research Center and be limited to the amount oil revenues are less than budgeted for the biennium.

Livestock facilities - Section 12 provides that the Agricultural Experiment Station consider options to ensure that the use of the livestock facilities at Dickinson, Hettinger, Carrington, and Streeter are being maximized.

National Cattlemen's Beef Association funding - Section 13 directs the Agricultural Experiment Station to provide a report to the 61st Legislative Assembly regarding the funding received during the 2007-09 biennium from the National Cattlemen's Beef Association.

Capital Construction

North Central Research Center laboratory and greenhouse project - The 2005 Legislative Assembly authorized \$1,690,000, of which \$440,000 was from bond proceeds and \$1,250,000 was from gifts, grants, and donations, for the North Central Research Center laboratory and greenhouse project. The 2007 Legislative Assembly appropriated an additional \$400,000 from the general fund to complete the laboratory and greenhouse project.

North Central Research Center storage and maintenance shop facility - The 2007 Legislative Assembly appropriated \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center.

Dickinson Research Center waste management facility and landscaping projects - The 2007 Legislative Assembly authorized \$701,000 of special funds spending authority for the Dickinson Research Center to construct a waste management facility as mandated by State Department of Health requirements (\$351,000) and for a parking lot and landscaping project at the headquarters facility (\$350,000).

Carrington, Hettinger, and North Central Research Center headquarters office additions - The 2007-09 biennium executive recommendation for the Main Research Center included an appropriation of \$1,107,750 from the general fund for a Carrington Research Center headquarters office building addition (\$465,000), Hettinger Research Center headquarters office building addition (\$222,750), and North Central Research Center office and technology transfer building addition (\$420,000). The 2007 Legislative Assembly reduced the total appropriation for these projects by \$200,000, from \$1,107,750 to \$907,750.

**Branch Research Centers
Budget No. 628
House Bill Nos. 1020, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	95.26	\$10,658,084	\$13,716,431	\$24,374,515
2007-09 legislative appropriations	97.86	11,301,508¹	13,715,511	25,017,019
Legislative increase (decrease) to executive budget	2.60	\$643,424	(\$920)	\$642,504
Legislative increase (decrease) to 2005-07 appropriations	10.60 ²	\$2,915,199	\$596,144	\$3,511,343

¹This amount includes \$700,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$10,601,508.

²The 2005-07 appropriation was based on 77.41 FTE positions. Section 6 of Senate Bill No. 2020 (2005) authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section and reported to the Office of Management and 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 branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly appropriated \$829,669, of which \$438,129 is from the general fund and \$391,540 is from special funds, to the Main Research Center to provide agricultural research and extension agency employees an additional 1 percent per year salary increase each year of the biennium. The Main Research Center is to allocate the funding between the Main Research Center, branch research centers, North Dakota State University Extension Service, Northern Crops Institute, and Agronomy Seed Farm. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,576)	(\$920)	(\$3,496)
Provided \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center		300,000		300,000
Added 2 FTE research positions and related funding for the Williston Research Center irrigation project	2.00	250,000		250,000
Added a .60 FTE and related funding for research and development of innovative waste management systems at the Carrington Research Center	0.60	96,000		96,000
Total	2.60	\$643,424	(\$920)	\$642,504

FTE Changes

The 2005-07 appropriation is based on 77.41 FTE positions authorized by the 2005 Legislative Assembly. Section 6 of 2005 Senate Bill No. 2020 authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section for a total of 87.26 FTE positions. The 2007-09 biennium appropriation includes funding for 97.86 FTE positions, an increase of 2.60 FTE positions from the executive recommendation of 95.26 and 10.60 FTE positions from the 2005-07 authorized level of 87.26. The Legislative Assembly authorized 2 FTE positions for the Williston Research Center, .60 FTE positions for the Carrington Research Center, 1 FTE position for the North Central Research Center, and 7 FTE support staff positions (one for each branch research center).

One-Time Funding

In Section 15 of House Bill No. 1020, the Legislative Assembly identified \$700,000 from the general fund for the North Central Research Center laboratory and greenhouse project (\$400,000) and North Central Research Center equipment storage and maintenance shop facility (\$300,000) as one-time funding items. This amount is not to be considered part of the branch research center's budget for preparing the 2009-11 executive budget and the branch research center is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 4 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 (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2007-09 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2007-09 biennium.

State motor pool requirements - Section 8 amends North Dakota Century Code Section 24-02-03.3 to exempt certain vehicles used in farming operations at the Agronomy Seed Farm and branch research centers from state motor pool requirements.

Carryover authority - Section 9 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2007-09 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2007-09 biennium.

Operating pool - Section 11 provides that the operating pool of \$750,000 from the permanent oil tax trust fund appropriated to the Main Research Center be used for operating costs at the Dickinson Research Center and be limited to the amount oil revenues are less than budgeted for the biennium.

Livestock facilities - Section 12 provides that the Agricultural Experiment Station consider options to ensure that the use of the livestock facilities at Dickinson, Hettinger, Carrington, and Streeter are being maximized.

National Cattlemen's Beef Association funding - Section 13 directs the Agricultural Experiment Station to provide a report to the 61st Legislative Assembly regarding the funding received during the 2007-09 biennium from the National Cattlemen's Beef Association.

Capital Construction

North Central Research Center laboratory and greenhouse project - The 2005 Legislative Assembly authorized \$1,690,000, of which \$440,000 was from bond proceeds and \$1,250,000 was from gifts, grants, and donations, for the North Central Research Center laboratory and greenhouse project. The 2007 Legislative Assembly appropriated an additional \$400,000 from the general fund to complete the laboratory and greenhouse project.

North Central Research Center storage and maintenance shop facility - The 2007 Legislative Assembly appropriated \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center.

Dickinson Research Center waste management facility and landscaping projects - The 2007 Legislative Assembly authorized \$701,000 of special funds spending authority for the Dickinson Research Center to construct a waste management facility as mandated by State Department of Health requirements (\$351,000) and for a parking lot and landscaping project at the headquarters facility (\$350,000).

Carrington, Hettinger, and North Central Research Center headquarters office additions - The 2007-09 biennium executive recommendation for the Main Research Center included an appropriation of \$1,107,750 from the general fund for a Carrington Research Center headquarters office building addition (\$465,000), Hettinger Research Center headquarters office building addition (\$222,750), and North Central Research Center office and technology transfer building addition (\$420,000). The 2007 Legislative Assembly reduced the total appropriation for these projects by \$200,000, from \$1,107,750 to \$907,750.

**Judicial Branch
Budget No. 180
House Bill Nos. 1002, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	343.00	\$67,267,338	\$2,201,034	\$69,468,372
2007-09 legislative appropriations	338.00	66,935,878¹	2,199,640	69,135,518
Legislative increase (decrease) to executive budget	(5.00)	(\$331,460)	(\$1,394)	(\$332,854)
Legislative increase (decrease) to 2005-07 appropriations	6.00	\$10,078,009	\$689,662	\$10,767,671

¹This amount includes \$1,490,750 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$65,445,128.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$52,634)	(\$1,394)	(\$54,028)
Supreme Court changes:				
Reduced funding for judicial branch proposed salary increases for Supreme Court justices from a 6 percent increase effective July 1, 2007, and a 7 percent increase effective July 1, 2008, to a \$2,000 increase plus a 4 percent increase July 1, 2007, and a 4 percent increase effective July 1, 2008		(23,660)		(23,660)
District court changes:				
Reduced funding for judicial branch proposed salary increases for district court judges from a 6 percent increase effective July 1, 2007, and a 7 percent increase effective July 1, 2008, to a \$2,000 increase plus a 4 percent increase July 1, 2007, and a 4 percent increase effective July 1, 2008		(157,096)		(157,096)
Removed 5 of the 6 FTE positions added for the mediation pilot project and provided for contract mediators to be used for this project rather than adding employees	(5.00)			0
Reduced funding for judges' retirement due to the death of a qualifying judge		(98,070)		(98,070)

Judicial Conduct Commission changes:

The Legislative Assembly did not change the appropriation for the Judicial Conduct Commission

0

Total	(5.00)	(\$331,460)	(\$1,394)	(\$332,854)
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FTE Changes

The 2007-09 legislative appropriation includes funding for 338 FTE positions, an increase of 6 FTE positions from the 2005-07 biennium authorized level of 332 FTE positions. The Legislative Assembly removed 5 FTE positions included in the executive recommendation for the mediation pilot project and provided that contract mediators are to be used rather than adding employees. The Legislative Assembly did not change the executive budget recommendation to add a .5 FTE director of finance position, .5 FTE referee for district courts, 1 FTE law clerk in the Northwest District, 1 FTE juvenile officer in the South Central District, 2 FTE Rolette County clerks (opting to be state-employed pursuant to North Dakota Century Code (NDCC) Chapter 27-05.2), and 1 FTE mediation pilot project program coordinator position.

One-Time Funding

In Section 8 of House Bill No. 1002, the Legislative Assembly identified one-time funding to the district courts of \$1,490,750 from the general fund for an enhanced records management system (\$115,750) and unified case management system (\$1,375,000). This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Supreme Court is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1002

Appropriation of additional funding - Section 4 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 5 provides that the director of the Office of Management and Budget and the State Treasurer make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon 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.

Salaries of Supreme Court justices - Section 6 provides statutory changes to NDCC Section 27-02-02 relating to salaries of justices of the Supreme Court. The Legislative Assembly authorized 2007-09 biennium salary increases of \$2,000 plus a 4 percent increase effective July 1, 2007, and a 4 percent increase effective July 1, 2008. The Supreme Court justices' salaries are to be increased from the current level of \$107,210 to \$113,578 effective July 1, 2007, and \$118,121 effective July 1, 2008. The Chief Justice of the Supreme Court is entitled to receive an additional \$3,262 per annum effective July 1, 2007, and an additional \$3,392 per annum, effective July 1, 2008, which is an increase from the current level of an additional \$3,136 per annum.

Salaries and expenses of district judges - Section 7 provides statutory changes to NDCC Section 27-05-03 relating to salaries and expenses of district court judges. The Legislative Assembly authorized 2007-09 biennium salary increases of \$2,000 plus a 4 percent increase, effective July 1, 2007, and a 4 percent increase effective July 1, 2008. The district court judges' salaries are to be increased from the current level of \$98,070 to \$104,073 effective July 1, 2007, and \$108,236 effective July 1, 2008. The presiding judge of a judicial district is entitled to receive an additional \$3,005 per annum effective July 1, 2007, and an additional \$3,126 per annum effective July 1, 2008, which is an increase from the current level of an additional \$2,890 per annum.

Information Technology Projects

Enhanced records management system - The Legislative Assembly appropriated \$115,750 from the general fund for the judicial branch to implement an enhanced records management system. An enhanced records management system for the unified judicial branch is intended to preserve court information, promote greater accessibility to that information, and reduce operational and records storage costs within the judicial branch.

Unified case management system - The Legislative Assembly appropriated \$1,375,000 for operating expenses to enhance or begin the replacement of the unified case management system. The current case management system was developed approximately 20 years ago and significant enhancements or a complete replacement is needed to continue efficient processing of cases. The system provides management information to judges, court personnel, justice personnel, and the public.

Related Legislation

House Bill No. 1083 - This bill removes the continuing appropriation authority for the **electronic filing administration fund** as provided in NDCC Section 27-03-05.

House Bill No. 1097 - This bill continues the **temporary court of appeals** until January 1, 2012. The temporary court of appeals was established to exercise appellate and original jurisdiction as delegated by the Supreme Court.

House Bill No. 1387 - This bill provides for the Legislative Council to consider studying the **leasing or renting of facilities** for use by district courts from counties or other political subdivisions, including the feasibility and desirability of counties retaining a portion of the fees collected by counties in lieu of leasing or renting by the state.

House Concurrent Resolution No. 3002 - This resolution provides for a Legislative Council study of the **judicial election and judicial selection process** in North Dakota.

Senate Bill No. 2243 - This bill amends NDCC Section 29-26-22 providing for courts to impose a **community service fee** of \$50 per defendant participating in community service to be used to provide community service supervision grants.

Senate Concurrent Resolution No. 4004 - This resolution provides for a Legislative Council study of the respective **responsibilities of county and state judicial system personnel** under the Uniform Juvenile Court Act in light of statutory ambiguities in defining those responsibilities.

**Department of Commerce
Budget No. 601
House Bill Nos. 1018, 1014, 1019, Senate Bill Nos. 2001, 2187**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	73.00	\$26,169,736	\$55,361,293	\$81,531,029
2007-09 legislative appropriations	66.00	28,581,965¹	55,758,516	84,340,481
Legislative increase (decrease) to executive budget	(7.00)	\$2,412,229	\$397,223	\$2,809,452
Legislative increase (decrease) to 2005-07 appropriations	4.00	\$9,401,184	(\$1,675,767)	\$7,725,417

¹This amount includes a \$2 million transfer from the general fund to the workforce enhancement fund and \$3.1 million of one-time funding. Excluding these items, the agency's ongoing general fund appropriation is \$23,481,965.

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 specified for the Department of Commerce as contained in Section 8 of Senate Bill No. 1018.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$7,579)	(\$2,777)	(\$10,356)
Provided for a transfer from the general fund to the workforce enhancement fund in House Bill No. 1019. Money in the fund is appropriated continually to the department for workforce enhancement grants.		2,000,000		2,000,000
Added funding for costs of the Office of Faith-Based and Community Initiatives. The office was transferred to the Department of Commerce from the Governor's office in Senate Bill No. 2001.		25,000		25,000
Added funding in Senate Bill No. 2187 for emergency shelter programs		200,000		200,000
Added funding in Senate Bill No. 2187 for planning and administrative costs relating to the continuum of care homeless program of the federal Department of Housing and Urban Development		100,000		100,000

Removed the executive budget initiative to provide students and their parents information about North Dakota career opportunities	(10.00)	(1,226,244)		(1,226,244)
Added funding to administer the career promotion in workforce deficient industries program and the internship program	1.00	160,000		160,000
Added funding for internships for postsecondary students to provide a total of \$600,000 from the general fund		200,000		200,000
Added funding for additional responsibilities of the Workforce Development Division, including talent initiative and workforce intelligence coordination, and for planning	2.00	300,000		300,000
Added funding for the Workforce System Initiative		50,000		50,000
Added funding to provide a total of \$300,000, of which \$150,000 is from the general fund for the Innovate ND program		50,000		50,000
Added funding for the internship program of the Trade Office. A total of \$1.5 million is appropriated from the general fund for the Trade Office.		100,000		100,000
Added funding for a business incentive expenditure report pilot project and for three tax expenditure report pilot projects		100,000		100,000
Added funding for administrative costs relating to centers of excellence applications from funds transferred by the Office of Management and Budget from the centers of excellence appropriation from the permanent oil tax trust fund			375,000	375,000
Added funding for costs associated with provisions of House Bill No. 1462, including the development of a state energy plan. The \$25,000 of other funds is to be raised by the department.		25,000	25,000	50,000
Added funding for the Agricultural Products Utilization Commission to provide a total of \$1,662,115 from the general fund		200,000		200,000
Added funding for the department to contract for services relating to the Beginning Again North Dakota pilot program		30,000		30,000
Reduced funding for tourism marketing and promotion		(3,948)		(3,948)

Added funding for the Tourism Division to provide a grant to the Lewis and Clark Foundation in Washburn. The Tourism Division may only provide grant funds to the extent the Lewis and Clark Foundation provides \$2 of matching funds for each \$1 of state grant funds.	100,000	100,000		
Added funding for the Tourism Division to match private funds for tourism-related promotions and events involving officially sanctioned statewide pageant titleholders who are over age 17. The Tourism Division may provide matching funds on a dollar-for-dollar basis of up to \$1,000 for each eligible promotion or event as determined by the Tourism Division.	10,000	10,000		
Total	<u>(7.00)</u>	<u>\$2,412,229</u>	<u>\$397,223</u>	<u>\$2,809,452</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation to add 1 FTE business development specialist in the Division of Economic Development and Finance but did remove the 10 FTE positions within the Division of Workforce Development recommended in the executive budget to provide students and their parents information about North Dakota career opportunities. The Legislative Assembly added 1 FTE position to administer the career promotion in the workforce deficient industries program and the internship program and 2 FTE positions for the additional responsibilities of the Workforce Development Division, including talent initiative and workforce intelligence coordination, and for planning.

One-Time Funding

In Section 9, the Legislative Assembly identified a total of \$3.1 million from the general fund, of which \$3 million is a transfer to the Development Fund and \$100,000 is for tax expenditure and business incentive expenditure reports as one-time funding. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Department of Commerce is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Centers of Excellence

The executive budget included a \$20 million general fund appropriation to the Office of Management and Budget for providing grants to centers of excellence. The Legislative Assembly removed the general fund appropriation and appropriated \$15 million from the permanent oil tax trust fund to the Office of Management and Budget for centers of excellence grants and authorized the Office of Management and Budget, as directed by the Centers of Excellence Commission and with Emergency Commission and Budget Section approval, to borrow up to \$5 million from the Bank of North Dakota for providing additional funding for centers of excellence, if the \$15 million appropriated from the permanent oil tax trust fund is committed. Of the \$15 million appropriation, up to \$10 million is available for Budget Section approval at its first meeting after September 1, 2007, and up to \$5 million and any unawarded funds remaining from the first year \$10 million allocation is available for Budget Section approval at its first meeting after September 1, 2008. The Legislative Assembly, in Sections 30 through 33 of House Bill No. 1018, made changes to the centers of excellence statutory provisions relating to award designations, Budget Section rereferrals of applications, commission staffing responsibilities, postaward monitoring, distribution of funding awards, and allowable administrative costs.

Other Sections in House Bill No. 1018

Trade Office matching requirement - Section 10 allows the Department of Commerce to provide \$750,000 of the \$1.5 million from the general fund appropriated for the Trade Office without requiring any matching funds but requires a dollar-for-dollar match for any additional amounts. The section also specifies the type of funding that qualifies as matching funds.

PACE fund to Development Fund transfer - Section 11 authorizes the Industrial Commission to transfer up to \$1 million from the partnership in assisting community expansion (PACE) fund to the Development Fund during the 2007-09 biennium.

Internship program report - Section 12 provides that the Department of Commerce report to the Appropriations Committees of the 2009 Legislative Assembly regarding the internship program.

Renaissance Zone Conference - Section 19 requires the Department of Commerce to organize a Renaissance Zone Conference during the 2007-08 interim and provide a report to the Legislative Council.

Workforce System Initiative - Legislative Council study - Section 20 requires the Legislative Council to study the state's system of addressing workforce needs.

Department of Commerce - Legislative Council study - Section 21 provides for a Legislative Council study of the Department of Commerce.

Proposed promise grant program - Legislative Council study - Section 22 provides for a Legislative Council study of implementing a grant program for North Dakota students attending North Dakota higher education institutions.

Higher education report on CCbenefits - Section 23 provides that the Board of Higher Education monitor and report to the Legislative Council on the implementation of the services of CCbenefits, Inc., at higher education institutions.

Pilot projects - Tax expenditures and business incentive expenditure reports - Sections 24 and 25 provide that the Department of Commerce and the Tax Department prepare a report on three selected tax expenditures and that the Department of Commerce prepare a report on a business incentive expenditure during the 2007-09 biennium. The reports are to be submitted to the 2009 Legislative Assembly.

Tax credit transfer study - Section 26 requires the Tax Commissioner to monitor and report to the 2009 Legislative Assembly on the implementation and use of transferable tax credits.

Housing needs - Legislative Council study - Section 27 provides for a Legislative Council study of the state's housing needs.

Wireless service providers - Legislative Council study - Section 28 provides for a Legislative Council study of issues relating to the state's wireless service providers.

Centers of excellence - Sections 30 through 33 relate to centers of excellence (see **Centers of Excellence** section above).

Housing programs - Section 34 makes changes to housing programs of the Housing Finance Agency.

Department of Commerce organizational structure - Section 35 makes changes to the organizational structure of the Department of Commerce.

Workforce Development Division - Sections 36 and 37 relate to the duties and responsibilities of the Workforce Development Division of the Department of Commerce, including to develop the state's talent strategy and intelligence coordination strategy and to administer the internship and career promotion programs.

Beginning Again North Dakota pilot program - Section 38 provides that the department establish a Beginning Again North Dakota pilot program.

Business incentive definition - Section 39 changes provisions relating to the definition of a business incentive.

Missile silo historic site name - Section 40 provides that if the State Historical Society acquires a missile silo historic site the name of the site will be the Ronald Reagan Historic Site.

Taxable value of wind turbines - Section 41 relates to the taxable valuation of wind turbine electric generators.

Angel fund investment tax credit - Sections 42 and 46 relate to income tax credits for certain angel fund investments.

Tax credits for hard-to-fill positions - Sections 43, 45, and 46 allow income tax credits for hard-to-fill positions.

Internship employment tax credit - Sections 44 and 46 allow income tax credits for internships.

Research and experimental tax credit - Sections 46 and 47 relate to income tax credits for qualified research and experimental expenditures.

Maximum seed capital investment tax credit - Section 48 increases the maximum allowable seed capital investment tax credit from a total of \$2 million each year to \$3.5 million each year.

Agriculture business investment tax credit - Section 49 expands the types of businesses that qualify for the agriculture business investment tax credit.

Business climate initiative - Section 50 removes the requirement that the Legislative Council study the state's business climate during the 2007-08 interim.

Beginning entrepreneur tax exemptions and deductions - Section 51 repeals statutory provisions relating to allowable beginning entrepreneur tax exemptions and deductions.

Related Legislation

House Bill No. 1019 creates a Workforce Enhancement Council, transfers \$2 million from the general fund to the workforce enhancement fund, and provides a continuing appropriation to the Department of Commerce to spend the money in the fund for providing grants to higher education institution assigned primary responsibility for workforce training in the state.

Senate Bill No. 2001 transfers the Office of Faith-Based and Community Initiatives to the Department of Commerce from the Governor's office.

Senate Bill No. 2288 increases the maximum allowable balance in the ethanol incentive fund from \$5 million to \$7.5 million.

Commission on Legal Counsel for Indigents
Budget No. 188
House Bill Nos. 1023, 1014

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	29.00	\$9,512,811	\$1,700,705	\$11,213,516
2007-09 legislative appropriations	29.00	9,509,991	1,700,705	11,210,696
Legislative increase (decrease) to executive budget	0.00	(\$2,820)	\$0	(\$2,820)
Legislative increase (decrease) to 2005-07 appropriations	23.00	\$949,422	\$480,705	\$1,430,127

¹The 2005-07 appropriation amounts include \$9,530,493, of which \$8,310,493 is from the general fund and \$1,220,000 is indigent defense administration funds, transferred from the judicial branch and \$250,076 of general fund carryover authority.

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Commission on Legal Counsel for Indigents is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,820)		(\$2,820)
Total	0.00	(\$2,820)	\$0	(\$2,820)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 29 FTE positions. Senate Bill No. 2027 (2005) provided for the establishment of a Commission on Legal Counsel for Indigents for the purpose of providing indigent defense services and provided for the transition of indigent defense services from the judicial branch to the commission by December 31, 2005. A total of 6 FTE positions were identified for the establishment of the Commission on Legal Counsel for Indigents. During the 2005-07 biennium, an additional 13 FTE positions were added to staff new public defender offices in Minot, Williston, Dickinson, and Grand Forks for a total of 19 FTE positions. North Dakota Century Code Section 54-61-02 allows the Commission on Legal Counsel for Indigents to establish public defender offices in regions of the state as the commission considers necessary and appropriate. The 2007 Legislative Assembly added funding and 10 additional FTE positions for a phased-in addition of public defender offices in Bismarck and Fargo.

Other Sections in House Bill No. 1023

Bismarck and Fargo public defender offices - The 2007 Legislative Assembly appropriated \$1 million from the general fund for a phased-in addition of public defender offices in Bismarck and Fargo.

Department of Corrections and Rehabilitation
Budget No. 530
House Bill Nos. 1015, 1014, Senate Bill Nos. 2013, 2243

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	706.79	\$172,696,199	\$26,853,489	\$199,549,688
2007-09 legislative appropriations	711.29	171,606,873¹	24,050,952	195,657,825
Legislative increase (decrease) to executive budget	4.50	(\$1,089,326)	(\$2,802,537)	(\$3,891,863)
Legislative increase (decrease) to 2005-07 appropriations	34.01	\$66,401,357 ²	(\$3,714,195)	\$62,687,162 ²

¹This amount includes \$44,559,391 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$127,047,482.

²The 2005-07 biennium appropriation reflects \$4,069,832 of general fund deficiency appropriations approved by the 2007 Legislative Assembly in Senate Bill No. 2023.

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. 2189.

	Major Items		
	FTE Positions	General Fund	Other Funds
The legislative action:			Total
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$65,693)	(\$3,843)
Adult Services Division			
Removed funding included in the executive recommendation for the prison expansion project (see Prison Facility Project section below)		(42,000,000)	(42,000,000)
Provided for a transfer from the general fund to the State Penitentiary land fund for future correctional facility needs (see Prison Facility Project section below)		41,000,000	41,000,000
Removed spending authority of Roughrider Industries for raw materials necessary for a general issue of license plates, as funding for a new issue was not included in the Department of Transportation appropriation			(3,000,000)
Reduced funding for Prisons Division equipment		(30,000)	(30,000)
Reduced funding for extraordinary repairs for the Prisons Division		(440,200)	(440,200)

Removed 1.5 FTE positions and related salaries for civil supervision and the drug treatment pilot project	(1.50)		(168,778)	(168,778)
Reduced funding for operating expenses		(47,500)		(47,500)
Added funding for faith-based programming to provide a total of \$500,000		200,000		200,000
Replaced funding from the general fund with special funds from supervision fees related to increasing the monthly supervision fee from \$40 to \$45 per offender		(244,782)	244,782	
Provided funding in Senate Bill No. 2243 to provide matching grants for community service supervision of offenders (see Community Service Supervision section below)		100,000	125,000	225,000
Provided funding for transition medical care		100,000		100,000
Provided funding for 5 FTE positions to reduce the caseload for Adult Services Division	5.00	465,550		465,550
Provided funding for 1 FTE position and related operating expenses for interagency agreement with the Department of Human Services relating to safety and security training provided by the Department of Corrections and Rehabilitation	1.00	118,500		118,500
Youth Services Division				
Reduced funding for the security lighting project at the Youth Correctional Center		(100,000)		(100,000)
Reduced funding for roof repairs for the Maple and Hickory Cottages at the Youth Correctional Center		(127,459)		(127,459)
Reduced funding for equipment at the Youth Correctional Center		(25,000)		(25,000)
Provided funding in Senate Bill No. 2013 for additional employer retirement contributions for Teachers' Fund for Retirement members		7,258	302	7,560
Total	<u>4.50</u>	<u>(\$1,089,326)</u>	<u>(\$2,802,537)</u>	<u>(\$3,891,863)</u>

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
Youth Services Division			
Security officer (converted from temporary)	1.00	1.00	
Institution residential specialist (converted from temporary)	4.00	4.00	
Adult Services Division			
Parole and probation officer II	6.00	6.00	
Parole and probation officer III (drug court)	3.00	3.00	
Corrections agent	1.00	1.00	
Treatment director	1.00	1.00	
Chaplain	2.00	2.00	
Correctional officer	5.00	5.00	
Registered nurse	1.00	1.00	
Instructor	0.25	0.25	
Account technician	1.51	1.51	
Administrative assistant	1.25	1.25	
Office assistant	1.50	1.50	
Business manager	1.00		
Community commitment supervision		(1.00)	(1.00)
Program manager (drug treatment pilot project)		(0.50)	(0.50)
Classification pending (to reduce adult services caseload)		5.00	5.00
Classification pending (training related to interagency agreement with the Department of Human Services)		1.00	1.00
Total	29.51	34.01	4.50

Capital Projects

Project	2007-09 Executive Budget			2007-09 Legislative Appropriation			Legislative Appropriation Increase (Decrease)		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Youth Services Division									
Youth Correctional Center									
Security lighting and surveillance	\$170,000		\$170,000	\$100,000		\$100,000	(\$70,000)		(\$70,000)
Roof replacement	329,689		329,689	202,230		202,230	(127,459)		(127,459)
Extraordinary repairs, maintenance, and upgrades	183,266		183,266	183,266		183,266			
Total - Youth Services Division	\$682,955		\$682,955	\$485,496		\$485,496	(\$197,459)		(\$197,459)
Adult Services Division									
Prisons Division									
State prison expansion	\$42,000,000		\$42,000,000	\$41,000,000		\$41,000,000	(\$1,000,000)		(\$1,000,000)
Standby generator overhaul	300,000		300,000	300,000		300,000			
Penitentiary ADA compliance, ramp, elevator	385,000		385,000				(385,000)		(385,000)
Penitentiary network and surveillance upgrade	80,000		80,000	80,000		80,000			
Penitentiary water service replacement	78,000		78,000	78,000		78,000			
Penitentiary perimeter security surveillance	80,000		80,000	80,000		80,000			
Penitentiary other repairs and maintenance	173,850		173,850	133,850		133,850	(40,000)		(40,000)

Roughrider Industries roof replacement	45,000	45,000	45,000	45,000			
James River Correctional Center roof repairs	85,000	85,000	85,000	85,000			
James River Correctional Center fire suppression	75,000	75,000	75,000	75,000			
James River Correctional Center other repairs	436,075	436,075	436,075	436,075			
Missouri River Correctional Center repairs	42,200	42,200	27,000	27,000	(15,200)		(15,200)
Total - Adult Services Division	\$43,780,125	\$43,780,125	\$42,339,925	\$42,339,925	(\$1,440,200)		(\$1,440,200)
Total Department of Corrections and Rehabilitation	\$44,463,080	\$44,463,080	\$42,825,421	\$42,825,421	(\$1,637,659)		(\$1,637,659)

Inmate Population

The following table summarizes the 2007-09 biennium inmate population projections used to develop the legislative appropriation, the same population estimates were used to develop the executive recommendation:

	Male	Female	Total
Fiscal year 2008			
July	1,230	190	1,420
August	1,234	192	1,426
September	1,238	193	1,431
October	1,242	194	1,436
November	1,245	196	1,441
December	1,249	197	1,446
January	1,252	199	1,451
February	1,256	201	1,457
March	1,260	202	1,462
April	1,264	204	1,468
May	1,268	205	1,473
June	1,272	207	1,479
Fiscal year 2009			
July	1,274	208	1,482
August	1,278	210	1,488
September	1,281	211	1,492
October	1,285	213	1,498
November	1,289	215	1,504
December	1,293	216	1,509
January	1,296	218	1,514
February	1,300	220	1,520
March	1,304	221	1,525
April	1,308	223	1,531
May	1,312	225	1,537
June	1,316	226	1,542

The following table shows the actual average male and female inmate populations for July 2005 through April 2007 as compared to the legislative population estimates for the 2005-07 biennium:

	Male Inmate Population Estimated v. Actual			Female Inmate Population Estimated v. Actual		
	Legislative Estimated Population	Actual Population	Actual Above (Below) Estimate	Legislative Estimated Population	Actual Population	Actual Above (Below) Estimate
Fiscal year 2006						
July	1,198	1,212	14	134	149	15
August	1,201	1,221	20	135	154	19
September	1,204	1,231	27	136	155	19
October	1,207	1,237	30	136	148	12
November	1,211	1,257	46	137	145	8
December	1,213	1,259	46	138	151	13
January	1,210	1,249	39	139	162	23
February	1,207	1,254	47	139	163	24
March	1,203	1,264	61	140	167	27
April	1,195	1,267	72	141	161	20
May	1,193	1,247	54	141	161	20
June	1,193	1,246	53	142	163	21
Fiscal year 2007						
July	1,186	1,240	54	143	165	22
August	1,189	1,236	47	143	168	25
September	1,197	1,245	48	144	166	22
October	1,202	1,237	35	145	158	13
November	1,207	1,230	23	146	167	21
December	1,218	1,226	8	146	169	23
January	1,221	1,247	26	147	160	13
February	1,225	1,251	26	148	151	3
March	1,234	1,258	24	149	146	(3)
April	1,241	1,273	32	149	147	(2)
May	1,252			150		
June	1,262			151		

Inmate Contract Housing

The Legislative Assembly did not change the executive recommendation to provide \$9,588,597 for inmate contract housing, an increase of \$4,017,201 from the 2005-07 biennium appropriation. This amount represents \$9,528,597 from the general fund and \$60,000 of federal funds. This funding is to be used to house female inmates at the Dakota Women's Correctional and Rehabilitation Center in New England (\$7,955,877) and to house excess male inmates at county jails and private facilities (\$1,632,720).

Prison Facility Project

The Legislative Assembly removed the \$42 million general fund appropriation included in the executive recommendation for the State Penitentiary expansion project and provided for a transfer of \$41 million from the general fund to the State Penitentiary land fund for addressing correctional facility needs as recommended and approved under Section 10 of House Bill No. 1015. The Legislative Assembly also provided an appropriation of \$250,000 from the general fund to the Legislative Council for prison facility alternative concepts and preliminary design development.

The Legislative Council is directed, in Section 10 of House Bill No. 1015, to appoint a Correctional Facility Review Committee to address the immediate and future needs of the State Penitentiary. The membership of the committee includes three members of the House of Representatives, two of whom must represent the majority party and one of whom must represent the minority party; and three members of the Senate, two of whom must represent the majority party and one of whom must represent the minority party. The committee is authorized to engage consultant and architectural services for development of three correctional facility concepts. The three concepts include construction of a new facility on the existing State Penitentiary site, constructing a new facility at a new site, or remodeling the existing State Penitentiary facility. Each of the three concepts must:

- Include a master plan, staffing plan, cost-benefit analysis, and project cost estimate;
- Be based upon housing a population of approximately 900 to 1000 inmates;
- Include options for expansion;
- Take into consideration the transfer of the inmates at the Missouri River Correctional Center to the new or remodeled facility; and
- Take into consideration the facility and staffing needs of the James River Correctional Center.

The committee must forward the three concepts along with a recommendation for one of the three concepts to the Emergency Commission before June 1, 2008. If the Emergency Commission authorizes one of the three concepts, the authorized concept must be forwarded to the Budget Section for approval.

Section 18 of the bill provides legislative intent that the correctional facility concepts to be developed not include any consideration of closure of the James River Correctional Center in Jamestown or the Dakota Women's Correctional and Rehabilitation Center in New England.

Community Service Supervision

In Senate Bill No. 2243, the Legislative Assembly provided for the establishment of a community service supervision fee and a community service supervision fund. North Dakota Century Code Section 29-26-22 is amended to require courts to impose upon each defendant who receives a sentence that includes community service a community service supervision fee of \$50. The community service supervision fee must be deposited in the community service supervision fund and be used for matching grants to community service supervision providers. The Legislative Assembly provided an appropriation of \$125,000 from the community service supervision fund to the Department of Corrections and Rehabilitation and directed that \$100,000 from the Field Services appropriation be used for the grants. The grants are to be made on a case-by-case basis and require a local match of \$1 for every \$2 provided by the department.

One-Time Funding

In Section 13 of House Bill No. 1015, the Legislative Assembly identified the general fund appropriation for one-time funding of \$3,559,391 for deferred maintenance (\$1,725,391), Youth Correctional Center security lighting (\$70,000), and a medical information system, equipment, and radios (\$1,764,000). In Section 8 of House Bill No. 1015, the Legislative Assembly provided for a transfer of \$41 million from the general fund to the State Penitentiary land fund, for total one-time funding of \$44,559,391. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Department of Corrections and Rehabilitation is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1015

Offender application fee - Section 4 amends North Dakota Century Code (NDCC) Section 12-65-08(1) by requiring the department, if the balance of the probationer violation transportation fund exceeds \$75,000 on June 30 of the immediately preceding fiscal year, to waive any fees required to be paid by a county having jurisdiction over a probationer transferring residency to another state under the interstate compact.

Supervision fees - Section 5 amends subsection 2 of NDCC Section 12.1-32-07 to change the monthly offender supervision fee from \$40 to \$45 per offender.

Drug abuse assessment and treatment - Section 6 amends NDCC Section 19-03.1-45 to continue guidelines for presentence investigations and drug abuse assessment and treatment, eliminates the requirement that the cost for all drug abuse assessments and certified drug abuse treatment programs are initially paid by the Department of Corrections and Rehabilitation, and eliminates the mandatory drug treatment pilot project for Walsh, Pembina, and Grand Forks Counties.

North Central Correctional and Rehabilitation Center - Section 7 authorizes the Department of Corrections and Rehabilitation to make 24 equal payments totaling \$1,631,044 from the general fund for services provided at the North Central Correctional and Rehabilitation Center in Rugby for the 2007-09 biennium.

Transfer to State Penitentiary land fund - Section 8 provides for a contingent appropriation of \$41 million to be transferred from the general fund to the State Penitentiary land fund. The funds will be used if one of three correctional facility concepts, as outlined in Section 10 of the bill, is authorized by the Emergency Commission and approved by the Budget Section.

Legislative Council appropriation - Section 9 provides an appropriation of \$250,000 from the general fund to the Legislative Council for prison facility alternative concepts and preliminary design development as provided for in Section 10 of the bill.

Correctional Facility Review Committee - Section 10 provides for the appointment of a Correctional Facility Review Committee to address the immediate and future needs of the State Penitentiary.

Exemption - Section 11 provides that the amount appropriated to the Department of Corrections and Rehabilitation in Section 5 of Senate Bill No. 2341 (2005) is not subject to the provisions of NDCC Section 54-44.1-11 relating to unexpended appropriations and is to be used for crime victims compensation.

Budget Section approval - Section 12 authorizes the Department of Corrections and Rehabilitation to develop a plan for and implement an inmate medical system. The department is required to provide reports to the Legislative Information Technology Committee and the Budget Section. Budget Section approval is required before the department proceeds with implementation of the system.

Legislative intent - Reporting levels - Section 14 provides legislative intent that the Office of Management and Budget change the reporting levels on the budget analysis and reporting system (BARS) to allow for a separation of food and clothing items for the 2009-11 biennium.

Legislative intent - Temporary salaries - Section 15 provides legislative intent that the Field Services Division may use \$250,000 of its 2007-09 biennium appropriation for temporary salaries for supervision of offenders.

Legislative Council study - Section 16 provides for a Legislative Council study on retirement criteria for state correctional officers and peace officers.

Budget Section report - Space, operational, and staffing plan - Section 17 requires the Department of Corrections and Rehabilitation to prepare a space, operational, and staffing plan for the State Penitentiary and James River Correctional Center. The plan must be presented at the first Budget Section meeting after March 1, 2008.

Legislative intent - Correctional facilities - Section 18 provides legislative intent that the correctional facility concepts developed pursuant to Section 10 of the bill not include any consideration of closure of the James River Correctional Center or the Dakota Women's Correctional and Rehabilitation Center in New England.

Related Legislation

House Bill No. 1076 amends NDCC Section 15.1-21-02 to exempt the high school education program at the Youth Correctional Center from certain high school curriculum requirements.

Senate Bill No. 2023 provides a deficiency appropriation of \$4,069,832 to the Department of Corrections and Rehabilitation.

Senate Bill No. 2029 provides standards under which the Department of Corrections and Rehabilitation may implement an electronic home detention and global positioning system monitoring program.

Senate Bill No. 2243 creates a community service supervision fee and a community service supervision fund and provides an appropriation of \$125,000 from the community service supervision fund to the Department of Corrections and Rehabilitation for community service grants.

**Council on the Arts
Budget No. 709
House Bill Nos. 1010, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	5.00	\$1,196,307	\$1,288,318	\$2,484,625
2007-09 legislative appropriations	5.00	1,165,799¹	1,288,318	2,454,117
Legislative increase (decrease) to executive budget	0.00	(\$30,508)	\$0	(\$30,508)
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$166,108	\$20,000	\$186,108

¹This amount includes \$10,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$1,155,799.

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. 2189.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$508)		(\$508)
Removed funding for grants to local arts organizations		(30,000)		(30,000)
Total	0.00	(\$30,508)	\$0	(\$30,508)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 5 FTE positions, the same as the 2005-07 biennium.

One-Time Funding

The Legislative Assembly identified the general fund appropriation for one-time funding of \$10,000 for the Lincoln Bicentennial. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Council on the Arts is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

**School for the Deaf
Budget No. 252
Senate Bill No. 2013, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	48.44	\$5,841,502	\$964,162	\$6,805,664
2007-09 legislative appropriations	43.94	5,390,438¹	1,039,018	6,429,456
Legislative increase (decrease) to executive budget	(4.50)	(\$451,064)	\$74,856	(\$376,208)
Legislative increase (decrease) to 2005-07 appropriations	(5.25)	\$25,341	(\$288,247)	(\$262,906)

¹This amount includes \$100,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$5,290,438.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,824)	(\$144)	(\$2,968)
Removed 4.5 vacant FTE positions and associated funding	(4.50)	(323,000)		(323,000)
Reduced funding for salaries and wages relating to anticipated attrition		(55,000)		(55,000)
Provided a funding source change from the general fund to special funds to be generated by the school		(75,000)	75,000	0
Provided funding for the additional employer retirement contribution for Teachers' Fund for Retirement members required by Senate Bill No. 2046		4,760		4,760
Total	(4.50)	(\$451,064)	\$74,856	(\$376,208)

FTE Changes

The 2007-09 biennium appropriation includes funding for 43.94 FTE positions, a decrease of 5.25 FTE positions from the 2005-07 biennium authorized level of 49.19 FTE positions. The legislative action did not change the executive recommendation to eliminate a .75 FTE faculty position not requested by the agency. The Legislative Assembly removed 4.5 FTE vacant positions, including a .75 FTE custodian position, three .75 FTE dormitory counselor positions, a .75 FTE sign language communicator position, and a .75 FTE house parent position.

One-Time Funding

In Section 13 of Senate Bill No. 2013, the Legislative Assembly identified \$100,000 from the general fund for deferred maintenance at the School for the Deaf as a one-time funding item. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the School for the Deaf is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to appropriate \$150,000 from the general fund for roof repair (\$40,000), repair of roads and parking lots (\$10,000), and other deferred maintenance issues (\$100,000). Of the \$150,000, \$50,000 is considered base funding and \$100,000 is considered one-time funding.

Other Sections in Senate Bill No. 2013

Line item transfer authority - Section 11 allows the School for the Deaf to transfer up to \$240,000 from the salaries and wages line item to the operating expenses and capital assets line items for increased instructional costs and extraordinary repair needs.

Legislative Council study - Section 14 provides that the Legislative Council consider studying, during the 2007-08 interim, the provision of services to children and adults who are deaf or hearing-impaired, including the role of the School for the Deaf in the provision of educational and rehabilitative services, the short-term and long-term viability of existing state facilities, and alternative approaches that might enhance the scope and breadth of service availability. The study, if conducted, must include the feasibility of combining the administration and delivery of services of the School for the Deaf with other area school districts, educational associations governed by joint powers agreements, special education units, and North Dakota Vision Services - School for the Blind. The study is to examine alternative uses for the buildings on the School for the Deaf campus beyond the scope of the school's present mission.

Wind energy project collaboration - Section 15 provides that the School for the Deaf collaborate with Lake Region State College on the college's wind energy project and determine the feasibility of the school accessing any available energy, including identifying any related costs. The School for the Deaf is to provide a report of the status on this collaboration to the Appropriations Committees during the 2009 legislative session.

Related Legislation

Teacher retirement contributions - Senate Bill No. 2046 requires an additional .5 percent employer retirement contribution for Teachers' Fund for Retirement members beginning on July 1, 2008.

**Branch Research Centers
Budget No. 628
House Bill Nos. 1020, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	95.26	\$10,658,084	\$13,716,431	\$24,374,515
2007-09 legislative appropriations	97.86	11,301,508¹	13,715,511	25,017,019
Legislative increase (decrease) to executive budget	2.60	\$643,424	(\$920)	\$642,504
Legislative increase (decrease) to 2005-07 appropriations	10.60 ²	\$2,915,199	\$596,144	\$3,511,343

¹This amount includes \$700,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$10,601,508.

²The 2005-07 appropriation was based on 77.41 FTE positions. Section 6 of Senate Bill No. 2020 (2005) authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section and reported to the Office of Management and 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 branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly appropriated \$829,669, of which \$438,129 is from the general fund and \$391,540 is from special funds, to the Main Research Center to provide agricultural research and extension agency employees an additional 1 percent per year salary increase each year of the biennium. The Main Research Center is to allocate the funding between the Main Research Center, branch research centers, North Dakota State University Extension Service, Northern Crops Institute, and Agronomy Seed Farm. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,576)	(\$920)	(\$3,496)
Provided \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center		300,000		300,000
Added 2 FTE research positions and related funding for the Williston Research Center irrigation project	2.00	250,000		250,000
Added a .60 FTE and related funding for research and development of innovative waste management systems at the Carrington Research Center	0.60	96,000		96,000
Total	2.60	\$643,424	(\$920)	\$642,504

FTE Changes

The 2005-07 appropriation is based on 77.41 FTE positions authorized by the 2005 Legislative Assembly. Section 6 of 2005 Senate Bill No. 2020 authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section for a total of 87.26 FTE positions. The 2007-09 biennium appropriation includes funding for 97.86 FTE positions, an increase of 2.60 FTE positions from the executive recommendation of 95.26 and 10.60 FTE positions from the 2005-07 authorized level of 87.26. The Legislative Assembly authorized 2 FTE positions for the Williston Research Center, .60 FTE positions for the Carrington Research Center, 1 FTE position for the North Central Research Center, and 7 FTE support staff positions (one for each branch research center).

One-Time Funding

In Section 15 of House Bill No. 1020, the Legislative Assembly identified \$700,000 from the general fund for the North Central Research Center laboratory and greenhouse project (\$400,000) and North Central Research Center equipment storage and maintenance shop facility (\$300,000) as one-time funding items. This amount is not to be considered part of the branch research center's budget for preparing the 2009-11 executive budget and the branch research center is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 4 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 (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2007-09 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2007-09 biennium.

State motor pool requirements - Section 8 amends North Dakota Century Code Section 24-02-03.3 to exempt certain vehicles used in farming operations at the Agronomy Seed Farm and branch research centers from state motor pool requirements.

Carryover authority - Section 9 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2007-09 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2007-09 biennium.

Operating pool - Section 11 provides that the operating pool of \$750,000 from the permanent oil tax trust fund appropriated to the Main Research Center be used for operating costs at the Dickinson Research Center and be limited to the amount oil revenues are less than budgeted for the biennium.

Livestock facilities - Section 12 provides that the Agricultural Experiment Station consider options to ensure that the use of the livestock facilities at Dickinson, Hettinger, Carrington, and Streeter are being maximized.

National Cattlemen's Beef Association funding - Section 13 directs the Agricultural Experiment Station to provide a report to the 61st Legislative Assembly regarding the funding received during the 2007-09 biennium from the National Cattlemen's Beef Association.

Capital Construction

North Central Research Center laboratory and greenhouse project - The 2005 Legislative Assembly authorized \$1,690,000, of which \$440,000 was from bond proceeds and \$1,250,000 was from gifts, grants, and donations, for the North Central Research Center laboratory and greenhouse project. The 2007 Legislative Assembly appropriated an additional \$400,000 from the general fund to complete the laboratory and greenhouse project.

North Central Research Center storage and maintenance shop facility - The 2007 Legislative Assembly appropriated \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center.

Dickinson Research Center waste management facility and landscaping projects - The 2007 Legislative Assembly authorized \$701,000 of special funds spending authority for the Dickinson Research Center to construct a waste management facility as mandated by State Department of Health requirements (\$351,000) and for a parking lot and landscaping project at the headquarters facility (\$350,000).

Carrington, Hettinger, and North Central Research Center headquarters office additions - The 2007-09 biennium executive recommendation for the Main Research Center included an appropriation of \$1,107,750 from the general fund for a Carrington Research Center headquarters office building addition (\$465,000), Hettinger Research Center headquarters office building addition (\$222,750), and North Central Research Center office and technology transfer building addition (\$420,000). The 2007 Legislative Assembly reduced the total appropriation for these projects by \$200,000, from \$1,107,750 to \$907,750.

**Judicial Branch
Budget No. 180
House Bill Nos. 1002, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	343.00	\$67,267,338	\$2,201,034	\$69,468,372
2007-09 legislative appropriations	338.00	66,935,878¹	2,199,640	69,135,518
Legislative increase (decrease) to executive budget	(5.00)	(\$331,460)	(\$1,394)	(\$332,854)
Legislative increase (decrease) to 2005-07 appropriations	6.00	\$10,078,009	\$689,662	\$10,767,671

¹This amount includes \$1,490,750 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$65,445,128.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$52,634)	(\$1,394)	(\$54,028)
Supreme Court changes:				
Reduced funding for judicial branch proposed salary increases for Supreme Court justices from a 6 percent increase effective July 1, 2007, and a 7 percent increase effective July 1, 2008, to a \$2,000 increase plus a 4 percent increase July 1, 2007, and a 4 percent increase effective July 1, 2008		(23,660)		(23,660)
District court changes:				
Reduced funding for judicial branch proposed salary increases for district court judges from a 6 percent increase effective July 1, 2007, and a 7 percent increase effective July 1, 2008, to a \$2,000 increase plus a 4 percent increase July 1, 2007, and a 4 percent increase effective July 1, 2008		(157,096)		(157,096)
Removed 5 of the 6 FTE positions added for the mediation pilot project and provided for contract mediators to be used for this project rather than adding employees	(5.00)			0
Reduced funding for judges' retirement due to the death of a qualifying judge		(98,070)		(98,070)

Judicial Conduct Commission changes:

The Legislative Assembly did not change the appropriation for the Judicial Conduct Commission

0

Total	(5.00)	(\$331,460)	(\$1,394)	(\$332,854)
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FTE Changes

The 2007-09 legislative appropriation includes funding for 338 FTE positions, an increase of 6 FTE positions from the 2005-07 biennium authorized level of 332 FTE positions. The Legislative Assembly removed 5 FTE positions included in the executive recommendation for the mediation pilot project and provided that contract mediators are to be used rather than adding employees. The Legislative Assembly did not change the executive budget recommendation to add a .5 FTE director of finance position, .5 FTE referee for district courts, 1 FTE law clerk in the Northwest District, 1 FTE juvenile officer in the South Central District, 2 FTE Rolette County clerks (opting to be state-employed pursuant to North Dakota Century Code (NDCC) Chapter 27-05.2), and 1 FTE mediation pilot project program coordinator position.

One-Time Funding

In Section 8 of House Bill No. 1002, the Legislative Assembly identified one-time funding to the district courts of \$1,490,750 from the general fund for an enhanced records management system (\$115,750) and unified case management system (\$1,375,000). This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Supreme Court is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1002

Appropriation of additional funding - Section 4 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 5 provides that the director of the Office of Management and Budget and the State Treasurer make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon 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.

Salaries of Supreme Court justices - Section 6 provides statutory changes to NDCC Section 27-02-02 relating to salaries of justices of the Supreme Court. The Legislative Assembly authorized 2007-09 biennium salary increases of \$2,000 plus a 4 percent increase effective July 1, 2007, and a 4 percent increase effective July 1, 2008. The Supreme Court justices' salaries are to be increased from the current level of \$107,210 to \$113,578 effective July 1, 2007, and \$118,121 effective July 1, 2008. The Chief Justice of the Supreme Court is entitled to receive an additional \$3,262 per annum effective July 1, 2007, and an additional \$3,392 per annum, effective July 1, 2008, which is an increase from the current level of an additional \$3,136 per annum.

Salaries and expenses of district judges - Section 7 provides statutory changes to NDCC Section 27-05-03 relating to salaries and expenses of district court judges. The Legislative Assembly authorized 2007-09 biennium salary increases of \$2,000 plus a 4 percent increase, effective July 1, 2007, and a 4 percent increase effective July 1, 2008. The district court judges' salaries are to be increased from the current level of \$98,070 to \$104,073 effective July 1, 2007, and \$108,236 effective July 1, 2008. The presiding judge of a judicial district is entitled to receive an additional \$3,005 per annum effective July 1, 2007, and an additional \$3,126 per annum effective July 1, 2008, which is an increase from the current level of an additional \$2,890 per annum.

Information Technology Projects

Enhanced records management system - The Legislative Assembly appropriated \$115,750 from the general fund for the judicial branch to implement an enhanced records management system. An enhanced records management system for the unified judicial branch is intended to preserve court information, promote greater accessibility to that information, and reduce operational and records storage costs within the judicial branch.

Unified case management system - The Legislative Assembly appropriated \$1,375,000 for operating expenses to enhance or begin the replacement of the unified case management system. The current case management system was developed approximately 20 years ago and significant enhancements or a complete replacement is needed to continue efficient processing of cases. The system provides management information to judges, court personnel, justice personnel, and the public.

Related Legislation

House Bill No. 1083 - This bill removes the continuing appropriation authority for the **electronic filing administration fund** as provided in NDCC Section 27-03-05.

House Bill No. 1097 - This bill continues the **temporary court of appeals** until January 1, 2012. The temporary court of appeals was established to exercise appellate and original jurisdiction as delegated by the Supreme Court.

House Bill No. 1387 - This bill provides for the Legislative Council to consider studying the **leasing or renting of facilities** for use by district courts from counties or other political subdivisions, including the feasibility and desirability of counties retaining a portion of the fees collected by counties in lieu of leasing or renting by the state.

House Concurrent Resolution No. 3002 - This resolution provides for a Legislative Council study of the **judicial election and judicial selection process** in North Dakota.

Senate Bill No. 2243 - This bill amends NDCC Section 29-26-22 providing for courts to impose a **community service fee** of \$50 per defendant participating in community service to be used to provide community service supervision grants.

Senate Concurrent Resolution No. 4004 - This resolution provides for a Legislative Council study of the respective **responsibilities of county and state judicial system personnel** under the Uniform Juvenile Court Act in light of statutory ambiguities in defining those responsibilities.

Adjutant General, including the National Guard and the Department of Emergency Services
Budget No. 540
Senate Bill No. 2016, House Bill No. 1014

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	232.00	\$21,711,846	\$121,694,392	\$143,406,238
2007-09 legislative appropriations	232.00	21,802,813¹	121,675,673	143,478,486
Legislative increase (decrease) to executive budget	0.00	\$90,967	(\$18,719)	\$72,248
Legislative increase (decrease) to 2005-07 appropriations	39.00	(\$3,858,088) ²	\$32,371,595	\$28,513,507

¹This amount includes \$2,781,970 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$19,020,843.

²This amount reflects the 2005-07 deficiency appropriation of \$4.1 million from the general fund to the Adjutant General to repay the Bank of North Dakota for the state's share of disaster costs.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$9,033)	(\$18,719)	(\$27,752)
Reduced funding for special assessment payments (National Guard)		(320,000)		(320,000)
Provided funding for increasing armory lease payments or providing deferred maintenance grants to political subdivision-owned armories as determined appropriate by the Adjutant General (National Guard)		120,000		120,000
Provided funding for salary equity and pay grade adjustments for State Radio employees based on a compensation plan established by the Adjutant General (Department of Emergency Services)		300,000		300,000
Total	0.00	\$90,967	(\$18,719)	\$72,248

FTE Changes

The 2007-09 biennium appropriation includes funding for 232 FTE positions, an increase of 39 FTE positions from the 2005-07 biennium authorized level of 193 FTE positions. The Legislative Assembly did not change the executive recommendation to add 2 FTE family program counselor positions, 7 FTE security positions relating to the agency's Air Guard contract, 28 FTE security positions relating to the agency's Army Guard contract, 1 FTE public information officer position, and 1 FTE grants officer position.

One-Time Funding

In Section 9 of Senate Bill No. 2016, the Legislative Assembly identified \$2,781,970 from the general fund as one-time funding items. These items, which are summarized as follows, are not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Adjutant General is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding:

Computer-aided dispatch project	\$980,000
Motorola lease purchase payment (general fund portion)	1,084,970
Special assessments	92,000
Deferred maintenance	625,000
Total	\$2,781,970

Capital Asset Funding

The Legislative Assembly provided funding of \$2,456,014, of which \$2,015,637 is from the general fund and \$440,377 is from special funds, for capital assets. The funding of \$2,456,014 is a decrease of \$320,000 from the executive recommendation of \$2,776,014. The following is a summary of the capital asset funding:

	2007-09 Executive Recommendation			2007-09 Legislative Appropriation		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
National Guard						
Payment in lieu of taxes (Camp Grafton)	\$35,000		\$35,000	\$35,000		\$35,000
Bond payments	70,667		70,667	70,667		70,667
Special assessments	470,000		470,000	150,000		150,000
Extraordinary repairs	625,000		625,000	625,000		625,000
Equipment over \$5,000	50,000		50,000	50,000		50,000
Subtotal - National Guard	\$1,250,667		\$1,250,667	\$930,667		\$930,667
Department of Emergency Services						
Motorola lease purchase agreement payment	\$1,084,970	\$440,377	\$1,525,347	\$1,084,970	\$440,377	\$1,525,347
Grand total - Adjutant General	\$2,335,637	\$440,377	\$2,776,014	\$2,015,637	\$440,377	\$2,456,014

Tuition and Enlistment Compensation

The Legislative Assembly did not change the executive recommendation to provide \$2,407,500 from the general fund for the tuition and enlistment compensation program, an increase of \$400,000 from the 2005-07 biennium appropriation of \$2,007,500. The additional \$400,000 is for recruitment and retention bonuses. The tuition and enlistment compensation program is a scholarship program providing approximately \$1,000 per semester for eligible students taking 12 or more credits. Students taking fewer than 12 credits receive lower payments. In addition, under North Dakota Century Code (NDCC) Section 37-07.1-03, the accredited postsecondary institution waives 25 percent of the total tuition cost for each eligible student.

Veterans Cemetery

The Legislative Assembly provided funding of \$354,922, of which \$238,585 is from the general fund and \$116,337 is special funds from the Veterans Cemetery maintenance fund, for the operation of the Veterans Cemetery. This represents an increase in funding of \$64,351 from the 2005-07 biennium appropriation of \$290,571, of which \$216,297 was from the general fund and \$74,274 was special funds from the Veterans Cemetery maintenance fund. Section 4 of Senate Bill No. 2106 provides that any additional funds received by the Adjutant General and deposited in the Veterans Cemetery maintenance fund pursuant to NDCC Sections 37-03-14 and 39-04-10.10 for the operation of the North Dakota Veterans Cemetery are appropriated to the Adjutant General.

Other Sections in Senate Bill No. 2016

Line item transfer authority - Section 5 provides that the Adjutant General may transfer up to \$500,000 from various line items to the operating expenses and capital assets line items for the maintenance and repair of state-owned armories during the 2007-09 biennium. Any amounts transferred must be reported to the Office of Management and Budget.

Department of Emergency Services Advisory Committee - Section 6 provides legislative intent that the Adjutant General consider changing the membership of the Department of Emergency Services Advisory Committee established pursuant to NDCC Section 37-17.1-02.2 to remove representatives of the Information Technology Department and the Infragard and include representatives of the North Dakota Healthcare Association and North Dakota Sheriffs Association.

Homeland security funding - Section 7 provides legislative intent that political subdivisions place a greater influence on allocations of federal homeland security funding to emergency medical services and hospitals.

Legislative Council study - Section 8 provides that the Legislative Council consider studying, during the 2007-08 interim, the Department of Emergency Services, including the Division of Homeland Security and the Division of State Radio. The study should include a review of the allocation of federal homeland security funding, the operation of State Radio, and potential changes to the 911 fee structure to continue salary equity funding provided in the 2007-09 biennium.

Transfer to the Veterans Cemetery trust fund - Section 10 amends Section 6 of 2005 House Bill No. 1017 to provide that any unexpended general fund appropriation authority relating to the \$5 million appropriated for the payment of adjusted compensation to veterans during the 2005-07 and 2007-09 bienniums is not subject to the provisions of NDCC Section 54-44.1-11 and must be transferred to the Veterans Cemetery trust fund during the 2009-11 biennium.

Related Legislation

2005-07 deficiency appropriation - Senate Bill No. 2023 provides a \$4.1 million general fund deficiency appropriation for the 2005-07 biennium to repay the Bank of North Dakota for the state's share of disaster costs.

Tuition and enlistment compensation program and adjusted compensation program - Senate Bill No. 2115 modifies the tuition and enlistment compensation program to allow any qualifying member of the National Guard to enroll in any accredited postsecondary institution and modifies the adjusted compensation program for veterans to continue the program through the 2007-09 biennium and to include nonresident members of the North Dakota National Guard.

Veterans' number plates - Senate Bill No. 2263 modifies the funding structure for the initial and annual fees paid for veterans' license plates.

Adjusted compensation program - House Bill No. 1291 increases the death benefit provided under the adjusted compensation program for veterans from \$2,500 to \$5,000.

**State Fair Association
Budget No. 665
House Bill No. 1009**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	0.00	\$5,627,150	\$5,000,000	\$10,627,150
2007-09 legislative appropriations	0.00	1,167,150		1,167,150
Legislative increase (decrease) to executive budget	0.00	(\$4,460,000)	(\$5,000,000)	(\$9,460,000)
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$552,150	\$0	\$552,150

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

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Increased funding for premiums from \$417,150 to \$442,150		\$25,000		\$25,000
Provided funding for asphalt overlay extraordinary repairs		265,000		265,000
Decreased funding for construction of a new grandstand from \$10 million, of which \$5 million was from the general fund and \$5 million was from special funds, to \$250,000 of startup funding from the general fund		(4,750,000)	(\$5,000,000)	(9,750,000)
Total	0.00	(\$4,460,000)	(\$5,000,000)	(\$9,460,000)

State Fair Premiums

The Legislative Assembly provided funding of \$442,150 from the general fund for premiums. The \$442,150 is \$25,000 more than the executive budget recommendation of \$417,150 and \$37,150 more than the 2005-07 biennium general fund appropriation of \$405,000.

Capital Assets

The Legislative Assembly provided funding of \$725,000 from the general fund for capital assets, including \$210,000 to continue the interest rate buydown on State Fair capital construction project payments, \$265,000 for asphalt overlay extraordinary repairs, and \$250,000 for startup funding for construction of a new grandstand. The following is a summary of capital asset funding for the State Fair:

	2005-07 Legislative Appropriations	2007-09 Executive Recommendation	2007-09 Legislative Appropriations	2007-09 Legislative Appropriations Increase (Decrease) from 2005-07 Legislative Appropriations	2007-09 Legislative Appropriations Increase (Decrease) from 2007-09 Executive Recommendation
Debt payments	\$210,000	\$210,000	\$210,000		
Asphalt overlay repairs			265,000	\$265,000	\$265,000
New grandstand		10,000,000	250,000	250,000	(9,750,000)
Total	\$210,000	\$10,210,000	\$725,000	\$515,000	(\$9,485,000)
General fund	\$210,000	\$5,210,000	\$725,000	\$515,000	(\$4,485,000)
Special funds		5,000,000			(5,000,000)
Total	\$210,000	\$10,210,000	\$725,000	\$515,000	(\$9,485,000)

Department of Financial Institutions
Budget No. 413
House Bill Nos. 1008, 1014

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	27.00	\$0	\$5,181,860	\$5,181,860
2007-09 legislative appropriations	27.00		5,177,422	5,177,422
Legislative increase (decrease) to executive budget	0.00	\$0	(\$4,438)	(\$4,438)
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$0	\$731,919	\$731,919

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. 2189.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$4,438)	(\$4,438)
Total	0.00	\$0	(\$4,438)	(\$4,438)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 27 FTE positions, the same as the 2005-07 biennium.

Related Legislation

House Bill No. 1117 adds a new section to North Dakota Century Code Chapter 13-03.1 allowing the Department of Financial Institutions to issue orders, including cease and desist, stop, and suspension and to apply to the district court of any county in North Dakota for an injunction to restrain a person who has engaged in, is engaging in, or is about to engage in an act, practice, or transaction that is prohibited by Chapter 13-03.1 relating to the North Dakota Consumer Finance Act.

**Game and Fish Department
Budget No. 720
Senate Bill No. 2017, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	155.00	\$0	\$54,891,111	\$54,891,111
2007-09 legislative appropriations	155.00		57,841,039	57,841,039
Legislative increase (decrease) to executive budget	0.00	\$0	\$2,949,928	\$2,949,928
Legislative increase (decrease) to 2005-07 appropriations	3.00	\$0	\$6,509,980 ¹	\$6,509,980 ¹

¹The 2005-07 biennium appropriation reflects an emergency appropriation of \$130,000 for a grant to the Agriculture Commissioner relating to Wildlife Services approved by the 2007 Legislative Assembly in Section 4 of Senate Bill No. 2017.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$20,072)	(\$20,072)
Added funding for boat ramp improvements and marina development			1,040,000	1,040,000
Provided additional funding for private land open to sportsmen (PLOTS) programs			500,000	500,000
Provided funding for a study on recruitment and retention of hunters in North Dakota			30,000	30,000
Provided funding for a grant program to local communities to fund shooting ranges and other related activities to encourage hunting by youth			100,000	100,000
Provided funding for the Sweetbriar Dam project			1,300,000	1,300,000
Total	0.00	\$0	\$2,949,928	\$2,949,928

FTE Changes

The 2007-09 biennium appropriation includes funding for 155 FTE positions, an increase of 3 FTE positions from the 2005-07 biennium authorized level of 152 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE game warden investigator position, 1 FTE bighorn sheep biologist position, and 1 FTE technician position for the Fisheries Division.

Funding for Department of Agriculture

Wildlife Services

The Legislative Assembly did not change the executive recommendation to provide \$680,000 from the game and fish fund for Wildlife Services, the same as the 2005-07 biennium appropriation prior to the \$130,000 emergency appropriation included in Section 4 of Senate Bill No. 2017. 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 Legislative Assembly also provided an emergency appropriation of \$130,000 to the Department of Agriculture in addition to the \$680,000 appropriation included in the executive recommendation for Wildlife Services.

Board of Animal Health

The 2007-09 biennium appropriation includes \$209,684 from the game and fish fund for grants to the Department of Agriculture for the Board of Animal Health, an increase of \$59,684 from the 2005-07 biennium appropriation of \$150,000.

Funding for Parks and Recreation Department

The 2007-09 biennium appropriation includes \$381,750 from the game and fish fund for a grant to the Parks and Recreation Department for state park boat ramp maintenance and repairs, an increase of \$259,750 from the 2005-07 biennium appropriation of \$122,000. Of the \$381,750, \$109,750 is for boat ramp improvements at Fort Stevenson State Park and may only be spent if the Corps of Engineers does not begin construction of the marina at Fort Stevenson by March 31, 2008.

Capital Projects

The Legislative Assembly did not change the executive recommendation to provide funding of \$2,287,741 from the game and fish fund and \$996,500 of federal funds for the following capital projects:

Project	Other Funds
Extraordinary repairs	\$441,241
Dickinson office addition	225,000
Wildlife management area improvements (\$150,000 federal funds)	225,000
Fishing area projects (\$500,000 federal funds)	738,000
Land acquisition	100,000
Equipment over \$5,000 (\$346,500 federal funds)	605,000
IT equipment over \$5,000	50,000
Payment in lieu of taxes	900,000
Total	\$3,284,241

The Legislative Assembly also provided \$1,040,000 in the ramp improvements and marina development line item for various boat ramp improvements and marina development and added an emergency section to the bill for the funds included in this line item.

Other Sections in Senate Bill No. 2017

Legislative intent - Section 6 provides legislative intent that \$100,000 included in the grants line item be to provide grants to local communities for shooting ranges and other related activities to encourage hunting by youth.

Recruitment and retention study - Section 7 requires the Game and Fish Department to study the recruitment and retention of hunters in North Dakota and to report its findings to the Budget Section by December 31, 2008.

Related Legislation

House Bill No. 1184 provides that, notwithstanding any other provision of law, an individual may have a handgun, as defined in North Dakota Century Code Section 62.1-01-01, in that individual's possession while hunting during any lawful archery hunting season.

House Bill No. 1402 authorizes the Game and Fish Department director to establish once-in-a-lifetime hunting opportunities for terminally ill children and to issue hunting licenses to a nonprofit organization that sponsors hunting trips for terminally ill children.

Senate Bill No. 2058 authorizes the Game and Fish Department to transfer land to adjacent landowners around Golden Lake.

Senate Bill No. 2059 removes the \$5 fee for a permit to propagate, domesticate, or possess protected wildlife.

Senate Bill No. 2201 establishes a North Dakota Hunter Educators Association antelope license raffle.

State Department of Health

Budget No. 301

House Bill Nos. 1004, 1014, 1256, 1290, 1296, 1434, 1435, 1471, Senate Bill No. 2152

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	331.50	\$18,054,828	\$136,940,183	\$154,995,011
2007-09 legislative appropriations	331.50	21,517,033¹	150,595,277	172,112,310
Legislative increase (decrease) to executive budget	0.00	\$3,462,205	\$13,655,094	\$17,117,299
Legislative increase (decrease) to 2005-07 appropriations	20.00	\$8,048,129	\$38,325,057	\$46,373,186

¹This amount includes \$4,062,135 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$17,454,898.

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. 2189.

	Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:					
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$11,930)	(\$26,844)	(\$38,774)
Added special funds spending authority for the State Department of Health to collect fees for the inspection of tanning facilities				32,281	32,281
Added 1 FTE field environmental health practitioner for food and lodging inspections		1.00			0
Added funding for the North Dakota critical incident stress management program to assist emergency medical services providers in dealing with stress caused by difficult situations			25,000		25,000
Increased funding for grants to local public health units from \$1.1 million to \$1.9 million			800,000		800,000
Added funding for grants to domestic violence and rape crises agencies across the state to provide prevention and intervention services on domestic violence and sexual assault issues			500,000		500,000
Removed special funds spending authority for grants relating to abstinence programs				(220,000)	(220,000)

Added funding from the community health trust fund for physician loan repayment program grants. The total funding for the program is \$75,000 from the general fund and \$150,000 from the community health trust fund.		75,000	75,000
Added funding from the general fund and community health trust fund for a grant program through the North Dakota Cancer Coalition to provide funding for colorectal cancer screening initiatives to target low-income, underinsured, uninsured, and disparity populations between ages 50 through 64 living in rural counties and with a primary focus on counties with a large American Indian population	50,000	150,000	200,000
Removed special funds from the community health trust fund for 1 FTE youth tobacco coordinator position and operating costs to address youth tobacco and to implement a countermarketing campaign	(1.00)	(554,208)	(554,208)
Added funding from the community health trust fund for emergency medical services training grants		300,000	300,000
Decreased funding for Russell-Silver Syndrome grants from \$150,000 to \$100,000	(50,000)		(50,000)
Increased special funds to \$19.4 million for the State Department of Health to purchase and receive reimbursement from providers for the Provider Choice immunization program		12,200,000	12,200,000
Changed funding source for storage and administration fees relating to the influenza antiviral stockpile program from the general fund to special funds from fees	(288,865)	288,865	0
Restored funding for storage costs relating to the influenza antiviral stockpile program	36,000		36,000
Provided funding for the Women's Way program	100,000		100,000
Added funding for providing a grant to the State Board of Pharmacy for establishing and administering a legend prescription drug and device donation and repository program (House Bill No. 1256)	22,000		22,000
Added \$100,000 of special funds spending authority from the health care trust fund (\$75,000) and gifts, grants, donations, and other special funds sources (\$25,000) for the purpose of contracting for and assisting with an evaluation of the state trauma system (House Bill No. 1290)		100,000	100,000

Added funding from the insurance tax distribution fund for making payments of insurance premium tax collections to emergency medical services operations (House Bill No. 1296)		1,250,000	1,250,000
Added funding for an assessment of the state's emergency medical services system (House Bill No. 1296)	30,000		30,000
Added funding for establishing a viral hepatitis program (House Bill No. 1434)	200,000		200,000
Added contingent funding for providing vaccines to public health units and other immunization providers during the transition to the Provider Choice immunization program. Of the total amount appropriated, \$500,000 is only available if the State Department of Health determines that vaccines need to be purchased after December 31, 2007 (House Bill No. 1435) (see Provider Choice immunization program in Other Sections in House Bill No. 1004 detail)	2,000,000		2,000,000
Added funding to provide human papilloma virus education (House Bill No. 1471)	50,000		50,000
Added funding from the community health trust fund to fund the new dental practice grant program (Senate Bill No. 2152)		60,000	60,000
Total	<u>0.00</u>	<u>\$3,462,205</u>	<u>\$17,117,299</u>

FTE Changes

The 2007-09 appropriation includes funding for 331.50 FTE positions, an increase of 20 FTE positions from the 2005-07 authorized level of 311.50 FTE positions. The following table summarizes the FTE position changes:

Position	Proposed FTE Changes Included in Executive Budget	FTE Changes Included in Legislative Appropriation	Legislative Increase (Decrease) From Executive Budget
Administrative Health			
Education technology program coordinator	1.00	1.00	
Accounting budget specialist	1.00	1.00	
Human resource assistant	0.50	0.50	
Community Health			
Comprehensive cancer clerical	1.00	1.00	
Comprehensive cancer coordinator	1.00	1.00	
Federal tobacco program coordinator	1.00	1.00	
Family health clerical	1.00	1.00	
Traumatic brain injury position	(1.00)	(1.00)	
Suicide program administrator	1.00	1.00	
Youth tobacco coordinator	1.00	0.00	(1.00)
Health Resources			
Traffic assessment analyst	1.00	1.00	
Field environmental health practitioner	0.00	1.00	1.00

Position	Proposed FTE Changes Included in Executive Budget	FTE Changes Included in Legislative Appropriation	Legislative Increase (Decrease) From Executive Budget
Medical Services			
Immunization (Provider Choice) program positions	2.00	2.00	
Special Populations			
Children's special health services program positions transferred from Department of Human Services	8.00	8.00	
Office of Minority Health administrator and clerical	1.50	1.50	
Total	20.00	20.00	0.00

One-Time Funding

In Section 11 of House Bill No. 1004, the Legislative Assembly identified \$2,010,135 from the general fund for an antiviral stockpile in case of severe influenza outbreak as a one-time funding item. Other one-time funding items for the State Department of Health include:

- House Bill No. 1296 - \$30,000 from the general fund for an emergency medical services system assessment;
- House Bill No. 1435 - \$2 million from the general fund for vaccines to public health units and other providers; and
- House Bill No. 1256 - \$22,000 from the general fund for a legend prescription drug and device donation and repository program.

The total for one-time funding to the State Department of Health is \$4,062,135. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the State Department of Health is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1004

Environment and rangeland protection fund - Section 4 authorizes \$266,119 from the environment and rangeland protection fund for ground water testing programs. Of this amount, \$50,000 is for a grant to the North Dakota Stockmen's Association for the environmental services program.

Indirect cost recoveries - Section 5 allows the State Department of Health to deposit indirect cost recoveries from federal programs and special funds in its operating account.

Immunization data - Section 6 amends North Dakota Century Code (NDCC) Section 23-01-05.3 relating to immunization data. The section provides that the State Department of Health may establish an immunization information system and may require childhood immunizations be reported to the department. The State Department of Health may only require the reporting of childhood immunizations and other data upon completion of the immunization information reporting system. A health care provider who administers a childhood immunization must report the patient's identifying information, the immunization that is administered, and other required information to the department.

Tanning facility regulation fees - Section 7 creates a new section to NDCC Chapter 23-39 to provide for fees collected by the State Department of Health for regulating tanning facilities to be deposited in the department's operating fund for associated costs. House Bill No. 1154 provides for the department to regulate tanning facilities.

Emergency medical services study - Section 8 provides for a Legislative Council study of emergency medical services during the 2007-08 interim.

Childhood immunization program - Section 9 provides intent that the appropriation in House Bill No. 1435 be limited to the amount needed for the childhood immunization program.

Branch morgue facility - Section 10 provides that the 60th Legislative Assembly's action on House Bill No. 1004 does not preclude the University of North Dakota from receiving federal and special funds for a state morgue pursuant to NDCC Sections 54-16-04.1 and 54-16-04.2.

Basic and long-term care facilities demonstration project - Section 12 provides for a demonstration project to be conducted during the 2007-09 biennium for voluntary surveys during major construction or renovation of basic care and long-term care facilities. The State Department of Health may charge a reasonable fee for conducting life safety surveys as part of this project. The department is to provide a report to the Legislative Council before August 1, 2008, regarding the status of the demonstration project, including the feasibility and desirability of making the program permanent and whether the department will be recommending any legislation to make the program permanent.

Extraordinary repairs - The Legislative Assembly appropriated special funds spending authority of \$228,841 for repairs for the laboratory building.

Emergency antiviral stockpile - The Legislative Assembly appropriated \$2,299,000, of which \$2,010,135 is from the general fund and \$288,865 is special funds, for operating costs to purchase an antiviral stockpile in case of a pandemic influenza outbreak. An influenza pandemic occurs when a new influenza virus emerges for which people have little or no immunity and for which there is no vaccine. Antiviral medications may lessen the severity of influenza if prescribed to people shortly after they are exposed to the disease.

Provider Choice immunization program - Provider Choice is a program to manage and cost-effectively pay for all recommended vaccines for all children. There have been significant changes in childhood immunization programs, including a possible decline in federal funding for immunizations and the introduction of several very expensive new recommended vaccines. The Provider Choice program continues the provision of federal vaccines to providers for eligible children and gives providers the choice of purchasing all other vaccines through the State Department of Health where they can achieve lower vaccine costs through multistate, large-volume purchase agreements. Vaccines for all children will be covered either through the federal Vaccines for Children program or through an individual's health insurance. Some copayments may apply. House Bill No. 1004 includes \$227,000 from the general fund for 2 FTE positions to manage the issues related to Provider Choice and special funds spending authority of \$19.4 million to purchase the vaccines on behalf of and receive payment from providers. House Bill No. 1435 delays the implementation of Provider Choice until December 31, 2007, and provides a \$2 million general fund appropriation to pay for the nonfederal vaccine costs until the program is implemented and paid through private insurance companies.

Related Legislation

House Bill No. 1125 - This bill provides for a **veterinarian loan repayment program**. The Health Council, in consultation with the State Board of Animal Health, may select from a pool of applicants no more than three veterinarians to provide animal veterinary medicine services to communities in this state. The veterinarians are eligible to receive up to \$80,000 in loan repayment funds. A veterinarian may receive a loan payment of up to \$15,000 upon completion of the first six months of service, an additional \$15,000 upon completion of the second year of service, \$25,000 upon completion of the third year of service, and an additional \$25,000 upon completion of the fourth year of service. The Health Council is to identify communities that are in need of a veterinarian and establish a priority ranking for participation in the program by the selected communities. Any money received as gifts, grants, or donations for the veterinarian loan repayment program are appropriated on a continuing basis to the Health Council. House Bill No. 1003, the appropriation bill for the North Dakota University System, includes a \$100,000 general fund appropriation for this program.

House Bill No. 1129 - This bill provides for a transition to **electronic birth and death registration systems** effective January 1, 2008.

House Bill No. 1154 - This bill provides for the State Department of Health to **regulate tanning facilities**.

House Bill No. 1290 - This bill provides for the State Department of Health to contract with a professional organization to perform an **evaluation of the state trauma system** and report the findings to the Legislative Council before July 1, 2008.

House Bill No. 1296 - This bill provides for the State Department of Health to distribute insurance premium tax collections to eligible **emergency medical services operations**. The State Department of Health is to establish and update regularly a strategic plan for an integrated emergency medical services program in this state which includes a comprehensive statewide emergency medical services system. The State Department of Health is to contract with a third party for an assessment of the state's emergency medical services system to assist in developing an integrated emergency system.

House Bill No. 1434 - This bill provides for the State Department of Health to establish and administer a **viral hepatitis program** with a goal of distributing information regarding the dangers of the disease and contact information to high-risk individuals. In addition, the department is to establish a vaccination and testing program to be coordinated by the department through local public health units.

House Bill No. 1435 - This bill provides for the State Department of Health to establish a program to distribute vaccines to local public health units and other immunization providers for the purpose of continuing the immunization services previously funded through the immunization grant program, while transitioning to a **Provider Choice immunization program** during the period beginning July 1, 2007, through December 31, 2007. The Legislative Assembly appropriated \$2 million from the general fund to the State Department of Health for the department to purchase vaccines for public health units and other immunization providers during this transition period. Of the amount appropriated, \$500,000 is only available if the State Department of Health determines that vaccines need to be purchased after December 31, 2007.

House Bill No. 1471 - This bill provides for the State Department of Health to educate to the public regarding the **human papilloma virus** and the availability of human papilloma virus vaccine.

House Bill No. 1488 - This bill provides that the life safety portion of **basic care surveys** must be announced and one-half of the health portion of basic care surveys must be announced. In addition, for purposes of addressing complaints at basic care facilities, all surveys conducted by the State Department of Health must be unannounced. The State Department of Health is to provide a report to the Legislative Council before August 1, 2008, regarding the implementation of this Act and whether the department will be recommending any legislative changes to the basic care survey process.

House Bill No. 1505 - This bill provides for the State Department of Health to **regulate the practice of tattooing**, body piercing, branding, subdermal implants, and scarification. The State Department of Health is to establish fees based on the cost of conducting routine and complaint inspections and enforcement actions and preparing and sending licensing renewals.

Senate Bill No. 2152 - This bill relates to the **dentists' loan repayment program**, provides for a **dental grant program**, and provides for a Legislative Council study of the **community health trust fund**.

- This bill amends NDCC Section 43-28.1-03 to provide that a dentist providing services in Fargo, Bismarck, or Grand Forks must practice at a minimum of two full days per week at a public health clinic or nonprofit clinic or received at least \$20,000 of medical assistance reimbursement for dental medical payments during the year in order to qualify for the dentists' loan repayment program.
- This bill provides that a dentist who has graduated from an accredited dental school may apply for a grant for the purpose of establishing a dental practice in a city in the state with a population of 7,500 or less. The Health Council may award a maximum of two grants per year with a maximum grant award of \$50,000 per applicant to be used for buildings, equipment, and operating expenses. The community in which the dentist is locating must provide a 50 percent match. The grant must be distributed in equal amounts over a five-year period and the dentist must commit to practice in the community for five years.
- This bill provides for a Legislative Council study of the historic and anticipated uses of the community health trust fund, including a cost-benefit evaluation of past expenditures from the fund, the feasibility and desirability of establishing a strategic plan for future use of the fund, and the sustainability of the fund.

Senate Bill No. 2352 - This bill prohibits the tattooing of a minor, under the age of 18, without the written consent of the minor's parent or legal guardian.

**Branch Research Centers
Budget No. 628
House Bill Nos. 1020, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	95.26	\$10,658,084	\$13,716,431	\$24,374,515
2007-09 legislative appropriations	97.86	11,301,508¹	13,715,511	25,017,019
Legislative increase (decrease) to executive budget	2.60	\$643,424	(\$920)	\$642,504
Legislative increase (decrease) to 2005-07 appropriations	10.60 ²	\$2,915,199	\$596,144	\$3,511,343

¹This amount includes \$700,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$10,601,508.

²The 2005-07 appropriation was based on 77.41 FTE positions. Section 6 of Senate Bill No. 2020 (2005) authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section and reported to the Office of Management and 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 branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly appropriated \$829,669, of which \$438,129 is from the general fund and \$391,540 is from special funds, to the Main Research Center to provide agricultural research and extension agency employees an additional 1 percent per year salary increase each year of the biennium. The Main Research Center is to allocate the funding between the Main Research Center, branch research centers, North Dakota State University Extension Service, Northern Crops Institute, and Agronomy Seed Farm. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,576)	(\$920)	(\$3,496)
Provided \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center		300,000		300,000
Added 2 FTE research positions and related funding for the Williston Research Center irrigation project	2.00	250,000		250,000
Added a .60 FTE and related funding for research and development of innovative waste management systems at the Carrington Research Center	0.60	96,000		96,000
Total	2.60	\$643,424	(\$920)	\$642,504

FTE Changes

The 2005-07 appropriation is based on 77.41 FTE positions authorized by the 2005 Legislative Assembly. Section 6 of 2005 Senate Bill No. 2020 authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section for a total of 87.26 FTE positions. The 2007-09 biennium appropriation includes funding for 97.86 FTE positions, an increase of 2.60 FTE positions from the executive recommendation of 95.26 and 10.60 FTE positions from the 2005-07 authorized level of 87.26. The Legislative Assembly authorized 2 FTE positions for the Williston Research Center, .60 FTE positions for the Carrington Research Center, 1 FTE position for the North Central Research Center, and 7 FTE support staff positions (one for each branch research center).

One-Time Funding

In Section 15 of House Bill No. 1020, the Legislative Assembly identified \$700,000 from the general fund for the North Central Research Center laboratory and greenhouse project (\$400,000) and North Central Research Center equipment storage and maintenance shop facility (\$300,000) as one-time funding items. This amount is not to be considered part of the branch research center's budget for preparing the 2009-11 executive budget and the branch research center is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 4 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 (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2007-09 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2007-09 biennium.

State motor pool requirements - Section 8 amends North Dakota Century Code Section 24-02-03.3 to exempt certain vehicles used in farming operations at the Agronomy Seed Farm and branch research centers from state motor pool requirements.

Carryover authority - Section 9 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2007-09 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2007-09 biennium.

Operating pool - Section 11 provides that the operating pool of \$750,000 from the permanent oil tax trust fund appropriated to the Main Research Center be used for operating costs at the Dickinson Research Center and be limited to the amount oil revenues are less than budgeted for the biennium.

Livestock facilities - Section 12 provides that the Agricultural Experiment Station consider options to ensure that the use of the livestock facilities at Dickinson, Hettinger, Carrington, and Streeter are being maximized.

National Cattlemen's Beef Association funding - Section 13 directs the Agricultural Experiment Station to provide a report to the 61st Legislative Assembly regarding the funding received during the 2007-09 biennium from the National Cattlemen's Beef Association.

Capital Construction

North Central Research Center laboratory and greenhouse project - The 2005 Legislative Assembly authorized \$1,690,000, of which \$440,000 was from bond proceeds and \$1,250,000 was from gifts, grants, and donations, for the North Central Research Center laboratory and greenhouse project. The 2007 Legislative Assembly appropriated an additional \$400,000 from the general fund to complete the laboratory and greenhouse project.

North Central Research Center storage and maintenance shop facility - The 2007 Legislative Assembly appropriated \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center.

Dickinson Research Center waste management facility and landscaping projects - The 2007 Legislative Assembly authorized \$701,000 of special funds spending authority for the Dickinson Research Center to construct a waste management facility as mandated by State Department of Health requirements (\$351,000) and for a parking lot and landscaping project at the headquarters facility (\$350,000).

Carrington, Hettinger, and North Central Research Center headquarters office additions - The 2007-09 biennium executive recommendation for the Main Research Center included an appropriation of \$1,107,750 from the general fund for a Carrington Research Center headquarters office building addition (\$465,000), Hettinger Research Center headquarters office building addition (\$222,750), and North Central Research Center office and technology transfer building addition (\$420,000). The 2007 Legislative Assembly reduced the total appropriation for these projects by \$200,000, from \$1,107,750 to \$907,750.

**Highway Patrol
Budget No. 504
House Bill Nos. 1011, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	197.00	\$23,831,113	\$15,665,015	\$39,496,128
2007-09 legislative appropriations	193.00	27,895,323¹	11,212,205	39,107,528
Legislative increase (decrease) to executive budget	(4.00)	\$4,064,210	(\$4,452,810)	(\$388,600)
Legislative increase (decrease) to 2005-07 appropriations	7.00	\$7,814,461	(\$3,526,541)	\$4,287,920

¹This amount includes \$842,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$27,053,323.

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. 2189. In addition, the Legislative Assembly allowed the Highway Patrol to provide up to \$594,387 in total salary equity adjustments.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$15,949)	(\$8,215)	(\$24,164)
Removed 4 new FTE trooper positions added in the executive budget for northern border security and for additional coverage in the Fargo area	(4.00)	(522,964)	(193,972)	(716,936)
Removed 2 new FTE Capitol security positions added in the executive budget	(2.00)	(261,482)	(96,986)	(358,468)
Added 2 new FTE trooper positions, the responsibilities for each are to be determined by the Highway Patrol superintendent	2.00	261,482	96,986	358,468
Added funding for salary equity adjustments. Combining this funding, the agency's share of the statewide salary equity pool and savings from within the agency's 2007-09 biennium budget, the agency may spend up to \$594,387 in total salary equity adjustments for the 2007-09 biennium.		352,500		352,500
Reduced funding for training law enforcement officers and other emergency services providers across the state from \$400,000 to \$250,000 (see Line Item Transfer section below)		(150,000)		(150,000)

Added funding for the purchase of automatic external defibrillators for patrol units (see Line Item Transfer section below)	150,000		150,000
Increased the general fund support for the agency and reduced the funding provided from the highway tax distribution fund	4,250,623	(4,250,623)	0
Total	<u>(4.00)</u>	<u>\$4,064,210</u>	<u>(\$4,452,810)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which added 2 FTE trooper positions without funding to allow additional recruits to be trained and 3 FTE Capitol security positions rather than contracting for these services. The Legislative Assembly replaced 6 FTE trooper positions added in the executive budget for Capitol security, northern border security, and additional coverage in the Fargo area with 2 FTE trooper positions, the responsibilities of each are to be determined by the Highway Patrol superintendent.

One-Time Funding

In Section 7 of House Bill No. 1011, the Legislative Assembly identified a total of \$842,000 from the general fund, of which \$642,000 is for in-car video equipment, \$50,000 is for Capitol security software, and \$150,000 is for automatic external defibrillators, as one-time funding. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Highway Patrol is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Funding From Highway Tax Distribution Fund

Section 4 of House Bill No. 1011 identifies \$4.2 million of the other funds appropriation as funding from the highway tax distribution fund, \$3,316,175 less than the \$7,516,175 approved for the 2005-07 biennium and \$4,444,595 less than the \$8,644,595 recommended in the executive budget.

Line Item Transfer

Section 6 of House Bill No. 1011 authorizes the Highway Patrol to transfer up to \$100,000 of the \$150,000 provided for purchasing automatic external defibrillators from the field operations line item to the Law Enforcement Training Academy line item to provide additional training for law enforcement officers and other emergency services providers.

Related Legislation

House Bill No. 1064 creates a Highway Patrol assets forfeiture fund and provides the Highway Patrol a continuing appropriation to spend money in the fund for overtime costs, equipment purchases, expenses related to the forfeited property, or to match federal funds.

State Historical Society
Budget No. 701
Senate Bill Nos. 2018, 2341, 2349, House Bill No. 1014

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	60.00	\$9,905,801	\$3,119,462	\$13,025,263
2007-09 legislative appropriations	60.00	10,232,603¹	5,318,766	15,551,369
Legislative increase (decrease) to executive budget	0.00	\$326,802	\$2,199,304	\$2,526,106
Legislative increase (decrease) to 2005-07 appropriations	3.00	\$2,138,545	(\$4,608,399)	(\$2,469,854)

¹This amount includes \$1,658,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$8,574,603.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$5,576)	(\$696)	(\$6,272)
Added funding to continue salary increases for reclassified employees		22,378		22,378
Increased funding for cultural heritage grants from \$325,000 to \$375,000		50,000		50,000
Added funding to operating expenses line item for marketing		75,000		75,000
Reduced funding recommended in the executive budget for extraordinary repairs (see Capital Projects section below)		(100,000)		(100,000)
Added funding to operating expenses line item for the Chateau de Mores		45,000		45,000
Added funding to capital assets line item for furniture and equipment for the Chateau de Mores (see Capital Projects section below)		150,000		150,000
Added funding to operating expenses line item for marketing and promotion of the snow angel project		10,000		10,000

Added funding to operating expenses line item for the cold war missile sites	50,000		50,000
Added funding to capital assets line item for the cold war missile sites, including \$250,000 from the lands and minerals trust fund (see Capital Projects section below)		700,000	700,000
Provided funding for planning and design costs for the Heritage Center expansion project authorized in Senate Bill No. 2341 (see Capital Projects section below)		1,500,000	1,500,000
Provided funding in Senate Bill No. 2349 for a Medal of Honor monument (see Capital Projects section below)	30,000		30,000
Total	<u>0.00</u>	<u>\$326,802</u>	<u>\$2,199,304</u>
			<u>\$2,526,106</u>

FTE Changes

The 2007-09 biennium appropriation includes funding for 60 FTE positions, an increase of 3 FTE positions from the 2005-07 biennium authorized level of 57 FTE positions. The Legislative Assembly did not change the executive recommendation to add 3 FTE positions, including a historian/exhibit planner, assistant collections curator, and a geographic information system technician.

Capital Projects

The Legislative Assembly removed \$100,000 from the general fund for extraordinary repairs and added \$180,000 from the general fund for capital projects, consisting of \$150,000 for furniture and equipment for the Chateau de Mores and \$30,000 for a Medal of Honor monument in Minot. The Legislative Assembly added \$700,000 for acquisition of cold war missile sites, consisting of \$250,000 from the lands and minerals trust fund, \$250,000 of matching federal funds, and \$200,000 from private fundraising efforts. The Legislative Assembly also added \$1.5 million of other funds to be raised by the Historical Society for planning and design costs for the Heritage Center expansion project. The following table shows the capital projects authorized for the 2007-09 biennium:

Project	General Fund	Other Funds	Total
Abercrombie Interpretive Center	\$700,000	\$200,000	\$900,000
Deferred maintenance	100,000		100,000
Infrastructure/extraordinary repairs	251,319		251,319
Fort Totten building repairs	250,000	250,000	500,000
Storage	57,500		57,500
Double Ditch Trail	30,000	120,000	150,000
Development and creation of exhibits	220,000		220,000
Equipment over \$5,000	81,000		81,000
Other capital payments ¹	298,429	33,333	331,762
Total - Executive recommendation	\$1,988,248	\$603,333	\$2,591,581
Legislative action added (removed)			
Cold war missile sites		\$700,000	\$700,000
Medal of Honor monument	\$30,000		30,000
Chateau de Mores	150,000		150,000
Heritage Center expansion project ²		1,500,000	1,500,000
Extraordinary repairs	(100,000)		(100,000)
Total capital assets	\$2,068,248	\$2,803,333	\$4,871,581

NOTE: The total amount of \$4,871,581 consists of the capital assets line item in Senate Bill No. 2018 (\$3,341,581), the Heritage Center expansion project included in Senate Bill No. 2341 (\$1.5 million), and the Medal of Honor monument included in Senate Bill No. 2349 (\$30,000).

¹Other capital payments consist of bond payments for the archives and Chateau de Mores Interpretive Center projects authorized in the 2005-07 biennium.

²Senate Bill No. 2341 also includes a contingent appropriation of \$1.5 million from the lands and minerals trust fund to the Office of Management and Budget for the Heritage Center expansion project. The funding is contingent on the State Historical Society certifying to the Office of Management and Budget that \$1.5 million of other funds has been received or pledged for the project.

One-Time Funding

In Section 6 of Senate Bill No. 2018, the Legislative Assembly identified the general fund appropriation for one-time funding of \$1,658,000 for the Lincoln Bicentennial (\$50,000), capital projects and deferred maintenance (\$1,298,000), marketing (\$85,000), Medal of Honor monument (\$30,000), and operating and furniture and equipment for the Chateau de Mores (\$195,000). This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the State Historical Society is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in Senate Bill No. 2018

Revolving fund appropriation - Section 4 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 5 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 purpose prescribed by the donor as authorized by the board.

Cold war missile sites - Section 7 provides that the capital assets line item in Section 3 of the bill includes \$250,000 from the lands and minerals trust fund, \$250,000 from federal funds, and \$200,000 of other funds available to the State Historical Society through fundraising efforts to acquire a missile alert facility and a launch facility.

Legislative intent - missile sites - Section 8 provides legislative intent that operating costs for the missile sites occurring after June 30, 2009, are to be funded by other funds.

Legislative intent - Lincoln Bicentennial - Section 9 provides legislative intent that any unexpended appropriations for the Lincoln Bicentennial for the 2007-09 biennium be returned to the general fund.

Amendment - Senate Bill No. 2341 - Section 10 amends Section 3 of Senate Bill No. 2341 to provide appropriation authority of \$1.5 million of other funds to the State Historical Society for the Heritage Center expansion project and to provide that the State Historical Society certifies to the Office of Management and Budget that the other funds have been received or pledged.

Related Legislation

Senate Bill No. 2341 provides a contingent appropriation of \$1.5 million from the lands and minerals trust fund to the Office of Management and Budget for the Heritage Center expansion project. The appropriation is only available when the State Historical Society certifies to the Office of Management and Budget that \$1.5 million of other funds has been received and is available for the project. This bill was amended by Section 10 of Senate Bill No. 2018 to provide that the other funds have been **received or pledged**.

Senate Bill No. 2349 provides an appropriation of \$30,000 from the general fund to the State Historical Society for a Medal of Honor monument in Roosevelt Park in Minot. The bill also provides that upon completion of the monument, ownership and responsibility for the monument's maintenance belongs to the Minot Park Board.

**Housing Finance Agency
Budget No. 473
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	43.00	\$0	\$41,534,102	\$41,534,102
2007-09 legislative appropriations	<u>43.00</u>		<u>41,529,290</u>	<u>41,529,290</u>
Legislative increase (decrease) to executive budget	0.00	\$0	(\$4,812)	(\$4,812)
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$0	\$7,619,276	\$7,619,276

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$4,812)	(\$4,812)
Total	<u>0.00</u>	<u>\$0</u>	<u>(\$4,812)</u>	<u>(\$4,812)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 43 FTE positions, the same as the 2005-07 biennium.

**Indian Affairs Commission
Budget No. 316
House Bill Nos. 1005, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	4.00	\$566,754	\$5,000	\$571,754
2007-09 legislative appropriations	4.00	566,258	5,000	571,258
Legislative increase (decrease) to executive budget	0.00	(\$496)	\$0	(\$496)
Legislative increase (decrease) to 2005-07 appropriations	1.00	\$178,961	(\$15,000)	\$163,961

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Indian Affairs Commission is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$496)		(\$496)
Total	0.00	(\$496)	\$0	(\$496)

FTE Changes

The 2007-09 biennium appropriation includes funding for 4 FTE positions, an increase of 1 FTE position from the 2005-07 biennium authorized level of 3 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE Indian education coordinator position.

Other Sections in House Bill No. 1005

Legislative intent - Section 4 provides legislative intent that the Indian Affairs Commission report to the 61st Legislative Assembly on the progress of the Indian education coordination program.

**Industrial Commission
Budget No. 405
House Bill Nos. 1014, 1515, Senate Bill No. 2288**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	55.37	\$8,762,790	\$50,108,132	\$58,870,922
2007-09 legislative appropriations	<u>55.37¹</u>	<u>11,756,004²</u>	<u>69,392,346</u>	<u>81,148,350</u>
Legislative increase (decrease) to executive budget	0.00	\$2,993,214	\$19,284,214	\$22,277,428
Legislative increase (decrease) to 2005-07 appropriations	4.00 ¹	\$4,877,346	\$25,489,208	\$30,366,554

¹The authorized FTE positions include 2 contingent FTE positions for the Oil and Gas Division that were authorized by the 2005 Legislative Assembly and added during the 2005-07 biennium. The authorized FTE positions do not include the 2 contingent FTE positions for the Oil and Gas Division that were authorized in Section 28 of House Bill No. 1014 by the 2007 Legislative Assembly for the 2007-09 biennium. Upon Emergency Commission approval, the Oil and Gas Division of the Industrial Commission may hire up to 2 additional FTE positions if the average drilling rig count exceeds 45 active rigs for each month in any consecutive three-month period.

²This amount includes \$530,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$11,226,004.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$6,786)	(\$786)	(\$7,572)
Added a contingent appropriation from the lands and minerals trust fund for the Oil and Gas Division to hire up to 2 FTE positions if the average drilling rig count exceeds 45 active rigs for each month in any consecutive three-month period			285,000	285,000
Provided a transfer of up to \$1 million from the beginning farmer revolving loan fund and up to \$1 million from the biofuels PACE fund to the biomass incentive and research fund in House Bill No. 1515			2,000,000	2,000,000
Provided funding in Senate Bill No. 2288 for renewable energy development functions		3,000,000	17,000,000	20,000,000
Total	<u>0.00</u>	<u>\$2,993,214</u>	<u>\$19,284,214</u>	<u>\$22,277,428</u>

FTE Changes

The 2007-09 biennium appropriation includes funding for 55.37 FTE positions, an increase of 4 FTE positions from the 2005-07 biennium authorized level of 51.37 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE energy technician position and 1 FTE paleontology position and to change the funding source from the lands and minerals trust fund to the general fund for the 2 FTE positions that were added, upon Emergency Commission approval, during the 2005-07 biennium. The Legislative Assembly also provided a contingent appropriation and authorized up to 2 additional FTE positions--1 FTE field inspector position and 1 FTE plugging and reclamation supervisor position--for the Oil and Gas Division for the 2007-09 biennium.

Lease Payments

The Legislative Assembly did not change the executive recommendation to provide \$29,475,016 for lease payments, an increase of \$2,182,604 from the 2005-07 biennium appropriation of \$27,292,412. The following schedule lists the 2005-07 and 2007-09 bienniums lease payments:

	2005-07 Biennium	2007-09 Biennium	Increase (Decrease)
Higher education institutions	\$14,278,141	\$15,822,002	\$1,543,861
Department of Corrections and Rehabilitation - State Penitentiary	3,038,586	3,090,022	51,436
State Department of Health	685,309	692,242	6,933
Job Service North Dakota	696,650	743,905	47,255
Department of Human Services - Southeast Human Service Center	571,731	56,431	(515,300)
Department of Human Services - State Hospital	517,634	466,391	(51,243)
Department of Human Services - Developmental Center at Westwood Park, Grafton	593,231	534,505	(58,726)
Adjutant General	59,248	70,667	11,419
Veterans Home improvement fund	234,891	256,114	21,223
Information Technology Department - ConnectND	5,402,163	5,407,075	4,912
Office of Management and Budget		158,519	158,519
Attorney General		182,485	182,485
State Historical Society		331,762	331,762
Department of Parks and Recreation		17,544	17,544
Research and extension service		136,152	136,152
Subtotal	\$26,077,584	\$27,965,816	\$1,888,232
University System energy conservation projects	1,214,828	1,491,242	276,414
Department of Corrections and Rehabilitation energy conservation projects		17,958	17,958
Total	\$27,292,412	\$29,475,016	\$2,182,604

Lignite Research Grants

The Legislative Assembly did not change the executive recommendation providing \$19,410,600 for lignite research grants, an increase of \$4,210,600 from the 2005-07 biennium appropriation of \$15.2 million. The lignite research grant funding consists of:

Anticipated carryover from the 2003-05 biennium	\$7,493,469
Two cent per ton coal severance tax for research and development	1,200,000
Fifty percent of the coal severance taxes deposited in the coal development trust fund	3,375,000
Twenty percent of the coal severance taxes deposited in the coal development trust fund (clean coal projects)	1,350,000
Investment income on Dakota Gasification Company ammonia plant and Red Trail	2,000,000
Three and one-half percent of the general fund share of coal conversion tax	1,750,000
Revenue bonds/short-term loan	2,050,000
Interest income	200,000
Total	\$19,418,469

Section 18 provides that up to \$1.5 million of the special funds appropriation 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 lignite jobs and economic growth for the general welfare of this state. This section also provides that funds appropriated may also be used for the purpose of contracting for nonmatching studies and activities in support of the Lignite Vision 21 Project; for litigation that may be necessary to protect and promote the continued development of lignite resources; for nonmatching externality studies and activities in externality proceedings; or other marketing, environmental, or transmission activities that assist with marketing of lignite-based electricity and lignite-based byproducts. Money not needed for these purposes is 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.

One-Time Funding

In Section 4 of House Bill No. 1014, the Legislative Assembly identified the general fund appropriation for one-time funding of \$480,000 for core and sample library repairs (\$230,000) and a transfer to the fossil restoration fund (\$250,000). The Industrial Commission also received one-time funding of \$50,000 from the general fund for equipment for a total of \$530,000 in one-time funding. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Industrial Commission is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1014

Appropriation - Office of Management and Budget - Section 7 provides an appropriation of \$5.3 million from the permanent oil tax trust fund to the Office of Management and Budget for repaying the Bank of North Dakota for loans and accrued interest relating to funds borrowed during the 2005-07 biennium for centers of excellence.

Bank property - Section 19 provides legislative intent that real property owned by the Bank of North Dakota at the new Bank location not be sold during the 2007-09 biennium. Section 23 amends subsection 6 of North Dakota Century Code Section 6-09-15 to allow the Bank of North Dakota to sell property owned by the Bank.

Contingent Oil and Gas Division funding - Section 28 provides that \$285,000 of special funds appropriated in the Oil and Gas Division contingency line item is from the lands and minerals trust fund and the Oil and Gas Division may use the funds to hire up to 2 FTE positions, upon Emergency Commission approval, if the average drilling rig count exceeds 45 active rigs for each month in any consecutive three-month period.

State contingency fund - Section 29 provides, in addition to the \$500,000 appropriated in House Bill No. 1522, an appropriation of \$200,000 from the general fund to the Office of Management and Budget for state contingencies for the 2007-09 biennium.

Appropriation reductions - Section 30 reduces agency general fund and special funds appropriations relating to retiree health credit contributions due to the defeat of Senate Bill No. 2050.

Related Legislation

House Bill No. 1018, Section 11, provides that the Industrial Commission may transfer, upon request of the Commissioner of Commerce, up to \$1 million from the PACE fund to the North Dakota Development Fund, Inc., during the 2007-09 biennium.

House Bill No. 1093 provides that \$500,000 of the amount allocated to the lignite research fund in Section 1 of the bill is to be used to pay for fees associated with lignite litigation that may be brought by the state to protect and promote the continued development of lignite resources. If activities associated with the litigation are not initiated by January 1, 2009, the \$500,000 must be returned to the general fund.

House Bill No. 1127 requires the Transmission Authority to provide an annual report to the Industrial Commission detailing activities and expenditures incurred during the preceding year and establishes the borrowing authority of the Industrial Commission of \$6 million from the Bank of North Dakota for a period not to exceed five years for lignite research, development, and marketing.

House Bill No. 1128 creates the North Dakota Pipeline Authority to be governed by the Industrial Commission.

House Bill No. 1503 continues the tribal-state guarantee program through July 31, 2011.

House Bill No. 1511 requires bonding or a return to production of idle wells. If idle wells are not returned to production or plugged within a year, the bond and well equipment are forfeited to the Industrial Commission.

Senate Bill No. 2156 allows the Public Finance Authority to issue clean renewable energy bonds.

**Information Technology Department
Budget No. 112
House Bill Nos. 1021, 1014, Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	312.20	\$11,268,434	\$113,595,729	\$124,864,163
2007-09 legislative appropriations	306.20	11,659,411¹	113,006,770	124,666,181
Legislative increase (decrease) to executive budget	(6.00)	\$390,977	(\$588,959)	(\$197,982)
Legislative increase (decrease) to 2005-07 appropriations	41.00	\$1,686,574	\$14,072,380	\$15,758,954

¹This amount includes \$1,611,490 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$10,047,921.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,743)	(\$40,947)	(\$43,690)
Reversed funding source change included in agency budget request for 2 FTE positions in the records management area. (The executive budget recommendation intended for the positions to remain funded from special funds.)		(254,396)	254,396	0
Removed 3 FTE positions and related funding for providing desktop support services to agencies as requested	(3.00)		(483,838)	(483,838)
Changed the funding source for 1 of the new FTE positions included in the executive budget for the Business Intelligence Initiative from special funds to the general fund (\$178,116) and provided additional funding of \$50,000 from the general fund for consulting services for a Statewide Longitudinal Data System Initiative		228,116	(178,116)	50,000
Provided funding to the Division of Independent Study for developing online North Dakota studies resources and curriculum. (The funding is to be used in conjunction with \$80,000 from the general fund included in the executive budget for the Division of Independent Study.)		90,000		90,000

Removed 1 FTE position and related funding relating to support of the Northern Tier Network	(1.00)		(148,014)	(148,014)
Removed 2 FTE positions for the Criminal Justice Information Sharing Initiative. (The department is to use the funding provided for the 2 FTE positions to contract with the Attorney General's office.)	(2.00)			0
Provided funding to the Educational Technology Council for providing kindergarten through grade 12 video grants		190,000		190,000
Provided funding to the Educational Technology Council for increasing kindergarten through grade 12 classroom transformation grants from \$349,000 to \$389,000		40,000		40,000
Provided funding for geographic information system data acquisition		100,000		100,000
Provided funding for the additional employer retirement contribution for Teachers' Fund for Retirement (TFFR) members of the Division of Independent Study required by Senate Bill No. 2046 (see Related Legislation section below)			7,560	7,560
Total	(6.00)	\$390,977	(\$588,959)	(\$197,982)

FTE Changes

The 2007-09 biennium appropriation includes funding for 306.20 FTE positions, an increase of 41 FTE positions from the 2005-07 biennium authorized level of 265.20 FTE positions. The following table summarizes FTE position changes included in the 2007-09 biennium executive budget and the legislative appropriation:

Position	Executive Budget FTE Changes	Legislative Appropriation FTE Changes	Legislative Appropriation Increase (Decrease) From Executive Budget
Medicaid management information system (MMIS) replacement project			
Senior programmer analyst	6.00	6.00	
Programmer analyst II	6.00	6.00	
Data base design analyst III	1.00	1.00	
Technical support specialist II	2.00	2.00	
Subtotal - MMIS replacement project	15.00	15.00*	0.00
Bank of North Dakota software services			
Programmer	1.00	1.00	
Programmer analyst II	1.00	1.00	
Senior programmer analyst	2.00	2.00	
Subtotal - Bank of North Dakota software services	4.00	4.00*	0.00

Position	Executive Budget FTE Changes	Legislative Appropriation FTE Changes	Legislative Appropriation Increase (Decrease) From Executive Budget
Elementary and secondary education data warehouse hosting Technical support specialist II	.50	.50	0.00
Technical support - ConnectND system and PowerSchool application Technical support specialist III	1.00	1.00	0.00
Increased server administration Technical support specialist II	1.00	1.00	0.00
Increased security workload Information systems security analyst	1.00	1.00	0.00
Electronic data management system services Technical support specialist II Programmer analyst II	1.00 1.00	1.00 1.00	
Subtotal - Electronic data management system services	2.00	2.00	0.00
Voice over Internet Protocol technology applications Technical support specialist III	1.00	1.00	0.00
Quality assurance program Programmer analyst II Senior programmer analyst	2.00 1.00	2.00 1.00	
Subtotal - Quality assurance program	3.00	3.00	0.00
Higher education patch management Senior programmer analyst	1.00	1.00*	0.00
Business Intelligence Initiative Technical support specialist II Senior programmer analyst	.50 2.00	.50 1.00	(1.00)
Subtotal - Business Intelligence Initiative	2.50	1.50	(1.00)
Elementary and secondary education video services Telecommunications analyst II Telecommunications technician II Customer technical support specialist III	1.00 1.00 1.00	1.00* 1.00* 1.00	
Subtotal - Elementary and secondary education video services	3.00	3.00	0.00
Northern Tier Network support Telecommunications analyst III	1.00	0.00	(1.00)
Administrative support Administrative assistant II	1.00	1.00	0.00
Desktop support services Computer and network specialist II Computer and network specialist III	1.00 2.00	0.00 0.00	(1.00) (2.00)
Subtotal - Desktop support services	3.00	0.00	(3.00)

Position	Executive Budget FTE Changes	Legislative Appropriation FTE Changes	Legislative Appropriation Increase (Decrease) From Executive Budget
Criminal Justice Information Sharing Initiative			
Programmer analyst I	1.00	0.00	(1.00)
Senior programmer analyst	1.00	0.00	(1.00)
Subtotal - Criminal Justice Information Sharing Initiative	2.00	0.00	(2.00)
Unemployment insurance modernization project			
Senior programmer analyst	3.00	3.00	
Programmer analyst II	3.00	3.00	
Subtotal - Unemployment insurance modernization project	6.00	6.00*	0.00
Statewide Longitudinal Data System Initiative			
Senior programmer analyst	0.00	1.00	1.00
Other			
Position not requested by agency	(1.00)	(1.00)	0.00
Grand total	47.00	41.00	(6.00)

*These positions were identified by the Legislative Assembly as project-specific. Section 6 of House Bill No. 1021 provides legislative intent that 28 new FTE positions identified as project-specific may be filled while the projects are being developed and funding is available.

One-Time Funding

In Section 5 of House Bill No. 1021, the Legislative Assembly identified \$1,611,490 from the general fund for one-time funding items. These items, which are summarized as follows, are not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Information Technology Department is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Criminal Justice Information Sharing Initiative	\$1,151,490
Geographic information system data acquisition	100,000
Kindergarten through grade 12 video grants	190,000
Online North Dakota studies resources and curriculum	170,000
Total	\$1,611,490

Statewide Information Technology Network Funding

The Legislative Assembly did not change the executive recommendation to provide an appropriation of \$4,066,926, of which \$3,414,228 is from the general fund and \$652,698 is from special funds, for continued funding for the kindergarten through grade 12 portion of the statewide information technology network. The funding of \$4,066,926 is a decrease of \$3,476,024 from the 2005-07 biennium of \$7,542,950, of which \$3,395,550 was from the general fund and \$4,147,400 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.

Geographic Information System Initiative

The Legislative Assembly provided a \$798,313 general fund appropriation for continued support of the centralized geographic information system. The \$798,313 is an increase of \$100,000 from the executive recommendation of \$698,313 and an increase of \$111,333 from the 2005-07 biennium general fund appropriation of \$686,980.

Criminal Justice Information Sharing Initiative

The Legislative Assembly did not change the executive recommendation to provide an appropriation of \$2,352,448, of which \$1,872,448 is from the general fund and \$480,000 is from special funds, for the Criminal Justice Information Sharing Initiative. The funding of \$2,352,448 is a decrease of \$172,642 from the 2005-07 biennium appropriation of \$2,525,090, of which \$525,090 was from the general fund and \$2,000,000 was from special funds. Although the Legislative Assembly did not change the executive recommendation for funding for the Criminal Justice Information Sharing Initiative, the Legislative Assembly did remove 2 FTE positions added in the executive recommendation for the initiative and provided that the Information Technology Department is to use the funding provided for the 2 FTE positions to contract with the Attorney General's office. In addition, Section 18 of Senate Bill No. 2003 amends North Dakota Century Code (NDCC) Section 54-59-21 to provide that the Criminal Justice Information Sharing Board may employ a director who serves at the pleasure of and under the direct supervision of the board and the board may acquire support staff and employee personnel who are under the direct supervision of the board.

Statewide Longitudinal Data System Initiative

The Legislative Assembly provided funding of \$228,116 from the general fund for a Statewide Longitudinal Data System Initiative. Of the \$228,116, \$156,432 is for salaries and wages and \$71,684 is for operating expenses.

Division of Independent Study

The Legislative Assembly provided funding of \$6,473,565, of which \$931,546 is from the general fund and \$5,542,019 is from special funds, for the Division of Independent Study, including 39.70 FTE positions. The funding of \$6,473,565 is an increase of \$97,560 from the executive recommendation of \$6,376,005, of which \$841,546 was from the general fund and \$5,534,459 was from special funds, and an increase of \$456,786 from the 2005-07 biennium appropriation of \$6,016,779, of which \$1,007,295 was from the general fund and \$5,009,484 was from special funds.

Educational Technology Council Funding

The Legislative Assembly provided funding of \$1,136,574 from the general fund for the Educational Technology Council. The funding of \$1,136,574 is an increase of \$230,000 from the executive recommendation of \$906,574 and an increase of \$249,977 from the 2005-07 biennium general fund appropriation of \$886,597. The funding of \$1,136,574 consists of \$289,695 for salaries and wages, \$46,879 for operating expenses, and \$800,000 for grants to schools.

EduTech Funding

The Legislative Assembly did not change the executive recommendation to provide funding of \$2,722,348 from the general fund for EduTech. The funding of \$2,722,348 is an increase of \$70,000 from the 2005-07 biennium general fund appropriation of \$2,652,348.

Other Sections in House Bill No. 1021

Transfers - Section 4 authorizes the Office of Management and Budget to make transfers of funds between the salaries and wages, operating expenses, and capital assets line items of the Information Technology Department as may be requested by the Chief Information Officer as necessary for the development and implementation of information technology projects.

FTE positions - Section 6 provides legislative intent that 28 new FTE positions identified as project-specific may be filled while the projects are being developed and funding is available.

Video support services - Section 7 provides that the 2007-09 legislative appropriation for the Information Technology Department includes the sum of \$300,110 to be received from the North Dakota University System for the cost of 2 FTE positions and related operating expenses for providing support for video services in school districts.

Statewide Longitudinal Data System Committee - Section 8 creates a new section to NDCC Chapter 15.1-02 establishing a Statewide Longitudinal Data System Committee.

North Dakota Health Information Technology Steering Committee - Section 9 creates a new section to NDCC Chapter 23-01 establishing a North Dakota Health Information Technology Steering Committee.

Information Technology Committee powers and duties - Section 10 creates a new subsection to NDCC Section 54-35-15.2 relating to the powers and duties of the Information Technology Committee to provide that the committee is to receive and review information from legislative and judicial branch agencies regarding information technology projects with a total cost of \$250,000 or more.

Borrowing authority - Section 11 provides that the Information Technology Department may borrow from the Bank of North Dakota an amount necessary to pay telecommunications costs for connecting approved schools and libraries in the event e-rate funding is not received from the Universal Service Administrative Company. If at the end of the biennium, a loan balance exists and funds are not anticipated to be available from the Universal Service Administrative Company, the department is to request a deficiency appropriation to repay the loan and any related interest.

Related Legislation

Division of Independent Study appropriation - Senate Bill No. 2013 provides a \$7,560 special funds appropriation to the Division of Independent Study for the purpose of funding the additional employer retirement contribution for TFFR members required by Senate Bill No. 2046.

Information Technology Committee and Information Technology Department powers and duties, information technology plans, and information technology issues - Senate Bill No. 2037 provides that the Chief Information Officer may require information technology contractors to submit to a criminal history record check; authorizes the Information Technology Committee to receive and review project startup and project closeout reports for any major information technology project; provides that information technology plans are subject to acceptance by the Information Technology Department; revises the content of the statewide information technology plan and the Information Technology Department annual report; and provides that only criminal justice agencies may access the criminal justice system.

Information technology policies, standards, and guidelines and major proposed information technology project prioritization - Senate Bill No. 2038 requires the Information Technology Department and the Office of Management and Budget to develop policies, standards, and guidelines based on information from state agencies and institutions. Executive budget state agencies, excluding entities under the control of the State Board of Higher Education, are to comply with the policies and standards unless the Chief Information Officer exempts an agency to address situations unique to that agency. The bill also provides that the State Information Technology Advisory Committee is to review policies, standards, and guidelines developed by the Information Technology Department and prioritize proposed major information technology projects of executive branch state agencies, excluding institutions under the control of the State Board of Higher Education and agencies of the judicial and legislative branches.

Information Technology Department annual report - Senate Bill No. 2118 modifies the requirements of the department's annual report required by NDCC Section 54-59-19 to include information regarding the management of state records.

Division of Independent Study - Senate Bill No. 2127 changes the name of the Division of Independent Study to the Center for Distance Education.

Higher education information technology - House Bill No. 1461 provides that the State Board of Higher Education is to manage and regulate information technology planning, services, and major projects.

**Parks and Recreation Department
Budget No. 750
Senate Bill No. 2019, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	50.50	\$14,141,417	\$13,128,389	\$27,269,806
2007-09 legislative appropriations	50.50	14,461,291¹	13,548,117	28,009,408
Legislative increase (decrease) to executive budget	0.00	\$319,874	\$419,728	\$739,602
Legislative increase (decrease) to 2005-07 appropriations	4.00	\$6,317,138	\$120,534	\$6,437,672

¹This amount includes \$5,388,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$9,073,291.

NOTE: Appropriation amounts include funding for the International Peace Garden.

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. 2189.

	Major Items		
	FTE Positions	General Fund	Other Funds
			Total
The legislative action:			
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$5,126)	(\$272)
Provided funding to replace a maintenance shop and equipment at Lake Metigoshe State Park that were destroyed by fire		125,000	108,000
Provided funding for expansion of the Heritage Center at the Icelandic State Park		362,500	112,000
Reduced funding for extraordinary repairs		(362,500)	
Provided contingency funding for the International Music Camp		200,000	200,000
Total	0.00	\$319,874	\$419,728

FTE Changes

The 2007-09 biennium appropriation includes funding for 50.5 FTE positions, an increase of 4 FTE positions from the 2005-07 biennium authorized level of 46.5 FTE positions. The Legislative Assembly did not change the executive recommendation to convert temporary positions to 4 FTE positions, including 3 FTE maintenance supervisor positions and 1 FTE park manager position.

Capital Projects

The Legislative Assembly provided funding for the following capital projects:

Project	2007-09 Executive Recommendation			2007 Legislative Action			2007-09 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 at various state parks	\$1,312,500		\$1,312,500	(\$362,500)		(\$362,500)	\$950,000		\$950,000
Equipment over \$5,000	1,167,500		1,167,500				1,167,500		1,167,500
Devils Lake State Park ramp widening		\$150,000	150,000					\$150,000	150,000
Fort Abraham Lincoln State Park conservation easement	55,000	220,000	275,000				55,000	220,000	275,000
Fort Stevenson State Park boat ramp		109,760	109,760					109,760	109,760
Fort Stevenson State Park campground - Phase 2	320,000		320,000				320,000		320,000
Federal funding match for construction projects		250,000	250,000					250,000	250,000
Lake Sakakawea State Park campground rewire - Phase 2	255,000		255,000				255,000		255,000
Other fund authority for capital projects		100,000	100,000					100,000	100,000
Peace Garden infrastructure upgrade	933,000		933,000				933,000		933,000
Peace Garden interpretive center/gardens	1,500,000		1,500,000				1,500,000		1,500,000
Pembina Gorge trailhead and trails	160,500		160,500				160,500		160,500
State park road repairs	407,916	283,999	691,915				407,916	283,999	691,915
Turtle River State Park campground water/rewire	200,000		200,000				200,000		200,000
Turtle River State Park Trail River crossing	62,500	62,500	125,000				62,500	62,500	125,000
Turtle River State Park administration building	150,000		150,000				150,000		150,000
Icelandic State Park Heritage Center expansion				362,500	\$112,000	474,500	362,500	112,000	474,500
Maintenance shop replacement				125,000	108,000	233,000	125,000	108,000	233,000
International Music Camp				200,000	200,000	400,000	200,000	200,000	400,000
Total	\$6,523,916	\$1,176,259	\$7,700,175	\$325,000	\$420,000	\$745,000	\$6,848,916	\$1,596,259	\$8,445,175

International Peace Garden

The 2007-09 biennium appropriation includes \$3,369,854 from the general fund for the International Peace Garden, an increase of \$2,767,000 from the 2005-07 biennium appropriation amount of \$602,854 and an increase of \$200,000 from the executive recommendation. The Legislative Assembly did not change the executive recommendation to provide \$736,854 for the operating grant for the International Peace Garden and \$2,433,000 for capital projects and deferred maintenance. The Legislative Assembly also provided a contingent appropriation of \$200,000 from the general fund for the International Music Camp. The general fund money may only be spent as other funds become available on a dollar-for-dollar matching basis.

One-Time Funding

In Section 8 of Senate Bill No. 2019, the Legislative Assembly identified the general fund appropriation for one-time funding of \$5,388,000 for an online reservation system and equipment replacement (\$660,000), parks capital projects and deferred maintenance (\$2,295,000), and International Peace Garden capital projects and deferred maintenance (\$2,433,000). This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Parks and Recreation Department is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in Senate Bill No. 2019

Game and fish operating fund - Section 4 provides that \$381,750 of the estimated income line item appropriated in Section 3 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 relating to boat ramps at various state parks. Of the \$381,750, \$109,750 is for boat ramp improvements at Fort Stevenson State Park and may only be spent if the Corps of Engineers does not begin construction of the new marina at Fort Stevenson by March 31, 2008.

International Music Camp - Section 5 provides for a contingent appropriation of \$200,000 from the general fund and \$200,000 from other funds available to the International Peace Garden for the International Music Camp. The general fund money may only be spent to the extent other funds become available on a dollar-for-dollar matching basis.

Insurance proceeds - Section 6 provides that the capital assets line item in subdivision 1 of Section 3 of the bill includes \$125,000 from the general fund and \$108,000 from insurance proceeds to be used to replace a maintenance building and other capital assets that were destroyed by fire in February 2007. Section 6 also provides an appropriation to the Parks and Recreation Department for any additional income from insurance proceeds in excess of \$108,000. Section 9 provides an emergency measure for these funds.

Office of Management and Budget purchasing services - Section 7 amends North Dakota Century Code (NDCC) Section 54-44.4-02 to provide that the International Peace Garden may participate in the purchasing services authorized in the section.

Related Legislation

House Bill No. 1362 amends subsection 3 of NDCC Section 39-24-04 to provide that, if a snowmobile is exempt from registration under subdivision b or c of subsection 2 of Section 39-24-04, the owner is required to purchase an out-of-state public trails and lands access permit for \$15 per year. Dealers or other agents authorized by the Parks and Recreation Department who sell the permits may retain \$1 of the \$15 fee and the remainder of the fees must be deposited in the state snowmobile fund.

**Job Service North Dakota
Budget No. 380
House Bill Nos. 1016, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	308.00	\$1,536,967	\$61,592,091	\$63,129,058
2007-09 legislative appropriations	308.00	1,746,960	61,664,171	63,411,131
Legislative increase (decrease) to executive budget	0.00	\$209,993	\$72,080	\$282,073
Legislative increase (decrease) to 2005-07 appropriations	(47.80)	\$245,948	\$3,393,912	\$3,639,860

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$125)	(\$27,920)	(\$28,045)
Provided funding for a web site spider program		200,000	100,000	300,000
Increased funding for the Workforce 20/20 program from \$1,489,882 to \$1,500,000		10,118		10,118
Total	0.00	\$209,993	\$72,080	\$282,073

FTE Changes

The 2007-09 biennium appropriation includes funding for 308 FTE positions, a decrease of 47.80 FTE positions from the 2005-07 biennium authorized level of 355.80 FTE positions. The legislative action did not change the executive recommendation to delete 45.8 FTE positions not requested by the agency and transfer 2 FTE positions relating to the career resource network to the Department of Career and Technical Education.

Workforce 20/20

The Legislative Assembly increased funding from the general fund for the Workforce 20/20 program by \$10,118, from \$1,489,882 as recommended in the executive budget to \$1.5 million. The funding of \$1.5 million represents an increase in funding from the general fund of \$19,769 compared to the 2005-07 general fund appropriation for the Workforce 20/20 program of \$1,480,231. Section 5 of House Bill No. 1016 requires that 50 percent of the Workforce 20/20 program funding for the 2007-09 biennium is to be used for projects for new or expanding businesses in North Dakota.

Unemployment Insurance Modernization - Reed Act

The Legislative Assembly did not change the executive recommendation to provide a \$7.3 million special funds appropriation from federal Reed Act distributions received in federal fiscal years 1957, 1958, 1999, and 2002 for developing a modernized unemployment insurance computer system.

Other Sections in House Bill No. 1016

New jobs training program - Section 7 amends North Dakota Century Code Section 52-02.1-02 to increase the wage eligibility rate for the new jobs training program from \$7.50 to \$10 per hour.

Related Legislation

Federal advance interest repayment fund - House Bill No. 1056 provides that money in the federal advance interest repayment fund may be used for the purposes of reemployment and administration of programs to ensure the integrity of the unemployment insurance program.

Electronic reporting and payments - House Bill No. 1057 requires employers that employ more than 99 employees to electronically file contribution and wage reports and provides that all payers making payments on behalf of more than one employer make all payments electronically.

Unemployment insurance tax rates - House Bill No. 1413 modifies the method used by Job Service North Dakota to determine unemployment insurance tax rates.

Negative balance employers - Senate Bill No. 2035 modifies the unemployment insurance tax rate formula to provide that negative balance employers do not benefit from a reduction in unemployment insurance tax rates when there is a surplus in the unemployment insurance trust fund.

**Judicial Branch
Budget No. 180
House Bill Nos. 1002, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	343.00	\$67,267,338	\$2,201,034	\$69,468,372
2007-09 legislative appropriations	338.00	66,935,878¹	2,199,640	69,135,518
Legislative increase (decrease) to executive budget	(5.00)	(\$331,460)	(\$1,394)	(\$332,854)
Legislative increase (decrease) to 2005-07 appropriations	6.00	\$10,078,009	\$689,662	\$10,767,671

¹This amount includes \$1,490,750 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$65,445,128.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$52,634)	(\$1,394)	(\$54,028)
Supreme Court changes:				
Reduced funding for judicial branch proposed salary increases for Supreme Court justices from a 6 percent increase effective July 1, 2007, and a 7 percent increase effective July 1, 2008, to a \$2,000 increase plus a 4 percent increase July 1, 2007, and a 4 percent increase effective July 1, 2008		(23,660)		(23,660)
District court changes:				
Reduced funding for judicial branch proposed salary increases for district court judges from a 6 percent increase effective July 1, 2007, and a 7 percent increase effective July 1, 2008, to a \$2,000 increase plus a 4 percent increase July 1, 2007, and a 4 percent increase effective July 1, 2008		(157,096)		(157,096)
Removed 5 of the 6 FTE positions added for the mediation pilot project and provided for contract mediators to be used for this project rather than adding employees	(5.00)			0
Reduced funding for judges' retirement due to the death of a qualifying judge		(98,070)		(98,070)

Judicial Conduct Commission changes:

The Legislative Assembly did not change the appropriation for the Judicial Conduct Commission

0

Total	(5.00)	(\$331,460)	(\$1,394)	(\$332,854)
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FTE Changes

The 2007-09 legislative appropriation includes funding for 338 FTE positions, an increase of 6 FTE positions from the 2005-07 biennium authorized level of 332 FTE positions. The Legislative Assembly removed 5 FTE positions included in the executive recommendation for the mediation pilot project and provided that contract mediators are to be used rather than adding employees. The Legislative Assembly did not change the executive budget recommendation to add a .5 FTE director of finance position, .5 FTE referee for district courts, 1 FTE law clerk in the Northwest District, 1 FTE juvenile officer in the South Central District, 2 FTE Rolette County clerks (opting to be state-employed pursuant to North Dakota Century Code (NDCC) Chapter 27-05.2), and 1 FTE mediation pilot project program coordinator position.

One-Time Funding

In Section 8 of House Bill No. 1002, the Legislative Assembly identified one-time funding to the district courts of \$1,490,750 from the general fund for an enhanced records management system (\$115,750) and unified case management system (\$1,375,000). This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Supreme Court is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1002

Appropriation of additional funding - Section 4 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 5 provides that the director of the Office of Management and Budget and the State Treasurer make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon 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.

Salaries of Supreme Court justices - Section 6 provides statutory changes to NDCC Section 27-02-02 relating to salaries of justices of the Supreme Court. The Legislative Assembly authorized 2007-09 biennium salary increases of \$2,000 plus a 4 percent increase effective July 1, 2007, and a 4 percent increase effective July 1, 2008. The Supreme Court justices' salaries are to be increased from the current level of \$107,210 to \$113,578 effective July 1, 2007, and \$118,121 effective July 1, 2008. The Chief Justice of the Supreme Court is entitled to receive an additional \$3,262 per annum effective July 1, 2007, and an additional \$3,392 per annum, effective July 1, 2008, which is an increase from the current level of an additional \$3,136 per annum.

Salaries and expenses of district judges - Section 7 provides statutory changes to NDCC Section 27-05-03 relating to salaries and expenses of district court judges. The Legislative Assembly authorized 2007-09 biennium salary increases of \$2,000 plus a 4 percent increase, effective July 1, 2007, and a 4 percent increase effective July 1, 2008. The district court judges' salaries are to be increased from the current level of \$98,070 to \$104,073 effective July 1, 2007, and \$108,236 effective July 1, 2008. The presiding judge of a judicial district is entitled to receive an additional \$3,005 per annum effective July 1, 2007, and an additional \$3,126 per annum effective July 1, 2008, which is an increase from the current level of an additional \$2,890 per annum.

Information Technology Projects

Enhanced records management system - The Legislative Assembly appropriated \$115,750 from the general fund for the judicial branch to implement an enhanced records management system. An enhanced records management system for the unified judicial branch is intended to preserve court information, promote greater accessibility to that information, and reduce operational and records storage costs within the judicial branch.

Unified case management system - The Legislative Assembly appropriated \$1,375,000 for operating expenses to enhance or begin the replacement of the unified case management system. The current case management system was developed approximately 20 years ago and significant enhancements or a complete replacement is needed to continue efficient processing of cases. The system provides management information to judges, court personnel, justice personnel, and the public.

Related Legislation

House Bill No. 1083 - This bill removes the continuing appropriation authority for the **electronic filing administration fund** as provided in NDCC Section 27-03-05.

House Bill No. 1097 - This bill continues the **temporary court of appeals** until January 1, 2012. The temporary court of appeals was established to exercise appellate and original jurisdiction as delegated by the Supreme Court.

House Bill No. 1387 - This bill provides for the Legislative Council to consider studying the **leasing or renting of facilities** for use by district courts from counties or other political subdivisions, including the feasibility and desirability of counties retaining a portion of the fees collected by counties in lieu of leasing or renting by the state.

House Concurrent Resolution No. 3002 - This resolution provides for a Legislative Council study of the **judicial election and judicial selection process** in North Dakota.

Senate Bill No. 2243 - This bill amends NDCC Section 29-26-22 providing for courts to impose a **community service fee** of \$50 per defendant participating in community service to be used to provide community service supervision grants.

Senate Concurrent Resolution No. 4004 - This resolution provides for a Legislative Council study of the respective **responsibilities of county and state judicial system personnel** under the Uniform Juvenile Court Act in light of statutory ambiguities in defining those responsibilities.

**Judicial Branch
Budget No. 180
House Bill Nos. 1002, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	343.00	\$67,267,338	\$2,201,034	\$69,468,372
2007-09 legislative appropriations	338.00	66,935,878¹	2,199,640	69,135,518
Legislative increase (decrease) to executive budget	(5.00)	(\$331,460)	(\$1,394)	(\$332,854)
Legislative increase (decrease) to 2005-07 appropriations	6.00	\$10,078,009	\$689,662	\$10,767,671

¹This amount includes \$1,490,750 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$65,445,128.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$52,634)	(\$1,394)	(\$54,028)
Supreme Court changes:				
Reduced funding for judicial branch proposed salary increases for Supreme Court justices from a 6 percent increase effective July 1, 2007, and a 7 percent increase effective July 1, 2008, to a \$2,000 increase plus a 4 percent increase July 1, 2007, and a 4 percent increase effective July 1, 2008		(23,660)		(23,660)
District court changes:				
Reduced funding for judicial branch proposed salary increases for district court judges from a 6 percent increase effective July 1, 2007, and a 7 percent increase effective July 1, 2008, to a \$2,000 increase plus a 4 percent increase July 1, 2007, and a 4 percent increase effective July 1, 2008		(157,096)		(157,096)
Removed 5 of the 6 FTE positions added for the mediation pilot project and provided for contract mediators to be used for this project rather than adding employees	(5.00)			0
Reduced funding for judges' retirement due to the death of a qualifying judge		(98,070)		(98,070)

Judicial Conduct Commission changes:

The Legislative Assembly did not change the appropriation for the Judicial Conduct Commission

0

Total	(5.00)	(\$331,460)	(\$1,394)	(\$332,854)
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FTE Changes

The 2007-09 legislative appropriation includes funding for 338 FTE positions, an increase of 6 FTE positions from the 2005-07 biennium authorized level of 332 FTE positions. The Legislative Assembly removed 5 FTE positions included in the executive recommendation for the mediation pilot project and provided that contract mediators are to be used rather than adding employees. The Legislative Assembly did not change the executive budget recommendation to add a .5 FTE director of finance position, .5 FTE referee for district courts, 1 FTE law clerk in the Northwest District, 1 FTE juvenile officer in the South Central District, 2 FTE Rolette County clerks (opting to be state-employed pursuant to North Dakota Century Code (NDCC) Chapter 27-05.2), and 1 FTE mediation pilot project program coordinator position.

One-Time Funding

In Section 8 of House Bill No. 1002, the Legislative Assembly identified one-time funding to the district courts of \$1,490,750 from the general fund for an enhanced records management system (\$115,750) and unified case management system (\$1,375,000). This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Supreme Court is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1002

Appropriation of additional funding - Section 4 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 5 provides that the director of the Office of Management and Budget and the State Treasurer make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon 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.

Salaries of Supreme Court justices - Section 6 provides statutory changes to NDCC Section 27-02-02 relating to salaries of justices of the Supreme Court. The Legislative Assembly authorized 2007-09 biennium salary increases of \$2,000 plus a 4 percent increase effective July 1, 2007, and a 4 percent increase effective July 1, 2008. The Supreme Court justices' salaries are to be increased from the current level of \$107,210 to \$113,578 effective July 1, 2007, and \$118,121 effective July 1, 2008. The Chief Justice of the Supreme Court is entitled to receive an additional \$3,262 per annum effective July 1, 2007, and an additional \$3,392 per annum, effective July 1, 2008, which is an increase from the current level of an additional \$3,136 per annum.

Salaries and expenses of district judges - Section 7 provides statutory changes to NDCC Section 27-05-03 relating to salaries and expenses of district court judges. The Legislative Assembly authorized 2007-09 biennium salary increases of \$2,000 plus a 4 percent increase, effective July 1, 2007, and a 4 percent increase effective July 1, 2008. The district court judges' salaries are to be increased from the current level of \$98,070 to \$104,073 effective July 1, 2007, and \$108,236 effective July 1, 2008. The presiding judge of a judicial district is entitled to receive an additional \$3,005 per annum effective July 1, 2007, and an additional \$3,126 per annum effective July 1, 2008, which is an increase from the current level of an additional \$2,890 per annum.

Information Technology Projects

Enhanced records management system - The Legislative Assembly appropriated \$115,750 from the general fund for the judicial branch to implement an enhanced records management system. An enhanced records management system for the unified judicial branch is intended to preserve court information, promote greater accessibility to that information, and reduce operational and records storage costs within the judicial branch.

Unified case management system - The Legislative Assembly appropriated \$1,375,000 for operating expenses to enhance or begin the replacement of the unified case management system. The current case management system was developed approximately 20 years ago and significant enhancements or a complete replacement is needed to continue efficient processing of cases. The system provides management information to judges, court personnel, justice personnel, and the public.

Related Legislation

House Bill No. 1083 - This bill removes the continuing appropriation authority for the **electronic filing administration fund** as provided in NDCC Section 27-03-05.

House Bill No. 1097 - This bill continues the **temporary court of appeals** until January 1, 2012. The temporary court of appeals was established to exercise appellate and original jurisdiction as delegated by the Supreme Court.

House Bill No. 1387 - This bill provides for the Legislative Council to consider studying the **leasing or renting of facilities** for use by district courts from counties or other political subdivisions, including the feasibility and desirability of counties retaining a portion of the fees collected by counties in lieu of leasing or renting by the state.

House Concurrent Resolution No. 3002 - This resolution provides for a Legislative Council study of the **judicial election and judicial selection process** in North Dakota.

Senate Bill No. 2243 - This bill amends NDCC Section 29-26-22 providing for courts to impose a **community service fee** of \$50 per defendant participating in community service to be used to provide community service supervision grants.

Senate Concurrent Resolution No. 4004 - This resolution provides for a Legislative Council study of the respective **responsibilities of county and state judicial system personnel** under the Uniform Juvenile Court Act in light of statutory ambiguities in defining those responsibilities.

**Labor Commissioner
Budget No. 406
Senate Bill No. 2007, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	11.00	\$1,150,143	\$401,698	\$1,551,841
2007-09 legislative appropriations	11.00	1,149,250	401,341	1,550,591
Legislative increase (decrease) to executive budget	0.00	(\$893)	(\$357)	(\$1,250)
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$188,011	(\$97,624)	\$90,387

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. 2189.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$893)	(\$357)	(\$1,250)
Total	0.00	(\$893)	(\$357)	(\$1,250)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 11 FTE positions, the same as the 2005-07 biennium.

Other Sections in Senate Bill No. 2007

Contingent appropriation - Section 4 provides a \$2,920 contingent general fund appropriation to the Labor Commissioner for operating expenses relating to Senate Bill No. 2121. Senate Bill No. 2121 was defeated by the House; therefore, the contingent appropriation is not reflected in the legislative appropriation for the Labor Commissioner for the 2007-09 biennium.

**Land Department
Budget No. 226
House Bill Nos. 1013, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	18.75	\$0	\$9,126,688	\$9,126,688
2007-09 legislative appropriations	18.75		9,124,124	9,124,124
Legislative increase (decrease) to executive budget	0.00	\$0	(\$2,564)	(\$2,564)
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$0	\$1,298,102	\$1,298,102

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. 2189.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$2,564)	(\$2,564)
Total	0.00	\$0	(\$2,564)	(\$2,564)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 18.75 FTE positions, the same as the 2005-07 biennium.

Other Sections in House Bill No. 1013

Oil and gas impact grant fund - Section 4 provides that \$6 million of the special funds appropriation contained in Section 3 of 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 the administration of the oil and gas development impact grant program. This is an increase of \$1 million from the 2005-07 biennium, pursuant to North Dakota Century Code (NDCC) Section 57-51-15 (effective after June 30, 2007).

Carryover of appropriations for oil and gas impact grants - Section 5 provides that NDCC Section 54-44.4-11 does not apply to appropriations for oil and gas impact grants and, consequently, the 2007-09 appropriation authority may be continued into the 2009-11 biennium.

Contingencies line item/appropriation transfers - Section 6 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. The commissioner shall notify the Office of Management and Budget of each transfer made pursuant to this section.

Trust fund distributions to state entities - Section 7 provides the amounts to be distributed to various state entities from state trust funds managed by the Land Department and provides that NDCC Section 15-03-05.2 does not apply to distributions during the 2007-09 biennium. Section 15-03-05.2 provides the trust fund income may not be retained for future distributions to a trust fund beneficiary or added to a permanent fund if it would result in a decrease in distributions to the fund beneficiary from the amount distributed during the preceding fiscal year.

Related Legislation

House Bill No. 1171 changes the current 5 percent service fee to actual mills, as similarly paid by private landowners, as a fee assessed against the trust funds managed by the Board of University and School Lands to be paid to townships and counties for maintenance and repairs of roads and bridges.

**Branch Research Centers
Budget No. 628
House Bill Nos. 1020, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	95.26	\$10,658,084	\$13,716,431	\$24,374,515
2007-09 legislative appropriations	97.86	11,301,508¹	13,715,511	25,017,019
Legislative increase (decrease) to executive budget	2.60	\$643,424	(\$920)	\$642,504
Legislative increase (decrease) to 2005-07 appropriations	10.60 ²	\$2,915,199	\$596,144	\$3,511,343

¹This amount includes \$700,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$10,601,508.

²The 2005-07 appropriation was based on 77.41 FTE positions. Section 6 of Senate Bill No. 2020 (2005) authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section and reported to the Office of Management and 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 branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly appropriated \$829,669, of which \$438,129 is from the general fund and \$391,540 is from special funds, to the Main Research Center to provide agricultural research and extension agency employees an additional 1 percent per year salary increase each year of the biennium. The Main Research Center is to allocate the funding between the Main Research Center, branch research centers, North Dakota State University Extension Service, Northern Crops Institute, and Agronomy Seed Farm. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,576)	(\$920)	(\$3,496)
Provided \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center		300,000		300,000
Added 2 FTE research positions and related funding for the Williston Research Center irrigation project	2.00	250,000		250,000
Added a .60 FTE and related funding for research and development of innovative waste management systems at the Carrington Research Center	0.60	96,000		96,000
Total	2.60	\$643,424	(\$920)	\$642,504

FTE Changes

The 2005-07 appropriation is based on 77.41 FTE positions authorized by the 2005 Legislative Assembly. Section 6 of 2005 Senate Bill No. 2020 authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section for a total of 87.26 FTE positions. The 2007-09 biennium appropriation includes funding for 97.86 FTE positions, an increase of 2.60 FTE positions from the executive recommendation of 95.26 and 10.60 FTE positions from the 2005-07 authorized level of 87.26. The Legislative Assembly authorized 2 FTE positions for the Williston Research Center, .60 FTE positions for the Carrington Research Center, 1 FTE position for the North Central Research Center, and 7 FTE support staff positions (one for each branch research center).

One-Time Funding

In Section 15 of House Bill No. 1020, the Legislative Assembly identified \$700,000 from the general fund for the North Central Research Center laboratory and greenhouse project (\$400,000) and North Central Research Center equipment storage and maintenance shop facility (\$300,000) as one-time funding items. This amount is not to be considered part of the branch research center's budget for preparing the 2009-11 executive budget and the branch research center is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 4 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 (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2007-09 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2007-09 biennium.

State motor pool requirements - Section 8 amends North Dakota Century Code Section 24-02-03.3 to exempt certain vehicles used in farming operations at the Agronomy Seed Farm and branch research centers from state motor pool requirements.

Carryover authority - Section 9 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2007-09 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2007-09 biennium.

Operating pool - Section 11 provides that the operating pool of \$750,000 from the permanent oil tax trust fund appropriated to the Main Research Center be used for operating costs at the Dickinson Research Center and be limited to the amount oil revenues are less than budgeted for the biennium.

Livestock facilities - Section 12 provides that the Agricultural Experiment Station consider options to ensure that the use of the livestock facilities at Dickinson, Hettinger, Carrington, and Streeter are being maximized.

National Cattlemen's Beef Association funding - Section 13 directs the Agricultural Experiment Station to provide a report to the 61st Legislative Assembly regarding the funding received during the 2007-09 biennium from the National Cattlemen's Beef Association.

Capital Construction

North Central Research Center laboratory and greenhouse project - The 2005 Legislative Assembly authorized \$1,690,000, of which \$440,000 was from bond proceeds and \$1,250,000 was from gifts, grants, and donations, for the North Central Research Center laboratory and greenhouse project. The 2007 Legislative Assembly appropriated an additional \$400,000 from the general fund to complete the laboratory and greenhouse project.

North Central Research Center storage and maintenance shop facility - The 2007 Legislative Assembly appropriated \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center.

Dickinson Research Center waste management facility and landscaping projects - The 2007 Legislative Assembly authorized \$701,000 of special funds spending authority for the Dickinson Research Center to construct a waste management facility as mandated by State Department of Health requirements (\$351,000) and for a parking lot and landscaping project at the headquarters facility (\$350,000).

Carrington, Hettinger, and North Central Research Center headquarters office additions - The 2007-09 biennium executive recommendation for the Main Research Center included an appropriation of \$1,107,750 from the general fund for a Carrington Research Center headquarters office building addition (\$465,000), Hettinger Research Center headquarters office building addition (\$222,750), and North Central Research Center office and technology transfer building addition (\$420,000). The 2007 Legislative Assembly reduced the total appropriation for these projects by \$200,000, from \$1,107,750 to \$907,750.

**Legislative Assembly
Budget No. 150
House Bill No. 1001**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	0.00	\$13,918,501	\$0	\$13,918,501
2007-09 legislative appropriations	0.00	14,177,129¹		14,177,129
Legislative increase (decrease) to executive budget	0.00	\$258,628	\$0	\$258,628
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$4,684,904	(\$20,000)	\$4,664,904

¹This amount includes \$4,260,827 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$9,916,302.

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

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Added funding for increasing legislative pay in accordance with provisions of House Bill No. 1106 (see Legislative Pay Increases section below)		\$164,536		\$164,536
Added funding for legislator mileage reimbursement during legislative sessions in accordance with provisions of House Bill No. 1107		19,476		19,476
Added funding for legislative computer equipment to provide a total of \$350,000		74,616		74,616
Total	0.00	\$258,628	\$0	\$258,628

Legislative Pay Increases

The Legislative Assembly approved House Bill No. 1106 providing for legislative pay increases. The bill increases legislators' monthly compensation, daily pay during legislative sessions, and interim meeting pay by 4 percent for the first year of the biennium and by 3.85 percent for the second year. Section 9 of House Bill No. 1001 increases legislative leaders' monthly compensation by 4 percent for the first year and 3.85 percent for the second year. The compensation adjustments relating to the Legislative Assembly budget are:

	Current Compensation Rate	Rate Effective August 1, 2007	Rate Effective July 1, 2008
Monthly compensation	\$350	\$364	\$378
Leaders' additional monthly compensation	\$250	\$260	\$270
Daily session pay	\$125	\$130	\$135

One-Time Funding

In Section 5, the Legislative Assembly identified a total of \$4,260,827 from the general fund, of which \$3,910,827 relates to the legislative applications replacement system computer project and \$350,000 to computer equipment replacement as one-time funding. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Legislative Assembly is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in Bill

Section 7 provides that the Senate members of the Legislative Management Committee determine the expenditures of \$100,000 of the \$200,000 provided for committee room renovations and the House members of the committee determine the expenditures of the remaining \$100,000 of these funds.

Section 12 allows legislators to exceed the \$900 per month lodging maximum during the legislative session for the month of April 2007.

Related Legislation

House Bill No. 1106 increases legislators' monthly compensation, daily pay during legislative sessions, and interim meeting compensation by 4 percent for the first year of the biennium and by 3.85 percent for the second year.

House Bill No. 1107 increases the state mileage reimbursement rate from 37.5 cents to 45 cents per mile.

Senate Bill No. 2246 increases the maximum state lodging reimbursement rate from \$50 to \$55 per night plus tax.

Senate Bill No. 2310 provides a continuing appropriation to the Legislative Assembly to spend donated funds received by the Legislative Assembly.

**Legislative Council
Budget No. 160
House Bill Nos. 1001, 1014, 1015, Senate Bill No. 2010**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	33.00	\$8,298,218	\$0	\$8,298,218
2007-09 legislative appropriations	33.00	8,748,442¹	70,000	8,818,442
Legislative increase (decrease) to executive budget	0.00	\$450,224	\$70,000	\$520,224
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$959,501	\$70,000	\$1,029,501

¹This amount includes \$129,579 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$8,618,863.

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Legislative Council is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly provided \$148,000 for salary equity increases for employees of the Legislative Council.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$5,288)		(\$5,288)
Added funding for increasing legislative pay in accordance with provisions of House Bill No. 1106 (see Legislative Pay Increases section below)		23,125		23,125
Added funding for salary equity increases		148,000		148,000
Added funding for legislator mileage reimbursement for interim travel in accordance with provisions of House Bill No. 1107		23,500		23,500
Added funding to provide a total of \$72,579 for replacing computers and for purchasing additional projectors		10,887		10,887
Added funding in House Bill No. 1015 for an interim committee to develop prison facility alternative concepts and preliminary designs to address immediate and future needs of the State Penitentiary		250,000		250,000

Added funding from the insurance regulatory trust fund in Senate Bill No. 2010 for legislative members to attend functions of the National Conference of Insurance Legislators			\$70,000	70,000
Total	0.00	\$450,224	\$70,000	\$520,224

FTE Changes

The 2007-09 biennium appropriation includes funding for 33 FTE positions, the same as the 2005-07 biennium authorized level.

One-Time Funding

In Section 6 of House Bill No. 1001, the Legislative Assembly identified a total of \$129,579 from the general fund, of which \$104,579 relates to computer equipment replacement and \$25,000 to office equipment replacement as one-time funding. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Legislative Council is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Legislative Pay Increases

The Legislative Assembly approved House Bill No. 1106 providing for legislative pay increases. The bill included provisions affecting the Legislative Council budget. These provisions increase legislators' interim meeting compensation by 4 percent beginning August 1, 2007, and by 3.85 percent beginning July 1, 2008. Section 11 of House Bill No. 1001 increases legislators' interim meeting pay to \$135 per day beginning July 1, 2009. The interim meeting compensation adjustments are listed in the schedule below.

	Current Rate	Rate Effective August 1, 2007	Rate Effective July 1, 2008	Rate Effective July 1, 2009
Interim meeting daily pay	\$100	\$104	\$108	\$135

Other Sections in House Bill No. 1001

Section 8 provides for a Legislative Council review of staff services and future staffing needs.

Related Legislation

House Bill No. 1106 increases legislators' monthly compensation, daily pay during legislative sessions, and interim meeting compensation by 4 percent for the first year of the biennium and by 3.85 percent for the second year.

House Bill No. 1107 increases the state mileage reimbursement rate from 37.5 to 45 cents per mile.

Senate Bill No. 2246 increases the maximum state lodging reimbursement rate from \$50 per night plus tax to \$55 per night plus tax.

**State Library
Budget No. 250
Senate Bill No. 2013, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	29.75	\$3,979,712	\$1,881,600	\$5,861,312
2007-09 legislative appropriations	29.75	3,977,513	1,881,253	5,858,766
Legislative increase (decrease) to executive budget	0.00	(\$2,199)	(\$347)	(\$2,546)
Legislative increase (decrease) to 2005-07 appropriations	1.00	\$470,431	\$221,981	\$692,412

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Library is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,199)	(\$347)	(\$2,546)
Total	0.00	(\$2,199)	(\$347)	(\$2,546)

FTE Changes

The 2007-09 biennium appropriation includes funding for 29.75 FTE positions, an increase of 1 FTE position from the 2005-07 biennium authorized level of 28.75 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE librarian II position.

Other Sections in Senate Bill No. 2013

State aid to public libraries - Section 10 provides that the grants line item for the State Library includes \$1.2 million from the general fund for aid to public libraries, an increase of \$200,000 from the amount appropriated for the 2005-07 biennium of \$1 million.

Related Legislation

Public libraries' maintenance of local effort - House Bill No. 1103 modifies the maintenance of effort requirement for public libraries receiving state aid.

State aid to libraries reimbursement - House Bill No. 1309 provides that the State Library withhold from the amount of state aid to which a public library is entitled during the 2007-09 biennium any amount the public library received in excess of that to which it was entitled during the 2005-07 biennium as a result of a statutory dispute regarding the meaning of a mill levy. The State Library is to use the funding withheld to reimburse public libraries that received less during the 2005-07 biennium as a result of the dispute regarding the meaning of a mill levy.

**NDSU Main Research Center
Budget No. 640
House Bill Nos. 1020, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	348.08	\$45,437,622	\$41,261,157	\$86,698,779
2007-09 legislative appropriations	348.88	44,235,584¹	43,100,764	87,336,348
Legislative increase (decrease) to executive budget	0.80	(\$1,202,038)	\$1,839,607	\$637,569
Legislative increase (decrease) to 2005-07 appropriations	3.80 ²	\$13,441,517	(\$1,561,882)	\$11,879,635

¹This amount includes \$8,007,750 of general fund one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$36,227,834.

²The 2005-07 appropriation was based on 340.05 FTE positions. Section 6 of Senate Bill No. 2020 (2005) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 5.03 FTE positions were added pursuant to this section and reported to the Office of Management and 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 NDSU Main Research Center is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly appropriated \$829,669, of which \$438,129 is from the general fund and \$391,540 is from special funds, to the Main Research Center to provide agricultural research and extension agency employees an additional 1 percent salary increase each year of the biennium. The Main Research Center is to allocate the funding between the Main Research Center, branch research centers, North Dakota State University Extension Service, Northern Crops Institute, and Agronomy Seed Farm. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$4,167)	(\$1,933)	(\$6,100)
Added a .80 FTE position and related funding for research and development of innovative waste management systems	0.80	184,000		184,000
Added \$750,000 from the permanent oil tax trust fund to the Main Research Center for operating costs at the Dickinson Research Center			750,000	750,000
Changed the funding source from the agricultural research fund to the general fund for research projects as determined by the granting committees		300,000	(300,000)	0
Reduced funding for the Carrington, Hettinger, and North Central Research Center office addition projects from \$1,107,750 to \$907,750		(200,000)		(200,000)

Decreased funding for the research greenhouse project at the Main Research Center from \$9 million to \$7 million	(2,000,000)		(2,000,000)
Added funding to provide a 5 percent salary increase effective July 1, 2007, and a 5 percent increase effective July 1, 2008 (see Salaries and Wages section above)	438,129	391,540	829,669
Added funding for design and engineering costs for a beef research facility	80,000		80,000
Added spending authority for a beef research facility		1,000,000	1,000,000
Total	<u>0.80</u>	<u>(\$1,202,038)</u>	<u>\$1,839,607</u>

FTE Changes

The 2005-07 appropriation is based on 340.05 FTE positions authorized by the 2005 Legislative Assembly. Section 6 of 2005 Senate Bill No. 2020 authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 5.03 FTE positions were added pursuant to this section for a total of 345.08 FTE positions. The 2007-09 biennium appropriation includes funding for 348.88 FTE positions, an increase of a .80 FTE position from the executive recommendation of 348.08 FTE positions and an increase of 3.80 FTE positions from the 2005-07 authorized level of 345.08. The Legislative Assembly did not change the executive recommendation to add 1 FTE faculty position and 1 FTE research specialist position for bioproducts/bioenergy research and 1 FTE faculty position for pulse variety development. The Legislative Assembly added a .80 FTE waste management research position.

One-Time Funding

In Section 15 of House Bill No. 1020, the Legislative Assembly identified \$8,007,750 from the general fund for the Main Research Center greenhouse project (\$7 million), deferred maintenance pool (\$100,000), and Carrington, Hettinger, and North Central Research Centers office addition projects (\$907,750) as one-time funding items. In addition \$750,000 from the permanent oil tax trust fund for an operating pool at Dickinson Research Center is a one-time funding item. These amounts are not to be considered part of the agency's base budget for preparing the 2009 executive budget and the Main Research Center is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 4 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 (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2007-09 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2007-09 biennium.

Industrial hemp licensure - Section 7 amends North Dakota Century Code Section 4-41-02 to provide that state licensure requirements for industrial hemp production is not conditioned on or subject to review or approval by the United States Drug Enforcement Agency.

Carryover authority - Section 9 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2007-09 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2007-09 biennium.

Operating pool - Section 11 provides that the operating pool of \$750,000 from the permanent oil tax trust fund appropriated to the Main Research Center be used for operating costs at the Dickinson Research Center and be limited to the amount oil revenues are less than budgeted for the biennium.

Livestock facilities - Section 12 provides that the Agricultural Experiment Station consider options to ensure that the use of the livestock facilities at Dickinson, Hettinger, Carrington, and Streeter are being maximized.

National Cattlemen's Beef Association funding - Section 13 directs the Agricultural Experiment Station to provide a report to the 61st Legislative Assembly regarding the funding received during the 2007-09 biennium from the National Cattlemen's Beef Association.

Capital Projects

Carrington, Hettinger, and North Central Research Center headquarters office additions - The 2007-09 biennium executive recommendation for the Main Research Center included an appropriation of \$1,107,750 from the general fund for a Carrington Research Center headquarters office building addition (\$465,000), Hettinger Research Center headquarters office building addition (\$222,750), and North Central Research Center office and technology transfer building addition (\$420,000). The 2007 Legislative Assembly reduced the total appropriation for these projects by \$200,000, from \$1,107,750 to \$907,750.

Beef research facility - The Legislative Assembly appropriated \$1 million from special funds for a beef research facility in Fargo. Section 10 of House Bill No. 1020 provides that if the Main Research Center proceeds with a beef research center appropriate city and county officials agree to the location of the facility.

Main Research Center greenhouse complex - The 2005 Legislative Assembly authorized \$7 million of funding from bond proceeds (\$2 million) and gifts, grants, and donations (\$5 million) for Phase 1 of the research greenhouse project. The 2007-09 biennium executive recommendation included \$9 million from the general fund for Phase 2 of the research greenhouse project. The Legislative Assembly reduced the funding by \$2 million, from \$9 million to \$7 million. In addition, the Legislative Assembly removed references to Phases 1 and 2 of the greenhouse project and provided that the Main Research Center may use any funding available within the total appropriation authority for the Main Research Center greenhouse project to begin construction. The total appropriation includes 2005-07 biennium carryover authority of \$7 million and \$7 million from the general fund.

Deferred maintenance pool - The Legislative Assembly appropriated \$100,000 from the general fund for a deferred maintenance pool to address needs at the Main Research Center and branch research centers.

Extraordinary repairs - The Legislative Assembly appropriated \$740,465 for extraordinary repairs, including \$170,465 for landscaping, \$20,000 for greenhouse repairs, and \$550,000 for general repairs and maintenance.

Related Legislation

House Bill No. 1490 - This bill authorizes North Dakota State University to **import and resell industrial hemp** that has been certified as having no more than three-tenths of one percent tetrahydrocannabinol.

Office of Management and Budget

Budget No. 110

Senate Bill Nos. 2015, 2009, 2189, 2341, House Bill Nos. 1522, 1014, 1018, 1019

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	132.50 ¹	\$50,074,077 ¹	\$18,900,360 ¹	\$68,974,437 ¹
2007-09 legislative appropriations	132.50	30,198,944²	40,229,115	70,428,059
Legislative increase (decrease) to executive budget	0.00	(\$19,875,133)	\$21,328,755	\$1,453,622
Legislative increase (decrease) to 2005-07 appropriations	1.00	\$10,042,933	(\$6,426,204)	\$3,616,729

¹This amount reflects the executive budget recommendation for the Office of Management and Budget as introduced in Senate Bill No. 2015, including funding for Prairie Public Broadcasting, centers of excellence grants and loan repayments, and the statewide salary equity pool. The Senate defeated Senate Bill No. 2015 and funding for the Office of Management and Budget is included in House Bill No. 1522. Appropriations to the Office of Management and Budget for Prairie Public Broadcasting and centers of excellence grants are included in House Bill No. 1019 and an appropriation for repayment of centers of excellence loans is included in House Bill No. 1014. Funding for the statewide equity pool is included in Senate Bill No. 2189.

²This amount includes \$3,686,000 of one-time funding and \$5 million for the statewide salary equity pool. Excluding these amounts, the agency's ongoing general fund appropriation is \$21,512,944.

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. 2189.

	Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:					
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$5,133)	(\$1,245)	(\$6,378)
Increased funding for state memberships to provide for an increase in fees and related costs for the Commission on Uniform State Laws			50,000		50,000
Changed the funding source for centers of excellence from the general fund as provided for in Senate Bill No. 2015 to the permanent oil tax trust fund (\$15 million) and Bank of North Dakota loan proceeds (\$5 million) as provided for in House Bill No. 1018 (see Centers of Excellence section below)			(20,000,000)	20,000,000	0
Provided additional funding in House Bill No. 1014 for state contingencies to provide a total of \$700,000			200,000		200,000
Removed funding for the Firefighter's Association (funding for the Firefighter's Association is included in Senate Bill No. 2010)				(170,000)	(170,000)

Removed funding for a state consultant (funding for a state consultant is included in Senate Bill No. 2001)		(120,000)		(120,000)
Provided contingent funding in Senate Bill No. 2341 from the lands and minerals trust fund for the Heritage Center expansion project			1,500,000	1,500,000
Total	<u>0.00</u>	<u>(\$19,875,133)</u>	<u>\$21,328,755</u>	<u>\$1,453,622</u>

FTE Changes

The 2007-09 biennium appropriation includes funding for 132.5 FTE positions, an increase of 1 FTE position from the 2005-07 biennium authorized level of 131.5 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE procurement position.

State Memberships

The Legislative Assembly provided \$581,000 from the general fund for state memberships as follows:

Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$146,000 ¹
Council of State Governments	155,000
Government Accounting Standards Board	6,000
Western Governors Association	74,300
National Governors Association	72,500
Midwest Governors Association	20,000
National Lieutenant Governors Association	1,200
Education Commission of the States	106,000
Total dues and memberships	\$581,000

¹This amount reflects an increase of \$50,000 from the 2005-07 biennium authorized appropriation of \$96,000.

Capital Improvements

The Legislative Assembly did not change the executive recommendation which included \$3,595,000 from the general fund and \$750,000 from the Capitol building fund for extraordinary repairs as follows:

	General Fund	Capitol Building Fund
Deferred maintenance - Capitol complex	\$2,000,000	
Heritage Center - Replacement of heat pump and carpet and remodeling	1,000,000	
Emergency power to Governor's residence	35,000	
Capitol building repairs and maintenance	560,000	\$675,000
Restoration study		75,000
Total extraordinary repairs	\$3,595,000	\$750,000

Transfers to the General Fund

Special funds transfers - The Legislative Assembly provided for the following special funds transfers to the general fund:

Lands and minerals trust fund (Section 13 of House Bill No. 1014)	\$15,000,000
Student loan trust fund (Section 15 of House Bill No. 1014)	3,100,000
Permanent oil tax trust fund (Section 12 of Senate Bill No. 2032)	115,000,000
Total	\$133,100,000

Bank of North Dakota transfers - Section 14 of House Bill No. 1014 provides for a transfer of \$60 million from the current earnings and the accumulated undivided profits of the Bank of North Dakota to the general fund, the same as the executive recommendation. The section provides that the transfer may only be made to the extent the transfer does not reduce the Bank's capital structure below \$175 million.

Mill and Elevator Association transfers - Section 16 of House Bill No. 1014 provides for a transfer of \$5 million from the Mill and Elevator Association to the general fund, the same as the executive recommendation.

Budget Stabilization Fund

The Legislative Assembly authorized, in House Bill No. 1429, a transfer of \$100,527,369 from the general fund to the budget stabilization fund. This transfer is based on the end-of-biennium balance in the general fund on June 30, 2007, and will provide for a total of \$200 million in the budget stabilization fund for the 2007-09 biennium. House Bill No. 1429 amends North Dakota Century Code Section 54-27.2-01 to provide that effective July 1, 2009, any amounts provided by law for deposit in the fund and any interest or earnings of the fund which would bring the balance in the fund to an amount greater than 10 percent rather than 5 percent of the current biennial state general fund budget, as finally approved by the most recently adjourned special or regular session of the Legislative Assembly, may not be deposited or retained in the fund but must be deposited instead in the state general fund.

Centers of Excellence

In House Bill No. 1018, the Legislative Assembly provided an appropriation of \$15 million from the permanent oil tax trust fund to the Office of Management and Budget for providing funding to centers of excellence for the 2007-09 biennium. Of this amount, up to \$10 million is available for Budget Section approval at its first meeting after September 1, 2007, and up to \$5 million and any unawarded funds remaining from the \$10 million allocation is available for Budget Section approval at its first meeting after September 1, 2008. If the \$15 million is not adequate funding for the 2007-09 biennium and subject to Emergency Commission and Budget Section approval, the Office of Management and Budget may borrow an additional \$5 million from the Bank of North Dakota for providing funding to centers of excellence for the 2007-09 biennium. The Office of Management and Budget is to request funding from the 61st Legislative Assembly to repay any loan obtained, including accrued interest.

One-Time Funding

In Section 7 of House Bill No. 1522 and Section 17 of House Bill No. 1018, the Legislative Assembly identified the general fund appropriations for one-time funding items of \$3,686,000, for extraordinary repairs (\$3 million), and Prairie Public Broadcasting analog to digital conversion (\$686,000). This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Office of Management and Budget is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1522

Capitol building fund - Section 5 provides for \$750,000 from the Capitol building fund to be available to the Facility Management Division during the 2007-09 biennium.

Related Legislation

House Bill No. 1107 increases the mileage reimbursement rate for state officials and employees from 37.5 cents to 45 cents per mile.

House Bill No. 1483 requires the Office of Management and Budget and the State Board of Higher Education to develop guidelines for a biobased procurement program.

Senate Bill No. 2189 provides for an appropriation of \$5 million from the general fund and \$5 million from other funds to the Office of Management and Budget to provide statewide salary equity adjustments for classified state employees for the 2007-09 biennium. The bill also provides legislative intent that state agency appropriations include the funding necessary to provide for health insurance premiums for eligible state employees for the 2007-09 biennium.

Senate Bill No. 2246 increases the reimbursement for the in-state lodging allowance from \$50 to \$55 per night plus applicable taxes.

Senate Bill No. 2260 authorizes the Office of Management and Budget to request a statewide and nationwide criminal history record check for each individual who has access to personal information.

**Mill and Elevator Association
Budget No. 475
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	131.00	\$0	\$36,780,837	\$36,780,837
2007-09 legislative appropriations	131.00		36,765,609	36,765,609
Legislative increase (decrease) to executive budget	0.00	\$0	(\$15,228)	(\$15,228)
Legislative increase (decrease) to 2005-07 appropriations	4.00	\$0	\$3,924,205	\$3,924,205

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. 2189.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$15,228)	(\$15,228)
Total	0.00	\$0	(\$15,228)	(\$15,228)

FTE Changes

The 2007-09 biennium appropriation includes funding for 131 FTE positions, an increase of 4 FTE positions from the 2005-07 biennium authorized level of 127 FTE positions. The Legislative Assembly did not change the executive recommendation to add 4 FTE positions for anticipated volume increase.

Transfers to the General Fund

Section 16 of House Bill No. 1014 provides for a \$5 million transfer from the Mill and Elevator Association to the general fund during the 2007-09 biennium. The \$5 million represents the amount included in the executive recommendation and is the same amount as the Mill and Elevator transferred to the general fund during the 2005-07 biennium.

**NDSU Extension Service
Budget No. 630
House Bill Nos. 1020, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	257.86	\$17,456,831	\$23,865,624	\$41,322,455
2007-09 legislative appropriations	260.46	18,402,113	23,863,722	42,265,835
Legislative increase (decrease) to executive budget	2.60	\$945,282	(\$1,902)	\$943,380
Legislative increase (decrease) to 2005-07 appropriations	3.60 ¹	\$3,043,967	\$842,131	\$3,886,098

¹The 2005-07 appropriation was based on 266.1 FTE positions. Section 6 of Senate Bill No. 2020 (2005) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 9.24 positions were reduced pursuant to this section and reported to the Office of Management and 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 NDSU Extension Service is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly appropriated \$829,669, of which \$438,129 is from the general fund and \$391,540 is from special funds, to the Main Research Center to provide agricultural research and extension agency employees an additional 1 percent salary increase each year of the biennium. The Main Research Center is to allocate the funding between the Main Research Center, branch research centers, North Dakota State University Extension Service, Northern Crops Institute, and Agronomy Seed Farm. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

	Major Items		
	FTE Positions	General Fund	Other Funds
The legislative action:			Total
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,518)	(\$1,902)
Added funding for 1 FTE 4-H youth development position	1.00	175,000	175,000
Added funding for the rural leadership program		200,000	200,000
Added funding for the junior master gardener program		20,000	20,000
Added a .60 FTE position and related funding to provide educational support to the livestock industry regarding waste management	0.60	120,000	120,000
Added funding for soil conservation grants to provide a total of \$730,000		100,000	100,000
Added funding to the Soil Conservation Committee for costs associated with the Smithsonian Soil Exhibit		7,800	7,800

Added funding for parenting resource centers. The centers provide resources for urban and rural communities relating to such topics as parents working multiple jobs, divorce, and difficulty in raising children.		125,000		125,000
Added funding for 1 FTE horticulturist position to serve in western North Dakota	1.00	200,000		200,000
Total	<u>2.60</u>	<u>\$945,282</u>	<u>(\$1,902)</u>	<u>\$943,380</u>

FTE Changes

The 2005-07 appropriation is based on 266.1 FTE positions authorized by the 2005 Legislative Assembly. Section 6 of 2005 Senate Bill No. 2020 authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 9.24 FTE positions were reduced pursuant to this section for a total of 256.86 FTE positions. The 2007-09 biennium appropriation includes funding for 260.46 FTE positions, an increase of 2.60 FTE positions from the executive recommendation of 257.86 and an increase of 3.60 FTE positions from the 2005-07 biennium. The Legislative Assembly did not change the executive recommendation to add 1 FTE engineering faculty position for bioproducts educational efforts. In addition, the Legislative Assembly added 1 FTE 4-H youth development position, .60 FTE waste management position, and 1 FTE horticulturist position.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 4 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 (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2007-09 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2007-09 biennium.

Carryover authority - Section 9 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2007-09 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2007-09 biennium.

**Branch Research Centers
Budget No. 628
House Bill Nos. 1020, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	95.26	\$10,658,084	\$13,716,431	\$24,374,515
2007-09 legislative appropriations	97.86	11,301,508¹	13,715,511	25,017,019
Legislative increase (decrease) to executive budget	2.60	\$643,424	(\$920)	\$642,504
Legislative increase (decrease) to 2005-07 appropriations	10.60 ²	\$2,915,199	\$596,144	\$3,511,343

¹This amount includes \$700,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$10,601,508.

²The 2005-07 appropriation was based on 77.41 FTE positions. Section 6 of Senate Bill No. 2020 (2005) authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section and reported to the Office of Management and 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 branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly appropriated \$829,669, of which \$438,129 is from the general fund and \$391,540 is from special funds, to the Main Research Center to provide agricultural research and extension agency employees an additional 1 percent per year salary increase each year of the biennium. The Main Research Center is to allocate the funding between the Main Research Center, branch research centers, North Dakota State University Extension Service, Northern Crops Institute, and Agronomy Seed Farm. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,576)	(\$920)	(\$3,496)
Provided \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center		300,000		300,000
Added 2 FTE research positions and related funding for the Williston Research Center irrigation project	2.00	250,000		250,000
Added a .60 FTE and related funding for research and development of innovative waste management systems at the Carrington Research Center	0.60	96,000		96,000
Total	2.60	\$643,424	(\$920)	\$642,504

FTE Changes

The 2005-07 appropriation is based on 77.41 FTE positions authorized by the 2005 Legislative Assembly. Section 6 of 2005 Senate Bill No. 2020 authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section for a total of 87.26 FTE positions. The 2007-09 biennium appropriation includes funding for 97.86 FTE positions, an increase of 2.60 FTE positions from the executive recommendation of 95.26 and 10.60 FTE positions from the 2005-07 authorized level of 87.26. The Legislative Assembly authorized 2 FTE positions for the Williston Research Center, .60 FTE positions for the Carrington Research Center, 1 FTE position for the North Central Research Center, and 7 FTE support staff positions (one for each branch research center).

One-Time Funding

In Section 15 of House Bill No. 1020, the Legislative Assembly identified \$700,000 from the general fund for the North Central Research Center laboratory and greenhouse project (\$400,000) and North Central Research Center equipment storage and maintenance shop facility (\$300,000) as one-time funding items. This amount is not to be considered part of the branch research center's budget for preparing the 2009-11 executive budget and the branch research center is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 4 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 (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2007-09 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2007-09 biennium.

State motor pool requirements - Section 8 amends North Dakota Century Code Section 24-02-03.3 to exempt certain vehicles used in farming operations at the Agronomy Seed Farm and branch research centers from state motor pool requirements.

Carryover authority - Section 9 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2007-09 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2007-09 biennium.

Operating pool - Section 11 provides that the operating pool of \$750,000 from the permanent oil tax trust fund appropriated to the Main Research Center be used for operating costs at the Dickinson Research Center and be limited to the amount oil revenues are less than budgeted for the biennium.

Livestock facilities - Section 12 provides that the Agricultural Experiment Station consider options to ensure that the use of the livestock facilities at Dickinson, Hettinger, Carrington, and Streeter are being maximized.

National Cattlemen's Beef Association funding - Section 13 directs the Agricultural Experiment Station to provide a report to the 61st Legislative Assembly regarding the funding received during the 2007-09 biennium from the National Cattlemen's Beef Association.

Capital Construction

North Central Research Center laboratory and greenhouse project - The 2005 Legislative Assembly authorized \$1,690,000, of which \$440,000 was from bond proceeds and \$1,250,000 was from gifts, grants, and donations, for the North Central Research Center laboratory and greenhouse project. The 2007 Legislative Assembly appropriated an additional \$400,000 from the general fund to complete the laboratory and greenhouse project.

North Central Research Center storage and maintenance shop facility - The 2007 Legislative Assembly appropriated \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center.

Dickinson Research Center waste management facility and landscaping projects - The 2007 Legislative Assembly authorized \$701,000 of special funds spending authority for the Dickinson Research Center to construct a waste management facility as mandated by State Department of Health requirements (\$351,000) and for a parking lot and landscaping project at the headquarters facility (\$350,000).

Carrington, Hettinger, and North Central Research Center headquarters office additions - The 2007-09 biennium executive recommendation for the Main Research Center included an appropriation of \$1,107,750 from the general fund for a Carrington Research Center headquarters office building addition (\$465,000), Hettinger Research Center headquarters office building addition (\$222,750), and North Central Research Center office and technology transfer building addition (\$420,000). The 2007 Legislative Assembly reduced the total appropriation for these projects by \$200,000, from \$1,107,750 to \$907,750.

**Northern Crops Institute
Budget No. 638
House Bill Nos. 1020, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	11.20	\$1,118,392	\$1,479,719	\$2,598,111
2007-09 legislative appropriations	11.20	1,143,312¹	1,479,657	2,622,969
Legislative increase (decrease) to executive budget	0.00	\$24,920	(\$62)	\$24,858
Legislative increase (decrease) to 2005-07 appropriations	1.00 ²	\$232,551	\$487,735	\$720,286

¹This amount includes \$25,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$1,118,312.

²The 2005-07 appropriation was based on 8.62 FTE positions. Section 6 of Senate Bill No. 2020 (2005) authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 1.58 positions were added pursuant to this section and reported to the Office of Management and 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 Northern Crops Institute is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly appropriated \$829,669, of which \$438,129 is from the general fund and \$391,540 is from special funds, to the Main Research Center to provide agricultural research and extension agency employees an additional 1 percent salary increase each year of the biennium. The Main Research Center is to allocate the funding between the Main Research Center, branch research centers, North Dakota State University Extension Service, Northern Crops Institute, and Agronomy Seed Farm. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$80)	(\$62)	(\$142)
Added \$25,000 for extraordinary repairs for a renovation project at Northern Crops Institute		25,000		25,000
Total	0.00	\$24,920	(\$62)	\$24,858

FTE Changes

The 2005-07 appropriation is based on 8.62 FTE positions authorized by the 2005 Legislative Assembly. Section 6 of 2005 Senate Bill No. 2020 authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 1.58 FTE positions were added pursuant to this section for a total of 10.20 FTE positions. The 2007-09 biennium appropriation includes funding for 11.20 FTE positions, the same as the executive recommendation and an increase of 1 FTE position from the 2005-07 biennium. The Legislative Assembly did not change the executive recommendation to add 1 FTE technical processing staff position to assist with processing laboratory analyses.

One-Time Funding

In Section 15 of House Bill No. 1020, the Legislative Assembly identified \$25,000 from the general fund for extraordinary repairs as a one-time funding item. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and Northern Crops Institute is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 4 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 (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2007-09 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2007-09 biennium.

Carryover authority - Section 9 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2007-09 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2007-09 biennium.

Capital Projects

Extraordinary repairs - The Legislative Assembly appropriated \$25,000 from the general fund for a renovation project at the Northern Crops Institute.

Office of Management and Budget

Budget No. 110

Senate Bill Nos. 2015, 2009, 2189, 2341, House Bill Nos. 1522, 1014, 1018, 1019

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	132.50 ¹	\$50,074,077 ¹	\$18,900,360 ¹	\$68,974,437 ¹
2007-09 legislative appropriations	132.50	30,198,944²	40,229,115	70,428,059
Legislative increase (decrease) to executive budget	0.00	(\$19,875,133)	\$21,328,755	\$1,453,622
Legislative increase (decrease) to 2005-07 appropriations	1.00	\$10,042,933	(\$6,426,204)	\$3,616,729

¹This amount reflects the executive budget recommendation for the Office of Management and Budget as introduced in Senate Bill No. 2015, including funding for Prairie Public Broadcasting, centers of excellence grants and loan repayments, and the statewide salary equity pool. The Senate defeated Senate Bill No. 2015 and funding for the Office of Management and Budget is included in House Bill No. 1522. Appropriations to the Office of Management and Budget for Prairie Public Broadcasting and centers of excellence grants are included in House Bill No. 1019 and an appropriation for repayment of centers of excellence loans is included in House Bill No. 1014. Funding for the statewide equity pool is included in Senate Bill No. 2189.

²This amount includes \$3,686,000 of one-time funding and \$5 million for the statewide salary equity pool. Excluding these amounts, the agency's ongoing general fund appropriation is \$21,512,944.

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. 2189.

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$5,133)	(\$1,245)	(\$6,378)
Increased funding for state memberships to provide for an increase in fees and related costs for the Commission on Uniform State Laws		50,000		50,000
Changed the funding source for centers of excellence from the general fund as provided for in Senate Bill No. 2015 to the permanent oil tax trust fund (\$15 million) and Bank of North Dakota loan proceeds (\$5 million) as provided for in House Bill No. 1018 (see Centers of Excellence section below)		(20,000,000)	20,000,000	0
Provided additional funding in House Bill No. 1014 for state contingencies to provide a total of \$700,000		200,000		200,000
Removed funding for the Firefighter's Association (funding for the Firefighter's Association is included in Senate Bill No. 2010)			(170,000)	(170,000)

Removed funding for a state consultant (funding for a state consultant is included in Senate Bill No. 2001)		(120,000)		(120,000)
Provided contingent funding in Senate Bill No. 2341 from the lands and minerals trust fund for the Heritage Center expansion project			1,500,000	1,500,000
Total	<u>0.00</u>	<u>(\$19,875,133)</u>	<u>\$21,328,755</u>	<u>\$1,453,622</u>

FTE Changes

The 2007-09 biennium appropriation includes funding for 132.5 FTE positions, an increase of 1 FTE position from the 2005-07 biennium authorized level of 131.5 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE procurement position.

State Memberships

The Legislative Assembly provided \$581,000 from the general fund for state memberships as follows:

Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$146,000 ¹
Council of State Governments	155,000
Government Accounting Standards Board	6,000
Western Governors Association	74,300
National Governors Association	72,500
Midwest Governors Association	20,000
National Lieutenant Governors Association	1,200
Education Commission of the States	106,000
Total dues and memberships	\$581,000

¹This amount reflects an increase of \$50,000 from the 2005-07 biennium authorized appropriation of \$96,000.

Capital Improvements

The Legislative Assembly did not change the executive recommendation which included \$3,595,000 from the general fund and \$750,000 from the Capitol building fund for extraordinary repairs as follows:

	General Fund	Capitol Building Fund
Deferred maintenance - Capitol complex	\$2,000,000	
Heritage Center - Replacement of heat pump and carpet and remodeling	1,000,000	
Emergency power to Governor's residence	35,000	
Capitol building repairs and maintenance	560,000	\$675,000
Restoration study		75,000
Total extraordinary repairs	\$3,595,000	\$750,000

Transfers to the General Fund

Special funds transfers - The Legislative Assembly provided for the following special funds transfers to the general fund:

Lands and minerals trust fund (Section 13 of House Bill No. 1014)	\$15,000,000
Student loan trust fund (Section 15 of House Bill No. 1014)	3,100,000
Permanent oil tax trust fund (Section 12 of Senate Bill No. 2032)	115,000,000
Total	\$133,100,000

Bank of North Dakota transfers - Section 14 of House Bill No. 1014 provides for a transfer of \$60 million from the current earnings and the accumulated undivided profits of the Bank of North Dakota to the general fund, the same as the executive recommendation. The section provides that the transfer may only be made to the extent the transfer does not reduce the Bank's capital structure below \$175 million.

Mill and Elevator Association transfers - Section 16 of House Bill No. 1014 provides for a transfer of \$5 million from the Mill and Elevator Association to the general fund, the same as the executive recommendation.

Budget Stabilization Fund

The Legislative Assembly authorized, in House Bill No. 1429, a transfer of \$100,527,369 from the general fund to the budget stabilization fund. This transfer is based on the end-of-biennium balance in the general fund on June 30, 2007, and will provide for a total of \$200 million in the budget stabilization fund for the 2007-09 biennium. House Bill No. 1429 amends North Dakota Century Code Section 54-27.2-01 to provide that effective July 1, 2009, any amounts provided by law for deposit in the fund and any interest or earnings of the fund which would bring the balance in the fund to an amount greater than 10 percent rather than 5 percent of the current biennial state general fund budget, as finally approved by the most recently adjourned special or regular session of the Legislative Assembly, may not be deposited or retained in the fund but must be deposited instead in the state general fund.

Centers of Excellence

In House Bill No. 1018, the Legislative Assembly provided an appropriation of \$15 million from the permanent oil tax trust fund to the Office of Management and Budget for providing funding to centers of excellence for the 2007-09 biennium. Of this amount, up to \$10 million is available for Budget Section approval at its first meeting after September 1, 2007, and up to \$5 million and any unawarded funds remaining from the \$10 million allocation is available for Budget Section approval at its first meeting after September 1, 2008. If the \$15 million is not adequate funding for the 2007-09 biennium and subject to Emergency Commission and Budget Section approval, the Office of Management and Budget may borrow an additional \$5 million from the Bank of North Dakota for providing funding to centers of excellence for the 2007-09 biennium. The Office of Management and Budget is to request funding from the 61st Legislative Assembly to repay any loan obtained, including accrued interest.

One-Time Funding

In Section 7 of House Bill No. 1522 and Section 17 of House Bill No. 1018, the Legislative Assembly identified the general fund appropriations for one-time funding items of \$3,686,000, for extraordinary repairs (\$3 million), and Prairie Public Broadcasting analog to digital conversion (\$686,000). This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Office of Management and Budget is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1522

Capitol building fund - Section 5 provides for \$750,000 from the Capitol building fund to be available to the Facility Management Division during the 2007-09 biennium.

Related Legislation

House Bill No. 1107 increases the mileage reimbursement rate for state officials and employees from 37.5 cents to 45 cents per mile.

House Bill No. 1483 requires the Office of Management and Budget and the State Board of Higher Education to develop guidelines for a biobased procurement program.

Senate Bill No. 2189 provides for an appropriation of \$5 million from the general fund and \$5 million from other funds to the Office of Management and Budget to provide statewide salary equity adjustments for classified state employees for the 2007-09 biennium. The bill also provides legislative intent that state agency appropriations include the funding necessary to provide for health insurance premiums for eligible state employees for the 2007-09 biennium.

Senate Bill No. 2246 increases the reimbursement for the in-state lodging allowance from \$50 to \$55 per night plus applicable taxes.

Senate Bill No. 2260 authorizes the Office of Management and Budget to request a statewide and nationwide criminal history record check for each individual who has access to personal information.

**Parks and Recreation Department
Budget No. 750
Senate Bill No. 2019, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	50.50	\$14,141,417	\$13,128,389	\$27,269,806
2007-09 legislative appropriations	50.50	14,461,291¹	13,548,117	28,009,408
Legislative increase (decrease) to executive budget	0.00	\$319,874	\$419,728	\$739,602
Legislative increase (decrease) to 2005-07 appropriations	4.00	\$6,317,138	\$120,534	\$6,437,672

¹This amount includes \$5,388,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$9,073,291.

NOTE: Appropriation amounts include funding for the International Peace Garden.

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. 2189.

	Major Items		
	FTE Positions	General Fund	Other Funds
			Total
The legislative action:			
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$5,126)	(\$272)
Provided funding to replace a maintenance shop and equipment at Lake Metigoshe State Park that were destroyed by fire		125,000	108,000
Provided funding for expansion of the Heritage Center at the Icelandic State Park		362,500	112,000
Reduced funding for extraordinary repairs		(362,500)	
Provided contingency funding for the International Music Camp		200,000	200,000
Total	0.00	\$319,874	\$419,728

FTE Changes

The 2007-09 biennium appropriation includes funding for 50.5 FTE positions, an increase of 4 FTE positions from the 2005-07 biennium authorized level of 46.5 FTE positions. The Legislative Assembly did not change the executive recommendation to convert temporary positions to 4 FTE positions, including 3 FTE maintenance supervisor positions and 1 FTE park manager position.

Capital Projects

The Legislative Assembly provided funding for the following capital projects:

Project	2007-09 Executive Recommendation			2007 Legislative Action			2007-09 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 at various state parks	\$1,312,500		\$1,312,500	(\$362,500)		(\$362,500)	\$950,000		\$950,000
Equipment over \$5,000	1,167,500		1,167,500				1,167,500		1,167,500
Devils Lake State Park ramp widening		\$150,000	150,000					\$150,000	150,000
Fort Abraham Lincoln State Park conservation easement	55,000	220,000	275,000				55,000	220,000	275,000
Fort Stevenson State Park boat ramp		109,760	109,760					109,760	109,760
Fort Stevenson State Park campground - Phase 2	320,000		320,000				320,000		320,000
Federal funding match for construction projects		250,000	250,000					250,000	250,000
Lake Sakakawea State Park campground rewire - Phase 2	255,000		255,000				255,000		255,000
Other fund authority for capital projects		100,000	100,000					100,000	100,000
Peace Garden infrastructure upgrade	933,000		933,000				933,000		933,000
Peace Garden interpretive center/gardens	1,500,000		1,500,000				1,500,000		1,500,000
Pembina Gorge trailhead and trails	160,500		160,500				160,500		160,500
State park road repairs	407,916	283,999	691,915				407,916	283,999	691,915
Turtle River State Park campground water/rewire	200,000		200,000				200,000		200,000
Turtle River State Park Trail River crossing	62,500	62,500	125,000				62,500	62,500	125,000
Turtle River State Park administration building	150,000		150,000				150,000		150,000
Icelandic State Park Heritage Center expansion				362,500	\$112,000	474,500	362,500	112,000	474,500
Maintenance shop replacement				125,000	108,000	233,000	125,000	108,000	233,000
International Music Camp				200,000	200,000	400,000	200,000	200,000	400,000
Total	\$6,523,916	\$1,176,259	\$7,700,175	\$325,000	\$420,000	\$745,000	\$6,848,916	\$1,596,259	\$8,445,175

International Peace Garden

The 2007-09 biennium appropriation includes \$3,369,854 from the general fund for the International Peace Garden, an increase of \$2,767,000 from the 2005-07 biennium appropriation amount of \$602,854 and an increase of \$200,000 from the executive recommendation. The Legislative Assembly did not change the executive recommendation to provide \$736,854 for the operating grant for the International Peace Garden and \$2,433,000 for capital projects and deferred maintenance. The Legislative Assembly also provided a contingent appropriation of \$200,000 from the general fund for the International Music Camp. The general fund money may only be spent as other funds become available on a dollar-for-dollar matching basis.

One-Time Funding

In Section 8 of Senate Bill No. 2019, the Legislative Assembly identified the general fund appropriation for one-time funding of \$5,388,000 for an online reservation system and equipment replacement (\$660,000), parks capital projects and deferred maintenance (\$2,295,000), and International Peace Garden capital projects and deferred maintenance (\$2,433,000). This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Parks and Recreation Department is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in Senate Bill No. 2019

Game and fish operating fund - Section 4 provides that \$381,750 of the estimated income line item appropriated in Section 3 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 relating to boat ramps at various state parks. Of the \$381,750, \$109,750 is for boat ramp improvements at Fort Stevenson State Park and may only be spent if the Corps of Engineers does not begin construction of the new marina at Fort Stevenson by March 31, 2008.

International Music Camp - Section 5 provides for a contingent appropriation of \$200,000 from the general fund and \$200,000 from other funds available to the International Peace Garden for the International Music Camp. The general fund money may only be spent to the extent other funds become available on a dollar-for-dollar matching basis.

Insurance proceeds - Section 6 provides that the capital assets line item in subdivision 1 of Section 3 of the bill includes \$125,000 from the general fund and \$108,000 from insurance proceeds to be used to replace a maintenance building and other capital assets that were destroyed by fire in February 2007. Section 6 also provides an appropriation to the Parks and Recreation Department for any additional income from insurance proceeds in excess of \$108,000. Section 9 provides an emergency measure for these funds.

Office of Management and Budget purchasing services - Section 7 amends North Dakota Century Code (NDCC) Section 54-44.4-02 to provide that the International Peace Garden may participate in the purchasing services authorized in the section.

Related Legislation

House Bill No. 1362 amends subsection 3 of NDCC Section 39-24-04 to provide that, if a snowmobile is exempt from registration under subdivision b or c of subsection 2 of Section 39-24-04, the owner is required to purchase an out-of-state public trails and lands access permit for \$15 per year. Dealers or other agents authorized by the Parks and Recreation Department who sell the permits may retain \$1 of the \$15 fee and the remainder of the fees must be deposited in the state snowmobile fund.

**Parks and Recreation Department
Budget No. 750
Senate Bill No. 2019, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	50.50	\$14,141,417	\$13,128,389	\$27,269,806
2007-09 legislative appropriations	50.50	14,461,291¹	13,548,117	28,009,408
Legislative increase (decrease) to executive budget	0.00	\$319,874	\$419,728	\$739,602
Legislative increase (decrease) to 2005-07 appropriations	4.00	\$6,317,138	\$120,534	\$6,437,672

¹This amount includes \$5,388,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$9,073,291.

NOTE: Appropriation amounts include funding for the International Peace Garden.

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. 2189.

	Major Items		
	FTE Positions	General Fund	Other Funds
			Total
The legislative action:			
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$5,126)	(\$272)
Provided funding to replace a maintenance shop and equipment at Lake Metigoshe State Park that were destroyed by fire		125,000	108,000
Provided funding for expansion of the Heritage Center at the Icelandic State Park		362,500	112,000
Reduced funding for extraordinary repairs		(362,500)	
Provided contingency funding for the International Music Camp		200,000	200,000
Total	0.00	\$319,874	\$419,728

FTE Changes

The 2007-09 biennium appropriation includes funding for 50.5 FTE positions, an increase of 4 FTE positions from the 2005-07 biennium authorized level of 46.5 FTE positions. The Legislative Assembly did not change the executive recommendation to convert temporary positions to 4 FTE positions, including 3 FTE maintenance supervisor positions and 1 FTE park manager position.

Capital Projects

The Legislative Assembly provided funding for the following capital projects:

Project	2007-09 Executive Recommendation			2007 Legislative Action			2007-09 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 at various state parks	\$1,312,500		\$1,312,500	(\$362,500)		(\$362,500)	\$950,000		\$950,000
Equipment over \$5,000	1,167,500		1,167,500				1,167,500		1,167,500
Devils Lake State Park ramp widening		\$150,000	150,000					\$150,000	150,000
Fort Abraham Lincoln State Park conservation easement	55,000	220,000	275,000				55,000	220,000	275,000
Fort Stevenson State Park boat ramp		109,760	109,760					109,760	109,760
Fort Stevenson State Park campground - Phase 2	320,000		320,000				320,000		320,000
Federal funding match for construction projects		250,000	250,000					250,000	250,000
Lake Sakakawea State Park campground rewire - Phase 2	255,000		255,000				255,000		255,000
Other fund authority for capital projects		100,000	100,000					100,000	100,000
Peace Garden infrastructure upgrade	933,000		933,000				933,000		933,000
Peace Garden interpretive center/gardens	1,500,000		1,500,000				1,500,000		1,500,000
Pembina Gorge trailhead and trails	160,500		160,500				160,500		160,500
State park road repairs	407,916	283,999	691,915				407,916	283,999	691,915
Turtle River State Park campground water/rewire	200,000		200,000				200,000		200,000
Turtle River State Park Trail River crossing	62,500	62,500	125,000				62,500	62,500	125,000
Turtle River State Park administration building	150,000		150,000				150,000		150,000
Icelandic State Park Heritage Center expansion				362,500	\$112,000	474,500	362,500	112,000	474,500
Maintenance shop replacement				125,000	108,000	233,000	125,000	108,000	233,000
International Music Camp				200,000	200,000	400,000	200,000	200,000	400,000
Total	\$6,523,916	\$1,176,259	\$7,700,175	\$325,000	\$420,000	\$745,000	\$6,848,916	\$1,596,259	\$8,445,175

International Peace Garden

The 2007-09 biennium appropriation includes \$3,369,854 from the general fund for the International Peace Garden, an increase of \$2,767,000 from the 2005-07 biennium appropriation amount of \$602,854 and an increase of \$200,000 from the executive recommendation. The Legislative Assembly did not change the executive recommendation to provide \$736,854 for the operating grant for the International Peace Garden and \$2,433,000 for capital projects and deferred maintenance. The Legislative Assembly also provided a contingent appropriation of \$200,000 from the general fund for the International Music Camp. The general fund money may only be spent as other funds become available on a dollar-for-dollar matching basis.

One-Time Funding

In Section 8 of Senate Bill No. 2019, the Legislative Assembly identified the general fund appropriation for one-time funding of \$5,388,000 for an online reservation system and equipment replacement (\$660,000), parks capital projects and deferred maintenance (\$2,295,000), and International Peace Garden capital projects and deferred maintenance (\$2,433,000). This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Parks and Recreation Department is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in Senate Bill No. 2019

Game and fish operating fund - Section 4 provides that \$381,750 of the estimated income line item appropriated in Section 3 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 relating to boat ramps at various state parks. Of the \$381,750, \$109,750 is for boat ramp improvements at Fort Stevenson State Park and may only be spent if the Corps of Engineers does not begin construction of the new marina at Fort Stevenson by March 31, 2008.

International Music Camp - Section 5 provides for a contingent appropriation of \$200,000 from the general fund and \$200,000 from other funds available to the International Peace Garden for the International Music Camp. The general fund money may only be spent to the extent other funds become available on a dollar-for-dollar matching basis.

Insurance proceeds - Section 6 provides that the capital assets line item in subdivision 1 of Section 3 of the bill includes \$125,000 from the general fund and \$108,000 from insurance proceeds to be used to replace a maintenance building and other capital assets that were destroyed by fire in February 2007. Section 6 also provides an appropriation to the Parks and Recreation Department for any additional income from insurance proceeds in excess of \$108,000. Section 9 provides an emergency measure for these funds.

Office of Management and Budget purchasing services - Section 7 amends North Dakota Century Code (NDCC) Section 54-44.4-02 to provide that the International Peace Garden may participate in the purchasing services authorized in the section.

Related Legislation

House Bill No. 1362 amends subsection 3 of NDCC Section 39-24-04 to provide that, if a snowmobile is exempt from registration under subdivision b or c of subsection 2 of Section 39-24-04, the owner is required to purchase an out-of-state public trails and lands access permit for \$15 per year. Dealers or other agents authorized by the Parks and Recreation Department who sell the permits may retain \$1 of the \$15 fee and the remainder of the fees must be deposited in the state snowmobile fund.

**Protection and Advocacy Project
 Budget No. 360
 Senate Bill No. 2014, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	27.50	\$913,910	\$3,142,778	\$4,056,688
2007-09 legislative appropriations	27.50	913,287	3,140,229	4,053,516
Legislative increase (decrease) to executive budget	0.00	(\$623)	(\$2,549)	(\$3,172)
Legislative increase (decrease) to 2005-07 appropriations	2.00	\$101,194	\$231,343	\$332,537

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. 2189.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$623)	(\$2,549)	(\$3,172)
Total	0.00	(\$623)	(\$2,549)	(\$3,172)

FTE Changes

The 2007-09 biennium appropriation includes funding for 27.5 FTE positions, an increase of 2 FTE positions from the 2005-07 biennium authorized level of 25.5 FTE positions. The Legislative Assembly did not change the executive recommendation to add 2 FTE disability advocate positions.

**Public Employees Retirement System
Budget No. 192
Senate Bill No. 2022, House Bill Nos. 1014, 1078**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	33.00	\$0	\$14,549,864	\$14,549,864
2007-09 legislative appropriations	33.00		15,243,302	15,243,302
Legislative increase (decrease) to executive budget	0.00	\$0	\$693,438	\$693,438
Legislative increase (decrease) to 2005-07 appropriations	4.00	(\$19,000)	\$10,543,065	\$10,524,065

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for the agency's Legacy application computer system project providing a total of \$10,056,494 for the project			\$694,000	\$694,000
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(3,562)	(3,562)
Provides funding in House Bill No. 1078 for system programming modifications associated with Department of Career and Technical Education employees transferring retirement plan memberships from the Teachers' Fund for Retirement to the Public Employees Retirement System			3,000	3,000
Total	0.00	\$0	\$693,438	\$693,438

FTE Changes

The 2007-09 biennium appropriation includes funding for 33 FTE positions, an increase of 4 FTE positions from the 2005-07 biennium authorized level of 29 FTE positions. The Legislative Assembly did not change the executive recommendation to add 4 FTE positions for the Legacy application computer system.

Other Sections in Senate Bill No. 2022

Appropriation line item transfers - Section 4 provides that the Public Employees Retirement System may transfer funds from the contingencies line item in subdivision 2 of Section 3 of the bill to all other line items and provides that the agency notify the Office of Management and Budget of each transfer made.

Additional spending authority - Section 5 provides that the Public Employees Retirement System may seek Emergency Commission approval for additional spending authority required to complete implementation of the Legacy application computer system replacement project.

Related Legislation

House Bill No. 1432 allows the Public Employees Retirement System Board to establish a collaborative drug therapy system and provides a continuing appropriation to the board for any funds that become available through private contributions, gifts, grants-in-aid, or other sources.

Senate Bill No. 2044 allows a one-time payment of 75 percent of the monthly retirement benefit in January of either 2008 or 2009 if the fund's return for either year is at least 9.06 percent and increases retired judges' benefits by 2 percent beginning January 1, 2008, and January 1, 2009, if the Public Employees Retirement System Board determines there is actuarial margin sufficient to pay the increase.

Senate Bill No. 2045 establishes a separate retiree Medicare-eligible prescription drug plan, allows the retiree credit for married couples, and establishes eligibility for temporary employees.

Senate Bill No. 2047 provides that employees first employed with the state on or after August 1, 2007, would be automatically enrolled in the deferred compensation program effective the first day of the month following the employee's first full month of employment with the state, unless the employee files with the Public Employees Retirement System Board a prescribed form for opting out of the automatic enrollment within 30 days of beginning employment. **The Governor vetoed this bill.**

Senate Bill No. 2048 changes the calculation of the final average salary for retirement benefits under the Highway Patrolmen's retirement system and the Public Employees Retirement System.

**Racing Commission
Budget No. 670
House Bill Nos. 1024, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	2.00	\$120,640	\$286,924	\$407,564
2007-09 legislative appropriations	2.00	120,592	286,698	407,290
Legislative increase (decrease) to executive budget	0.00	(\$48)	(\$226)	(\$274)
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$3,113	\$37,032	\$40,145

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Racing Commission is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$48)	(\$226)	(\$274)
Total	0.00	(\$48)	(\$226)	(\$274)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 2 FTE positions, the same as the 2005-07 biennium.

Related Legislation

House Bill No. 1126 makes changes to taxes on parimutuel wagering and the allocation of the related tax revenue and authorizes the Attorney General to audit simulcast horse racing sites.

Senate Bill No. 2003 appropriates \$60,988 from the racing promotion fund to the Attorney General for a .5 FTE position to audit simulcast horse racing sites.

Adjutant General, including the National Guard and the Department of Emergency Services
Budget No. 540
Senate Bill No. 2016, House Bill No. 1014

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	232.00	\$21,711,846	\$121,694,392	\$143,406,238
2007-09 legislative appropriations	232.00	21,802,813¹	121,675,673	143,478,486
Legislative increase (decrease) to executive budget	0.00	\$90,967	(\$18,719)	\$72,248
Legislative increase (decrease) to 2005-07 appropriations	39.00	(\$3,858,088) ²	\$32,371,595	\$28,513,507

¹This amount includes \$2,781,970 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$19,020,843.

²This amount reflects the 2005-07 deficiency appropriation of \$4.1 million from the general fund to the Adjutant General to repay the Bank of North Dakota for the state's share of disaster costs.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$9,033)	(\$18,719)	(\$27,752)
Reduced funding for special assessment payments (National Guard)		(320,000)		(320,000)
Provided funding for increasing armory lease payments or providing deferred maintenance grants to political subdivision-owned armories as determined appropriate by the Adjutant General (National Guard)		120,000		120,000
Provided funding for salary equity and pay grade adjustments for State Radio employees based on a compensation plan established by the Adjutant General (Department of Emergency Services)		300,000		300,000
Total	0.00	\$90,967	(\$18,719)	\$72,248

FTE Changes

The 2007-09 biennium appropriation includes funding for 232 FTE positions, an increase of 39 FTE positions from the 2005-07 biennium authorized level of 193 FTE positions. The Legislative Assembly did not change the executive recommendation to add 2 FTE family program counselor positions, 7 FTE security positions relating to the agency's Air Guard contract, 28 FTE security positions relating to the agency's Army Guard contract, 1 FTE public information officer position, and 1 FTE grants officer position.

One-Time Funding

In Section 9 of Senate Bill No. 2016, the Legislative Assembly identified \$2,781,970 from the general fund as one-time funding items. These items, which are summarized as follows, are not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Adjutant General is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding:

Computer-aided dispatch project	\$980,000
Motorola lease purchase payment (general fund portion)	1,084,970
Special assessments	92,000
Deferred maintenance	625,000
Total	\$2,781,970

Capital Asset Funding

The Legislative Assembly provided funding of \$2,456,014, of which \$2,015,637 is from the general fund and \$440,377 is from special funds, for capital assets. The funding of \$2,456,014 is a decrease of \$320,000 from the executive recommendation of \$2,776,014. The following is a summary of the capital asset funding:

	2007-09 Executive Recommendation			2007-09 Legislative Appropriation		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
National Guard						
Payment in lieu of taxes (Camp Grafton)	\$35,000		\$35,000	\$35,000		\$35,000
Bond payments	70,667		70,667	70,667		70,667
Special assessments	470,000		470,000	150,000		150,000
Extraordinary repairs	625,000		625,000	625,000		625,000
Equipment over \$5,000	50,000		50,000	50,000		50,000
Subtotal - National Guard	\$1,250,667		\$1,250,667	\$930,667		\$930,667
Department of Emergency Services						
Motorola lease purchase agreement payment	\$1,084,970	\$440,377	\$1,525,347	\$1,084,970	\$440,377	\$1,525,347
Grand total - Adjutant General	\$2,335,637	\$440,377	\$2,776,014	\$2,015,637	\$440,377	\$2,456,014

Tuition and Enlistment Compensation

The Legislative Assembly did not change the executive recommendation to provide \$2,407,500 from the general fund for the tuition and enlistment compensation program, an increase of \$400,000 from the 2005-07 biennium appropriation of \$2,007,500. The additional \$400,000 is for recruitment and retention bonuses. The tuition and enlistment compensation program is a scholarship program providing approximately \$1,000 per semester for eligible students taking 12 or more credits. Students taking fewer than 12 credits receive lower payments. In addition, under North Dakota Century Code (NDCC) Section 37-07.1-03, the accredited postsecondary institution waives 25 percent of the total tuition cost for each eligible student.

Veterans Cemetery

The Legislative Assembly provided funding of \$354,922, of which \$238,585 is from the general fund and \$116,337 is special funds from the Veterans Cemetery maintenance fund, for the operation of the Veterans Cemetery. This represents an increase in funding of \$64,351 from the 2005-07 biennium appropriation of \$290,571, of which \$216,297 was from the general fund and \$74,274 was special funds from the Veterans Cemetery maintenance fund. Section 4 of Senate Bill No. 2106 provides that any additional funds received by the Adjutant General and deposited in the Veterans Cemetery maintenance fund pursuant to NDCC Sections 37-03-14 and 39-04-10.10 for the operation of the North Dakota Veterans Cemetery are appropriated to the Adjutant General.

Other Sections in Senate Bill No. 2016

Line item transfer authority - Section 5 provides that the Adjutant General may transfer up to \$500,000 from various line items to the operating expenses and capital assets line items for the maintenance and repair of state-owned armories during the 2007-09 biennium. Any amounts transferred must be reported to the Office of Management and Budget.

Department of Emergency Services Advisory Committee - Section 6 provides legislative intent that the Adjutant General consider changing the membership of the Department of Emergency Services Advisory Committee established pursuant to NDCC Section 37-17.1-02.2 to remove representatives of the Information Technology Department and the Infragard and include representatives of the North Dakota Healthcare Association and North Dakota Sheriffs Association.

Homeland security funding - Section 7 provides legislative intent that political subdivisions place a greater influence on allocations of federal homeland security funding to emergency medical services and hospitals.

Legislative Council study - Section 8 provides that the Legislative Council consider studying, during the 2007-08 interim, the Department of Emergency Services, including the Division of Homeland Security and the Division of State Radio. The study should include a review of the allocation of federal homeland security funding, the operation of State Radio, and potential changes to the 911 fee structure to continue salary equity funding provided in the 2007-09 biennium.

Transfer to the Veterans Cemetery trust fund - Section 10 amends Section 6 of 2005 House Bill No. 1017 to provide that any unexpended general fund appropriation authority relating to the \$5 million appropriated for the payment of adjusted compensation to veterans during the 2005-07 and 2007-09 bienniums is not subject to the provisions of NDCC Section 54-44.1-11 and must be transferred to the Veterans Cemetery trust fund during the 2009-11 biennium.

Related Legislation

2005-07 deficiency appropriation - Senate Bill No. 2023 provides a \$4.1 million general fund deficiency appropriation for the 2005-07 biennium to repay the Bank of North Dakota for the state's share of disaster costs.

Tuition and enlistment compensation program and adjusted compensation program - Senate Bill No. 2115 modifies the tuition and enlistment compensation program to allow any qualifying member of the National Guard to enroll in any accredited postsecondary institution and modifies the adjusted compensation program for veterans to continue the program through the 2007-09 biennium and to include nonresident members of the North Dakota National Guard.

Veterans' number plates - Senate Bill No. 2263 modifies the funding structure for the initial and annual fees paid for veterans' license plates.

Adjusted compensation program - House Bill No. 1291 increases the death benefit provided under the adjusted compensation program for veterans from \$2,500 to \$5,000.

**Retirement and Investment Office
Budget No. 190
Senate Bill Nos. 2022, 2046, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	17.00	\$0	\$3,350,304	\$3,350,304
2007-09 legislative appropriations	17.00		3,352,908	3,352,908
Legislative increase (decrease) to executive budget	0.00	\$0	\$2,604	\$2,604
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$0	\$377,880	\$377,880

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. 2189.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$2,396)	(\$2,396)
Provided funding in Senate Bill No. 2046 for programming and administrative costs associated with changes in employer contributions			5,000	5,000
Total	0.00	\$0	\$2,604	\$2,604

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 17 FTE positions, the same as the 2005-07 biennium.

Other Sections in Senate Bill No. 2022

Appropriation line item transfers - Section 4 provides that the Retirement and Investment Office may transfer funds from the contingencies line item in subdivision 1 of Section 3 of the bill to all other line items and provides that the agency notify the Office of Management and Budget of each transfer made.

Related Legislation

House Bill No. 1078 allows employees of the Department of Career and Technical Education to transfer retirement plan membership from the Teachers' Fund for Retirement to the Public Employees Retirement System.

Senate Bill No. 2046 increases Teachers' Fund for Retirement employer contributions by .5 percent, from 7.75 percent to 8.25 percent for all active members beginning July 1, 2008; requires employer contributions of 7.75 percent on reemployed retirees beginning on July 1, 2007, and 8.25 percent beginning on July 1, 2008; and reduces benefits for new hires.

**North Dakota Vision Services - School for the Blind
Budget No. 253
Senate Bill No. 2013, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	27.00	\$2,792,756	\$844,117	\$3,636,873
2007-09 legislative appropriations	28.00	2,917,936	843,857	3,761,793
Legislative increase (decrease) to executive budget	1.00	\$125,180	(\$260)	\$124,920
Legislative increase (decrease) to 2005-07 appropriations	1.05	\$393,327	(\$2,590)	\$390,737

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. 2189.

	Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:					
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$864)	(\$260)	(\$1,124)
Provided funding for 1 new FTE position (\$94,938), additional teacher and houseparent salaries and wages (\$8,466), and operating expenses (\$20,040) for providing additional adult services	1.00		123,444		123,444
Provided funding for the additional employer retirement contribution for Teachers' Fund for Retirement members required by Senate Bill No. 2046			2,600		2,600
Total	1.00	\$125,180	(\$260)	\$124,920	

FTE Changes

The 2007-09 biennium appropriation includes funding for 28 FTE positions, an increase of 1.05 FTE positions from the 2005-07 biennium authorized level of 26.95 FTE positions. The legislative action did not change the executive recommendation to add a .05 FTE position requested by the agency. In addition, the Legislative Assembly added 1 new FTE position for providing additional adult services.

Capital Assets

The Legislative Assembly did not change the executive recommendation to appropriate funding of \$142,100, of which \$119,600 is from the general fund and \$22,500 is from special funds, for a Braille printer (\$6,500) and extraordinary repairs (\$135,600). The following is a summary of the funding for extraordinary repairs:

	General Fund	Special Funds	Total
Carpet replacement	\$34,000	\$10,000	\$44,000
Window replacement	49,600		49,600
Sidewalk repairs		6,000	6,000
Ceiling tile replacements for gymnasium	6,000		6,000
Driveway extension	30,000		30,000
Total	\$119,600	\$16,000	\$135,600

Related Legislation

Teacher retirement contributions - Senate Bill No. 2046 requires an additional .5 percent employer retirement contribution for Teachers' Fund for Retirement members beginning on July 1, 2008.

**School for the Deaf
Budget No. 252
Senate Bill No. 2013, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	48.44	\$5,841,502	\$964,162	\$6,805,664
2007-09 legislative appropriations	43.94	5,390,438¹	1,039,018	6,429,456
Legislative increase (decrease) to executive budget	(4.50)	(\$451,064)	\$74,856	(\$376,208)
Legislative increase (decrease) to 2005-07 appropriations	(5.25)	\$25,341	(\$288,247)	(\$262,906)

¹This amount includes \$100,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$5,290,438.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,824)	(\$144)	(\$2,968)
Removed 4.5 vacant FTE positions and associated funding	(4.50)	(323,000)		(323,000)
Reduced funding for salaries and wages relating to anticipated attrition		(55,000)		(55,000)
Provided a funding source change from the general fund to special funds to be generated by the school		(75,000)	75,000	0
Provided funding for the additional employer retirement contribution for Teachers' Fund for Retirement members required by Senate Bill No. 2046		4,760		4,760
Total	(4.50)	(\$451,064)	\$74,856	(\$376,208)

FTE Changes

The 2007-09 biennium appropriation includes funding for 43.94 FTE positions, a decrease of 5.25 FTE positions from the 2005-07 biennium authorized level of 49.19 FTE positions. The legislative action did not change the executive recommendation to eliminate a .75 FTE faculty position not requested by the agency. The Legislative Assembly removed 4.5 FTE vacant positions, including a .75 FTE custodian position, three .75 FTE dormitory counselor positions, a .75 FTE sign language communicator position, and a .75 FTE house parent position.

One-Time Funding

In Section 13 of Senate Bill No. 2013, the Legislative Assembly identified \$100,000 from the general fund for deferred maintenance at the School for the Deaf as a one-time funding item. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the School for the Deaf is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to appropriate \$150,000 from the general fund for roof repair (\$40,000), repair of roads and parking lots (\$10,000), and other deferred maintenance issues (\$100,000). Of the \$150,000, \$50,000 is considered base funding and \$100,000 is considered one-time funding.

Other Sections in Senate Bill No. 2013

Line item transfer authority - Section 11 allows the School for the Deaf to transfer up to \$240,000 from the salaries and wages line item to the operating expenses and capital assets line items for increased instructional costs and extraordinary repair needs.

Legislative Council study - Section 14 provides that the Legislative Council consider studying, during the 2007-08 interim, the provision of services to children and adults who are deaf or hearing-impaired, including the role of the School for the Deaf in the provision of educational and rehabilitative services, the short-term and long-term viability of existing state facilities, and alternative approaches that might enhance the scope and breadth of service availability. The study, if conducted, must include the feasibility of combining the administration and delivery of services of the School for the Deaf with other area school districts, educational associations governed by joint powers agreements, special education units, and North Dakota Vision Services - School for the Blind. The study is to examine alternative uses for the buildings on the School for the Deaf campus beyond the scope of the school's present mission.

Wind energy project collaboration - Section 15 provides that the School for the Deaf collaborate with Lake Region State College on the college's wind energy project and determine the feasibility of the school accessing any available energy, including identifying any related costs. The School for the Deaf is to provide a report of the status on this collaboration to the Appropriations Committees during the 2009 legislative session.

Related Legislation

Teacher retirement contributions - Senate Bill No. 2046 requires an additional .5 percent employer retirement contribution for Teachers' Fund for Retirement members beginning on July 1, 2008.

**Securities Department
Budget No. 414
Senate Bill No. 2011, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	9.00	\$1,562,802	\$217,199	\$1,780,001
2007-09 legislative appropriations	9.00	1,623,355¹	217,199	1,840,554
Legislative increase (decrease) to executive budget	0.00	\$60,553	\$0	\$60,553
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$164,111	\$0	\$164,111

¹This amount includes \$16,876 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$1,606,479.

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. 2189. The Legislative Assembly also provided a \$61,831 general fund appropriation to provide a salary equity adjustment to an attorney within the Securities Department.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$1,278)		(\$1,278)
Added equity funding for an attorney position specializing in securities law		61,831		61,831
Total	0.00	\$60,553	\$0	\$60,553

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 9 FTE positions, the same as the 2005-07 biennium.

One-Time Funding

In Section 4 of Senate Bill No. 2011, the Legislative Assembly identified \$16,876 from the general fund for a document storage and retrieval system as a one-time funding item. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Securities Department is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

**Seed Department
Budget No. 616
House Bill Nos. 1022, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	30.00	\$0	\$6,169,502	\$6,169,502
2007-09 legislative appropriations	30.00		6,166,218	6,166,218
Legislative increase (decrease) to executive budget	0.00	\$0	(\$3,284)	(\$3,284)
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$0	\$232,827	\$232,827

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$3,284)	(\$3,284)
Total	0.00	\$0	(\$3,284)	(\$3,284)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 30 FTE positions, the same as the 2005-07 biennium.

Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation which provided spending authority of \$100,000 for miscellaneous building repairs and maintenance.

**State Fair Association
Budget No. 665
House Bill No. 1009**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	0.00	\$5,627,150	\$5,000,000	\$10,627,150
2007-09 legislative appropriations	0.00	1,167,150		1,167,150
Legislative increase (decrease) to executive budget	0.00	(\$4,460,000)	(\$5,000,000)	(\$9,460,000)
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$552,150	\$0	\$552,150

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

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Increased funding for premiums from \$417,150 to \$442,150		\$25,000		\$25,000
Provided funding for asphalt overlay extraordinary repairs		265,000		265,000
Decreased funding for construction of a new grandstand from \$10 million, of which \$5 million was from the general fund and \$5 million was from special funds, to \$250,000 of startup funding from the general fund		(4,750,000)	(\$5,000,000)	(9,750,000)
Total	0.00	(\$4,460,000)	(\$5,000,000)	(\$9,460,000)

State Fair Premiums

The Legislative Assembly provided funding of \$442,150 from the general fund for premiums. The \$442,150 is \$25,000 more than the executive budget recommendation of \$417,150 and \$37,150 more than the 2005-07 biennium general fund appropriation of \$405,000.

Capital Assets

The Legislative Assembly provided funding of \$725,000 from the general fund for capital assets, including \$210,000 to continue the interest rate buydown on State Fair capital construction project payments, \$265,000 for asphalt overlay extraordinary repairs, and \$250,000 for startup funding for construction of a new grandstand. The following is a summary of capital asset funding for the State Fair:

	2005-07 Legislative Appropriations	2007-09 Executive Recommendation	2007-09 Legislative Appropriations	2007-09 Legislative Appropriations Increase (Decrease) from 2005-07 Legislative Appropriations	2007-09 Legislative Appropriations Increase (Decrease) from 2007-09 Executive Recommendation
Debt payments	\$210,000	\$210,000	\$210,000		
Asphalt overlay repairs			265,000	\$265,000	\$265,000
New grandstand		10,000,000	250,000	250,000	(9,750,000)
Total	\$210,000	\$10,210,000	\$725,000	\$515,000	(\$9,485,000)
General fund	\$210,000	\$5,210,000	\$725,000	\$515,000	(\$4,485,000)
Special funds		5,000,000			(5,000,000)
Total	\$210,000	\$10,210,000	\$725,000	\$515,000	(\$9,485,000)

**State Library
Budget No. 250
Senate Bill No. 2013, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	29.75	\$3,979,712	\$1,881,600	\$5,861,312
2007-09 legislative appropriations	29.75	3,977,513	1,881,253	5,858,766
Legislative increase (decrease) to executive budget	0.00	(\$2,199)	(\$347)	(\$2,546)
Legislative increase (decrease) to 2005-07 appropriations	1.00	\$470,431	\$221,981	\$692,412

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Library is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,199)	(\$347)	(\$2,546)
Total	0.00	(\$2,199)	(\$347)	(\$2,546)

FTE Changes

The 2007-09 biennium appropriation includes funding for 29.75 FTE positions, an increase of 1 FTE position from the 2005-07 biennium authorized level of 28.75 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE librarian II position.

Other Sections in Senate Bill No. 2013

State aid to public libraries - Section 10 provides that the grants line item for the State Library includes \$1.2 million from the general fund for aid to public libraries, an increase of \$200,000 from the amount appropriated for the 2005-07 biennium of \$1 million.

Related Legislation

Public libraries' maintenance of local effort - House Bill No. 1103 modifies the maintenance of effort requirement for public libraries receiving state aid.

State aid to libraries reimbursement - House Bill No. 1309 provides that the State Library withhold from the amount of state aid to which a public library is entitled during the 2007-09 biennium any amount the public library received in excess of that to which it was entitled during the 2005-07 biennium as a result of a statutory dispute regarding the meaning of a mill levy. The State Library is to use the funding withheld to reimburse public libraries that received less during the 2005-07 biennium as a result of the dispute regarding the meaning of a mill levy.

**Judicial Branch
Budget No. 180
House Bill Nos. 1002, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	343.00	\$67,267,338	\$2,201,034	\$69,468,372
2007-09 legislative appropriations	338.00	66,935,878¹	2,199,640	69,135,518
Legislative increase (decrease) to executive budget	(5.00)	(\$331,460)	(\$1,394)	(\$332,854)
Legislative increase (decrease) to 2005-07 appropriations	6.00	\$10,078,009	\$689,662	\$10,767,671

¹This amount includes \$1,490,750 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$65,445,128.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$52,634)	(\$1,394)	(\$54,028)
Supreme Court changes:				
Reduced funding for judicial branch proposed salary increases for Supreme Court justices from a 6 percent increase effective July 1, 2007, and a 7 percent increase effective July 1, 2008, to a \$2,000 increase plus a 4 percent increase July 1, 2007, and a 4 percent increase effective July 1, 2008		(23,660)		(23,660)
District court changes:				
Reduced funding for judicial branch proposed salary increases for district court judges from a 6 percent increase effective July 1, 2007, and a 7 percent increase effective July 1, 2008, to a \$2,000 increase plus a 4 percent increase July 1, 2007, and a 4 percent increase effective July 1, 2008		(157,096)		(157,096)
Removed 5 of the 6 FTE positions added for the mediation pilot project and provided for contract mediators to be used for this project rather than adding employees	(5.00)			0
Reduced funding for judges' retirement due to the death of a qualifying judge		(98,070)		(98,070)

Judicial Conduct Commission changes:

The Legislative Assembly did not change the appropriation for the Judicial Conduct Commission

0

Total	(5.00)	(\$331,460)	(\$1,394)	(\$332,854)
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FTE Changes

The 2007-09 legislative appropriation includes funding for 338 FTE positions, an increase of 6 FTE positions from the 2005-07 biennium authorized level of 332 FTE positions. The Legislative Assembly removed 5 FTE positions included in the executive recommendation for the mediation pilot project and provided that contract mediators are to be used rather than adding employees. The Legislative Assembly did not change the executive budget recommendation to add a .5 FTE director of finance position, .5 FTE referee for district courts, 1 FTE law clerk in the Northwest District, 1 FTE juvenile officer in the South Central District, 2 FTE Rolette County clerks (opting to be state-employed pursuant to North Dakota Century Code (NDCC) Chapter 27-05.2), and 1 FTE mediation pilot project program coordinator position.

One-Time Funding

In Section 8 of House Bill No. 1002, the Legislative Assembly identified one-time funding to the district courts of \$1,490,750 from the general fund for an enhanced records management system (\$115,750) and unified case management system (\$1,375,000). This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Supreme Court is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1002

Appropriation of additional funding - Section 4 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 5 provides that the director of the Office of Management and Budget and the State Treasurer make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon 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.

Salaries of Supreme Court justices - Section 6 provides statutory changes to NDCC Section 27-02-02 relating to salaries of justices of the Supreme Court. The Legislative Assembly authorized 2007-09 biennium salary increases of \$2,000 plus a 4 percent increase effective July 1, 2007, and a 4 percent increase effective July 1, 2008. The Supreme Court justices' salaries are to be increased from the current level of \$107,210 to \$113,578 effective July 1, 2007, and \$118,121 effective July 1, 2008. The Chief Justice of the Supreme Court is entitled to receive an additional \$3,262 per annum effective July 1, 2007, and an additional \$3,392 per annum, effective July 1, 2008, which is an increase from the current level of an additional \$3,136 per annum.

Salaries and expenses of district judges - Section 7 provides statutory changes to NDCC Section 27-05-03 relating to salaries and expenses of district court judges. The Legislative Assembly authorized 2007-09 biennium salary increases of \$2,000 plus a 4 percent increase, effective July 1, 2007, and a 4 percent increase effective July 1, 2008. The district court judges' salaries are to be increased from the current level of \$98,070 to \$104,073 effective July 1, 2007, and \$108,236 effective July 1, 2008. The presiding judge of a judicial district is entitled to receive an additional \$3,005 per annum effective July 1, 2007, and an additional \$3,126 per annum effective July 1, 2008, which is an increase from the current level of an additional \$2,890 per annum.

Information Technology Projects

Enhanced records management system - The Legislative Assembly appropriated \$115,750 from the general fund for the judicial branch to implement an enhanced records management system. An enhanced records management system for the unified judicial branch is intended to preserve court information, promote greater accessibility to that information, and reduce operational and records storage costs within the judicial branch.

Unified case management system - The Legislative Assembly appropriated \$1,375,000 for operating expenses to enhance or begin the replacement of the unified case management system. The current case management system was developed approximately 20 years ago and significant enhancements or a complete replacement is needed to continue efficient processing of cases. The system provides management information to judges, court personnel, justice personnel, and the public.

Related Legislation

House Bill No. 1083 - This bill removes the continuing appropriation authority for the **electronic filing administration fund** as provided in NDCC Section 27-03-05.

House Bill No. 1097 - This bill continues the **temporary court of appeals** until January 1, 2012. The temporary court of appeals was established to exercise appellate and original jurisdiction as delegated by the Supreme Court.

House Bill No. 1387 - This bill provides for the Legislative Council to consider studying the **leasing or renting of facilities** for use by district courts from counties or other political subdivisions, including the feasibility and desirability of counties retaining a portion of the fees collected by counties in lieu of leasing or renting by the state.

House Concurrent Resolution No. 3002 - This resolution provides for a Legislative Council study of the **judicial election and judicial selection process** in North Dakota.

Senate Bill No. 2243 - This bill amends NDCC Section 29-26-22 providing for courts to impose a **community service fee** of \$50 per defendant participating in community service to be used to provide community service supervision grants.

Senate Concurrent Resolution No. 4004 - This resolution provides for a Legislative Council study of the respective **responsibilities of county and state judicial system personnel** under the Uniform Juvenile Court Act in light of statutory ambiguities in defining those responsibilities.

**Department of Commerce
Budget No. 601
House Bill Nos. 1018, 1014, 1019, Senate Bill Nos. 2001, 2187**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	73.00	\$26,169,736	\$55,361,293	\$81,531,029
2007-09 legislative appropriations	66.00	28,581,965¹	55,758,516	84,340,481
Legislative increase (decrease) to executive budget	(7.00)	\$2,412,229	\$397,223	\$2,809,452
Legislative increase (decrease) to 2005-07 appropriations	4.00	\$9,401,184	(\$1,675,767)	\$7,725,417

¹This amount includes a \$2 million transfer from the general fund to the workforce enhancement fund and \$3.1 million of one-time funding. Excluding these items, the agency's ongoing general fund appropriation is \$23,481,965.

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 specified for the Department of Commerce as contained in Section 8 of Senate Bill No. 1018.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$7,579)	(\$2,777)	(\$10,356)
Provided for a transfer from the general fund to the workforce enhancement fund in House Bill No. 1019. Money in the fund is appropriated continually to the department for workforce enhancement grants.		2,000,000		2,000,000
Added funding for costs of the Office of Faith-Based and Community Initiatives. The office was transferred to the Department of Commerce from the Governor's office in Senate Bill No. 2001.		25,000		25,000
Added funding in Senate Bill No. 2187 for emergency shelter programs		200,000		200,000
Added funding in Senate Bill No. 2187 for planning and administrative costs relating to the continuum of care homeless program of the federal Department of Housing and Urban Development		100,000		100,000

Removed the executive budget initiative to provide students and their parents information about North Dakota career opportunities	(10.00)	(1,226,244)		(1,226,244)
Added funding to administer the career promotion in workforce deficient industries program and the internship program	1.00	160,000		160,000
Added funding for internships for postsecondary students to provide a total of \$600,000 from the general fund		200,000		200,000
Added funding for additional responsibilities of the Workforce Development Division, including talent initiative and workforce intelligence coordination, and for planning	2.00	300,000		300,000
Added funding for the Workforce System Initiative		50,000		50,000
Added funding to provide a total of \$300,000, of which \$150,000 is from the general fund for the Innovate ND program		50,000		50,000
Added funding for the internship program of the Trade Office. A total of \$1.5 million is appropriated from the general fund for the Trade Office.		100,000		100,000
Added funding for a business incentive expenditure report pilot project and for three tax expenditure report pilot projects		100,000		100,000
Added funding for administrative costs relating to centers of excellence applications from funds transferred by the Office of Management and Budget from the centers of excellence appropriation from the permanent oil tax trust fund			375,000	375,000
Added funding for costs associated with provisions of House Bill No. 1462, including the development of a state energy plan. The \$25,000 of other funds is to be raised by the department.		25,000	25,000	50,000
Added funding for the Agricultural Products Utilization Commission to provide a total of \$1,662,115 from the general fund		200,000		200,000
Added funding for the department to contract for services relating to the Beginning Again North Dakota pilot program		30,000		30,000
Reduced funding for tourism marketing and promotion		(3,948)		(3,948)

Added funding for the Tourism Division to provide a grant to the Lewis and Clark Foundation in Washburn. The Tourism Division may only provide grant funds to the extent the Lewis and Clark Foundation provides \$2 of matching funds for each \$1 of state grant funds.	100,000	100,000		
Added funding for the Tourism Division to match private funds for tourism-related promotions and events involving officially sanctioned statewide pageant titleholders who are over age 17. The Tourism Division may provide matching funds on a dollar-for-dollar basis of up to \$1,000 for each eligible promotion or event as determined by the Tourism Division.	10,000	10,000		
Total	<u>(7.00)</u>	<u>\$2,412,229</u>	<u>\$397,223</u>	<u>\$2,809,452</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation to add 1 FTE business development specialist in the Division of Economic Development and Finance but did remove the 10 FTE positions within the Division of Workforce Development recommended in the executive budget to provide students and their parents information about North Dakota career opportunities. The Legislative Assembly added 1 FTE position to administer the career promotion in the workforce deficient industries program and the internship program and 2 FTE positions for the additional responsibilities of the Workforce Development Division, including talent initiative and workforce intelligence coordination, and for planning.

One-Time Funding

In Section 9, the Legislative Assembly identified a total of \$3.1 million from the general fund, of which \$3 million is a transfer to the Development Fund and \$100,000 is for tax expenditure and business incentive expenditure reports as one-time funding. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Department of Commerce is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Centers of Excellence

The executive budget included a \$20 million general fund appropriation to the Office of Management and Budget for providing grants to centers of excellence. The Legislative Assembly removed the general fund appropriation and appropriated \$15 million from the permanent oil tax trust fund to the Office of Management and Budget for centers of excellence grants and authorized the Office of Management and Budget, as directed by the Centers of Excellence Commission and with Emergency Commission and Budget Section approval, to borrow up to \$5 million from the Bank of North Dakota for providing additional funding for centers of excellence, if the \$15 million appropriated from the permanent oil tax trust fund is committed. Of the \$15 million appropriation, up to \$10 million is available for Budget Section approval at its first meeting after September 1, 2007, and up to \$5 million and any unawarded funds remaining from the first year \$10 million allocation is available for Budget Section approval at its first meeting after September 1, 2008. The Legislative Assembly, in Sections 30 through 33 of House Bill No. 1018, made changes to the centers of excellence statutory provisions relating to award designations, Budget Section rereferrals of applications, commission staffing responsibilities, postaward monitoring, distribution of funding awards, and allowable administrative costs.

Other Sections in House Bill No. 1018

Trade Office matching requirement - Section 10 allows the Department of Commerce to provide \$750,000 of the \$1.5 million from the general fund appropriated for the Trade Office without requiring any matching funds but requires a dollar-for-dollar match for any additional amounts. The section also specifies the type of funding that qualifies as matching funds.

PACE fund to Development Fund transfer - Section 11 authorizes the Industrial Commission to transfer up to \$1 million from the partnership in assisting community expansion (PACE) fund to the Development Fund during the 2007-09 biennium.

Internship program report - Section 12 provides that the Department of Commerce report to the Appropriations Committees of the 2009 Legislative Assembly regarding the internship program.

Renaissance Zone Conference - Section 19 requires the Department of Commerce to organize a Renaissance Zone Conference during the 2007-08 interim and provide a report to the Legislative Council.

Workforce System Initiative - Legislative Council study - Section 20 requires the Legislative Council to study the state's system of addressing workforce needs.

Department of Commerce - Legislative Council study - Section 21 provides for a Legislative Council study of the Department of Commerce.

Proposed promise grant program - Legislative Council study - Section 22 provides for a Legislative Council study of implementing a grant program for North Dakota students attending North Dakota higher education institutions.

Higher education report on CCbenefits - Section 23 provides that the Board of Higher Education monitor and report to the Legislative Council on the implementation of the services of CCbenefits, Inc., at higher education institutions.

Pilot projects - Tax expenditures and business incentive expenditure reports - Sections 24 and 25 provide that the Department of Commerce and the Tax Department prepare a report on three selected tax expenditures and that the Department of Commerce prepare a report on a business incentive expenditure during the 2007-09 biennium. The reports are to be submitted to the 2009 Legislative Assembly.

Tax credit transfer study - Section 26 requires the Tax Commissioner to monitor and report to the 2009 Legislative Assembly on the implementation and use of transferable tax credits.

Housing needs - Legislative Council study - Section 27 provides for a Legislative Council study of the state's housing needs.

Wireless service providers - Legislative Council study - Section 28 provides for a Legislative Council study of issues relating to the state's wireless service providers.

Centers of excellence - Sections 30 through 33 relate to centers of excellence (see **Centers of Excellence** section above).

Housing programs - Section 34 makes changes to housing programs of the Housing Finance Agency.

Department of Commerce organizational structure - Section 35 makes changes to the organizational structure of the Department of Commerce.

Workforce Development Division - Sections 36 and 37 relate to the duties and responsibilities of the Workforce Development Division of the Department of Commerce, including to develop the state's talent strategy and intelligence coordination strategy and to administer the internship and career promotion programs.

Beginning Again North Dakota pilot program - Section 38 provides that the department establish a Beginning Again North Dakota pilot program.

Business incentive definition - Section 39 changes provisions relating to the definition of a business incentive.

Missile silo historic site name - Section 40 provides that if the State Historical Society acquires a missile silo historic site the name of the site will be the Ronald Reagan Historic Site.

Taxable value of wind turbines - Section 41 relates to the taxable valuation of wind turbine electric generators.

Angel fund investment tax credit - Sections 42 and 46 relate to income tax credits for certain angel fund investments.

Tax credits for hard-to-fill positions - Sections 43, 45, and 46 allow income tax credits for hard-to-fill positions.

Internship employment tax credit - Sections 44 and 46 allow income tax credits for internships.

Research and experimental tax credit - Sections 46 and 47 relate to income tax credits for qualified research and experimental expenditures.

Maximum seed capital investment tax credit - Section 48 increases the maximum allowable seed capital investment tax credit from a total of \$2 million each year to \$3.5 million each year.

Agriculture business investment tax credit - Section 49 expands the types of businesses that qualify for the agriculture business investment tax credit.

Business climate initiative - Section 50 removes the requirement that the Legislative Council study the state's business climate during the 2007-08 interim.

Beginning entrepreneur tax exemptions and deductions - Section 51 repeals statutory provisions relating to allowable beginning entrepreneur tax exemptions and deductions.

Related Legislation

House Bill No. 1019 creates a Workforce Enhancement Council, transfers \$2 million from the general fund to the workforce enhancement fund, and provides a continuing appropriation to the Department of Commerce to spend the money in the fund for providing grants to higher education institution assigned primary responsibility for workforce training in the state.

Senate Bill No. 2001 transfers the Office of Faith-Based and Community Initiatives to the Department of Commerce from the Governor's office.

Senate Bill No. 2288 increases the maximum allowable balance in the ethanol incentive fund from \$5 million to \$7.5 million.

**Department of Transportation
Budget No. 801
House Bill No. 1012, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	1,052.50	\$20,000,000	\$887,295,066	\$907,295,066
2007-09 legislative appropriations	1,052.50		903,157,500	903,157,500
Legislative increase (decrease) to executive budget	0.00	(\$20,000,000)	\$15,862,434	(\$4,137,566)
Legislative increase (decrease) to 2005-07 appropriations	8.00	\$0	(\$51,850,848)	(\$51,850,848)

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. 2189.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$117,956)	(\$117,956)
Removed funding for rewriting the current mainframe driver's license computer system		(\$5,019,610)		(5,019,610)
Changed the source of funding to the highway fund for the following information technology projects:		(1,788,558)	1,788,558	0
<ul style="list-style-type: none"> • Project management system - \$282,058 • Roadway information management system (Phase 1) - \$1,000,000 • Applications updates - \$122,000 • Imaging workstations - \$384,500 				
Changed the source of funding to the highway fund for equipment purchases, including engineering, technology, and digital radio equipment		(2,021,860)	2,021,860	0
Changed the source of funding to the highway fund for road patching maintenance and materials		(11,169,972)	11,169,972	0
Added funding from the public transportation fund to provide a total of \$5.7 million from this fund for public transportation grants (see Public Transportation section below)			1,000,000	1,000,000
Total	0.00	(\$20,000,000)	\$15,862,434	(\$4,137,566)

FTE Changes

The Legislative Assembly did not change the executive recommendation which added 4 FTE equipment operators and 3 FTE engineering positions hired during the 2005-07 biennium, pursuant to Section 4 of 2005 Senate Bill No. 2012, and 1 FTE safe routes to schools program coordinator hired during the 2005-07 biennium with federal funds, pursuant to Emergency Commission approval.

Allocation of Motor Vehicle Excise Tax Collections

For the 2007-09 biennium, the Legislative Assembly, in Sections 13 and 15 of House Bill No. 1012, provided that 10 percent of motor vehicle excise tax collections, after the allocation to the state aid distribution fund, be deposited in the highway fund rather than the general fund and the remaining amount continue to be deposited in the general fund. This change is estimated to result in \$12,619,700 of additional highway fund revenue during the 2007-09 biennium.

Public Transportation

The Legislative Assembly, in Section 14 of House Bill No. 1012, transferred \$1 million from the highway fund to the public transportation fund during the 2007-09 biennium to provide a total of \$5.7 million for public transportation grants for the 2007-09 biennium. In Section 10 of House Bill No. 1012, the Legislative Assembly changed the distribution formula for public transportation funds from an annual base rate of \$18,300 to each county to an annual base rate of four-tenths of 1 percent of the appropriation provided for public transportation grants to each county.

Other Sections in House Bill No. 1012

Section 4 authorizes the department to hire additional FTE positions for the construction and maintenance of highways if it determines that it is more cost-effective to hire the positions rather than contract for the services. The department must report any additional positions hired to the Office of Management and Budget and the Legislative Council.

Section 5 provides for a Legislative Council study of traffic fines.

Section 6 provides for a Legislative Council study of highway funding and infrastructure needs.

Section 7 authorizes the department to continue the single state insurance registration system if Congress continues the program.

Section 8 allows the North Dakota members of the Midwest Interstate Passenger Rail Compact to negotiate lower dues.

Section 9 allows the department to join the Multistate Highway Transportation Agreement.

Section 11 allows children under 16 years of age to be involved in organized off-highway sporting events involving the use of off-highway vehicles.

Section 12 removed the requirement that an enrolled member of an Indian tribe live on an Indian Reservation in order to be eligible for an exemption from the motor vehicle excise tax. **The Governor vetoed this section.**

Related Legislation

House Bill No. 1049 reduces taxes on sales of natural gas and special fuels used for heating purposes. Provisions of the bill affecting highway revenues are estimated to reduce highway tax distribution fund revenue by \$1,987,000 for the 2007-09 biennium.

House Bill No. 1166 provides for the four laning of United States Highway 52.

House Bill No. 1348 replaces the excise tax of 2 percent on sales of all special fuels, except for propane, with a flat tax of four cents per gallon. Provisions of this bill are estimated to reduce highway tax distribution fund revenues by \$463,800 for the 2007-09 biennium.

Senate Bill No. 2113 creates a unified carrier registration plan in accordance with federal provisions.

Senate Bill No. 2288 increases the maximum balance allowed in the ethanol incentive fund from \$5 million to \$7.5 million. Forty percent of farm vehicle registration fees are deposited in this fund.

Senate Bill No. 2406 provides for an annual permit option for oversized vehicles rather than a per trip permit. Provisions of this bill are estimated to reduce highway fund revenues by \$120,000 for the 2007-09 biennium.

**Upper Great Plains Transportation Institute
Budget No. 627
House Bill Nos. 1020, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	43.40	\$1,223,884	\$26,255,663	\$27,479,547
2007-09 legislative appropriations	43.40	1,209,840	26,361,681	27,571,521
Legislative increase (decrease) to executive budget	0.00	(\$14,044)	\$106,018	\$91,974
Legislative increase (decrease) to 2005-07 appropriations	2.00 ¹	\$46,936	\$11,071,648	\$11,118,584

¹The 2005-07 appropriation was based on 48.50 FTE positions. Section 6 of Senate Bill No. 2020 (2005) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 7.10 FTE positions were removed pursuant to this section and reported to the Office of Management and 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 Upper Great Plains Transportation Institute is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly appropriated \$116,928, of which \$9,955 is from the general fund to provide an additional 1 percent per year salary increase to employees of the Upper Great Plains Transportation Institute. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$115)	(\$955)	(\$1,070)
Reduced funding for operations of the Upper Great Plains Transportation Institute		(23,884)		(23,884)
Added funding necessary for the Upper Great Plains Transportation Institute to provide a 5 percent salary increase effective July 1, 2007, and a 5 percent increase effective July 1, 2008		9,955	106,973	116,928
Total	0.00	(\$14,044)	\$106,018	\$91,974

FTE Changes

The 2005-07 appropriation is based on 48.50 FTE positions authorized by the 2005 Legislative Assembly. Section 6 of 2005 Senate Bill No. 2020 authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 7.10 FTE positions were removed pursuant to this section, decreasing the total authorized FTE positions to 41.40. The Legislative Assembly did not change the executive recommendation to add 2 FTE research positions for an Agriculture and Rural Business Logistics Center.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 4 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 (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2007-09 biennium.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2007-09 biennium.

Carryover authority - Section 9 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2007-09 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2007-09 biennium.

Capital Construction

Upper Great Plains Transportation Institute building - The Legislative Assembly authorized spending authority of \$5.5 million for an Upper Great Plains Transportation Institute building located on the North Dakota State University campus. The proposed three-floor building will have approximately 6,000 square feet on the main floor and will be constructed with a combination of federal funds, gifts, grants, and contracts.

**Department of Veterans Affairs
Budget No. 321
House Bill Nos. 1007, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	6.00	\$776,382	\$0	\$776,382
2007-09 legislative appropriations	7.00	866,772¹		866,772
Legislative increase (decrease) to executive budget	1.00	\$90,390	\$0	\$90,390
Legislative increase (decrease) to 2005-07 appropriations	1.00	\$213,104	\$0	\$213,104

¹This amount includes \$59,606 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$807,166.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$576)		(\$576)
Added funding for a women veterans coordinator position	1.00	90,966		90,966
Total	1.00	\$90,390	\$0	\$90,390

FTE Changes

The 2007-09 legislative appropriation includes funding for 7 FTE positions, an increase of 1 FTE position from the executive recommendation and the 2005-07 biennium authorized level of 6 FTE positions. The Legislative Assembly authorized 1 FTE women veterans coordinator position.

One-Time Funding

In Section 5 of House Bill No. 1007, the Legislative Assembly identified the general fund appropriation for one-time funding of \$59,606 for a secure filing system (\$38,250) and electronic storing and retrieving system for veterans' discharge papers (\$21,356). This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Department of Veterans Affairs is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Related Legislation

Senate Bill No. 2142 - This bill provides that a veteran or surviving spouse of a veteran may receive additional loans from the **veterans' aid fund** provided that the total value of the loans does not exceed \$5,000. Currently additional loans may not be issued until the previous loan is repaid.

House Concurrent Resolution No. 3063 - This resolution provides for a Legislative Council study of the **delivery and funding of veterans' services** by the state and counties.

**Veterans Home
Budget No. 313
House Bill Nos. 1007, 1014, Senate Bill No. 2418**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	90.97	\$4,050,174	\$8,821,090	\$12,871,264
2007-09 legislative appropriations	92.37	4,125,266¹	29,914,552	34,039,818
Legislative increase (decrease) to executive budget	1.40	\$75,092	\$21,093,462	\$21,168,554
Legislative increase (decrease) to 2005-07 appropriations	1.40	(\$203,826)	\$22,939,719	\$22,735,893

¹This amount includes \$265,700 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$3,859,566.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,212)	(\$5,194)	(\$7,406)
Provided funding from the permanent oil tax trust fund (\$6,483,226), federal funds (\$12,040,278), and from revenue bonds (\$2,575,152) for construction of a new 150-bed Veterans Home (Senate Bill No. 2418)			21,098,656	21,098,656
Removed funding for replacement furniture for resident rooms		(120,000)		(120,000)
Removed funding to replace an elevator at the existing Veterans Home		(120,000)		(120,000)
Added funding for repairs and maintenance to address Life Safety Code issues at the existing Veterans Home facility until the new facility can be completed (\$165,700) and for a preplanning document for the new facility (\$100,000) (emergency measure)		265,700		265,700
Provided funding for 1.4 FTE night watchman positions	1.40	101,604		101,604
Removed funding for developing a long-term plan for the Veterans Home		(50,000)		(50,000)
Total	1.40	\$75,092	\$21,093,462	\$21,168,554

FTE Changes

The 2007-09 legislative appropriation includes funding for 92.37 FTE positions, an increase of 1.4 FTE positions from the executive recommendation and the 2005-07 authorized level of 90.97. The Legislative Assembly added 1.4 FTE night watchman positions for the Veterans Home.

One-Time Funding

In Section 5 of House Bill No. 1007, the Legislative Assembly identified the general fund appropriation for one-time funding of \$265,700 for life safety improvements at the existing Veterans Home (\$165,700) and preplanning costs for the new Veterans Home (\$100,000). This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the Veterans Home is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding. In addition, Senate Bill No. 2418 includes one-time funding of \$6,483,226 from the permanent oil tax trust fund for the new Veterans Home facility.

Other Sections in Bill

Preplanning funds - Section 4 of the bill provides that the \$100,000 appropriated for preplanning costs for the new Veterans Home be included as part of the overall cost of the construction project and the Veterans Home is to reimburse the general fund the \$100,000 prior to June 30, 2009, from federal matching funds available for this project.

Extraordinary repairs - The Legislative Assembly appropriated \$31,200 from special funds for lift station pumps (\$8,000) and replacement tile and carpeting (\$23,200).

Related Legislation

House Bill No. 1425 - This bill amends North Dakota Century Code Section 37-15-14 to remove the requirement that the Veterans Home **spend federal and special funds prior to spending their general fund appropriation.**

Senate Bill No. 2418 - This bill provides a contingent appropriation to the Veterans Home for the purpose of building a new facility.

- **New Veterans Home facility** - The Legislative Assembly appropriated \$6,483,226 from the permanent oil tax trust fund (35 percent state share) to the Veterans Home for the purpose of matching federal funds of \$12,040,278 (65 percent federal share) to build a new Veterans Home facility and demolish the existing facility. The appropriation from the permanent oil tax trust fund is to only be made available upon the Veterans Home obtaining approval for a federal state home construction grant from the federal Department of Veterans Affairs. The federal match is limited to the cost of a 121-bed facility, which is less than the current 150-bed capacity authorized for the Veterans Home. The 2007 Legislative Assembly authorized \$2,575,152 from the issuance of revenue bonds for project costs associated with expanding the Veterans Home construction project from the 121-bed capacity to a 150-bed facility. The Veterans Home is to use non-general fund revenue sources for the retirement of these bonds.
- **Additional skilled care beds** - The Legislative Assembly provided an exception to the moratorium on expansion of long-term care bed capacity in order for the Veterans Home to convert 14 basic care beds to skilled care beds. The new Veterans Home facility will be authorized for 52 skilled care beds and 98 basic care beds.
- **Budget Section reports** - The Veterans Home is to provide periodic reports to the Budget Section during the 2007-08 interim regarding the status of the Veterans Home construction project.

**North Dakota Vision Services - School for the Blind
Budget No. 253
Senate Bill No. 2013, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	27.00	\$2,792,756	\$844,117	\$3,636,873
2007-09 legislative appropriations	28.00	2,917,936	843,857	3,761,793
Legislative increase (decrease) to executive budget	1.00	\$125,180	(\$260)	\$124,920
Legislative increase (decrease) to 2005-07 appropriations	1.05	\$393,327	(\$2,590)	\$390,737

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. 2189.

	Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:					
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$864)	(\$260)	(\$1,124)
Provided funding for 1 new FTE position (\$94,938), additional teacher and houseparent salaries and wages (\$8,466), and operating expenses (\$20,040) for providing additional adult services	1.00		123,444		123,444
Provided funding for the additional employer retirement contribution for Teachers' Fund for Retirement members required by Senate Bill No. 2046			2,600		2,600
Total	1.00		\$125,180	(\$260)	\$124,920

FTE Changes

The 2007-09 biennium appropriation includes funding for 28 FTE positions, an increase of 1.05 FTE positions from the 2005-07 biennium authorized level of 26.95 FTE positions. The legislative action did not change the executive recommendation to add a .05 FTE position requested by the agency. In addition, the Legislative Assembly added 1 new FTE position for providing additional adult services.

Capital Assets

The Legislative Assembly did not change the executive recommendation to appropriate funding of \$142,100, of which \$119,600 is from the general fund and \$22,500 is from special funds, for a Braille printer (\$6,500) and extraordinary repairs (\$135,600). The following is a summary of the funding for extraordinary repairs:

	General Fund	Special Funds	Total
Carpet replacement	\$34,000	\$10,000	\$44,000
Window replacement	49,600		49,600
Sidewalk repairs		6,000	6,000
Ceiling tile replacements for gymnasium	6,000		6,000
Driveway extension	30,000		30,000
Total	\$119,600	\$16,000	\$135,600

Related Legislation

Teacher retirement contributions - Senate Bill No. 2046 requires an additional .5 percent employer retirement contribution for Teachers' Fund for Retirement members beginning on July 1, 2008.

**State Water Commission
Budget No. 770
Senate Bill No. 2020, House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	84.00	\$13,687,506	\$160,923,049	\$174,610,555
2007-09 legislative appropriations	84.00	13,877,247¹	162,122,016	175,999,263
Legislative increase (decrease) to executive budget	0.00	\$189,741	\$1,198,967	\$1,388,708
Legislative increase (decrease) to 2005-07 appropriations	0.00	\$12,866,027	\$37,062,298	\$49,928,325

¹This amount includes \$3 million of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$10,687,506.

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. 2189.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$10,259)	(\$1,033)	(\$11,292)
Added funding from the general fund and the water development trust fund for the Red River Basin Mapping Initiative		200,000	200,000	400,000
Added funding from the game and fish fund for the Sweetbriar Dam project			1,000,000	1,000,000
Total	0.00	\$189,741	\$1,198,967	\$1,388,708

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 84 FTE positions, the same as the 2005-07 biennium.

One-Time Funding

In Section 12 of Senate Bill No. 2020, the Legislative Assembly identified \$3 million from the general fund for the Red River Water Supply Project as a one-time funding item. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget and the State Water Commission is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in Senate Bill No. 2020

Resources trust fund - Section 4 authorizes \$69,352,698 from the resources trust fund. Any additional amount in the resources trust fund that becomes available is appropriated to the State Water Commission for the purposes of defraying the expenses of the State Water Commission for the 2007-09 biennium (see the resources trust fund analysis in the **Trust Fund Analyses** section of this report).

Water development trust fund - Section 5 authorizes \$40,055,999 from the water development trust fund. Any additional amount in the water development trust fund that becomes available is appropriated to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2007-09 biennium (see the water development trust fund analysis in the **Trust Fund Analyses** section of this report).

Grant and water project carryover authority - Section 6 authorizes the State Water Commission to carry over unexpended funding authority for grants or water-related projects to the 2009-11 biennium.

Bank of North Dakota line of credit - Section 7 authorizes a Bank of North Dakota line of credit of up to \$25 million to the State Water Commission for the 2007-09 biennium. Section 8 provides a contingent appropriation of \$25 million, or so much of the sum as may be necessary, from the water development trust fund, resources trust fund, bond proceeds, or other sources to the State Water Commission for repaying the line of credit.

Grand Forks flood control project - Section 9 increases the eligible cost-share for the Grand Forks flood control program in order for the city to access the entire \$52 million state share dedicated for the project.

Livestock water assistance program - Section 10 amends North Dakota Century Code (NDCC) Section 61-34-04 to remove the requirement that an application for a water supply project be approved by the State Engineer prior to commencement of the project in order for the project to be eligible for the livestock water assistance program. Under the program, the state cost-share is up to 50 percent of the cost of the project, not to exceed \$3,000. The State Engineer is to provide funds for approved applications in accordance with rules and criteria for eligibility to the extent that funding is available. This section was declared an emergency measure (see **House Bill No. 1215** below).

Tile drainage study - Section 11 directs the State Water Commission to study tile drainage effects on water use and to report the findings to the Legislative Council by July 1, 2008.

Sweetbriar Dam project - Section 12 provides legislative intent for the State Water Commission to provide funding for the Sweetbriar Dam project. In addition, Morton County is to provide \$15,000 for the project and the Legislative Assembly appropriated \$1 million from the game and fish fund for the project. The funding from Morton County and the game and fish fund is contingent upon the State Water Commission providing funding for the project.

Administrative expenses - The Legislative Assembly did not change the executive recommendation to fund administrative expenses of the State Water Commission primarily from the general fund rather than the water development trust fund.

Red River Valley Water Supply Project - The Legislative Assembly appropriated \$3 million from the general fund for the Red River Valley Water Supply Project. In addition, the State Engineer plans to recommend to the State Water Commission that an additional \$9 million from the water development trust fund be allocated to the project for the 2007-09 biennium. The anticipated plan for the project is to supplement the existing Red River Valley water supply by importing water from the Missouri River (see **Senate Bill No. 2345** below).

Related Legislation

Senate Bill No. 2345 - This bill provides intent for funding purposes, that the state of North Dakota will contribute \$100 million for the **Red River Valley Water Supply Project**. The bill provides authority for the State Water Commission to issue up to \$40 million in bonds for the Red River Water Supply Project. The principal and interest payments for a bond issuance are to be payable from the water development trust fund. The remaining \$60 million is to be provided from the general fund (\$30 million) and from the resources trust fund (\$30 million). In addition, the state is to dedicate \$100 million of municipal, rural, and industrial water supply funds for the project.

House Bill No. 1215 - This bill amends NDCC Section 61-34-04 relating to the **livestock water assistance program** to provide that an individual may be eligible to receive a cost share for up to three projects. The state cost-share for each project is limited to up to 50 percent of the cost of the project, not to exceed \$3,000. In addition, the bill provides that a drought livestock assistance program located on Indian land is eligible for the program.

House Bill No. 1513 - This bill provides that the State Water Commission may establish an **emergency municipal, tribal, and rural water assistance program** for municipalities, tribes, and rural water systems, whose primary source of water is the Missouri River, Lake Sakakawea, or Lake Oahe. The commission may establish procedures, cost-share guidelines, and other criteria for the program. The purpose of this program is to provide emergency grant funds to municipalities, tribes, and rural water systems facing a critical need or health risk as a result of the inability of existing water intake systems to supply an adequate quantity of quality water to the people served by the municipal, tribal, or rural water system.

**Branch Research Centers
Budget No. 628
House Bill Nos. 1020, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	95.26	\$10,658,084	\$13,716,431	\$24,374,515
2007-09 legislative appropriations	97.86	11,301,508¹	13,715,511	25,017,019
Legislative increase (decrease) to executive budget	2.60	\$643,424	(\$920)	\$642,504
Legislative increase (decrease) to 2005-07 appropriations	10.60 ²	\$2,915,199	\$596,144	\$3,511,343

¹This amount includes \$700,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$10,601,508.

²The 2005-07 appropriation was based on 77.41 FTE positions. Section 6 of Senate Bill No. 2020 (2005) authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section and reported to the Office of Management and 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 branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2189. In addition, the Legislative Assembly appropriated \$829,669, of which \$438,129 is from the general fund and \$391,540 is from special funds, to the Main Research Center to provide agricultural research and extension agency employees an additional 1 percent per year salary increase each year of the biennium. The Main Research Center is to allocate the funding between the Main Research Center, branch research centers, North Dakota State University Extension Service, Northern Crops Institute, and Agronomy Seed Farm. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions		(\$2,576)	(\$920)	(\$3,496)
Provided \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center		300,000		300,000
Added 2 FTE research positions and related funding for the Williston Research Center irrigation project	2.00	250,000		250,000
Added a .60 FTE and related funding for research and development of innovative waste management systems at the Carrington Research Center	0.60	96,000		96,000
Total	2.60	\$643,424	(\$920)	\$642,504

FTE Changes

The 2005-07 appropriation is based on 77.41 FTE positions authorized by the 2005 Legislative Assembly. Section 6 of 2005 Senate Bill No. 2020 authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 9.85 FTE positions were added pursuant to this section for a total of 87.26 FTE positions. The 2007-09 biennium appropriation includes funding for 97.86 FTE positions, an increase of 2.60 FTE positions from the executive recommendation of 95.26 and 10.60 FTE positions from the 2005-07 authorized level of 87.26. The Legislative Assembly authorized 2 FTE positions for the Williston Research Center, .60 FTE positions for the Carrington Research Center, 1 FTE position for the North Central Research Center, and 7 FTE support staff positions (one for each branch research center).

One-Time Funding

In Section 15 of House Bill No. 1020, the Legislative Assembly identified \$700,000 from the general fund for the North Central Research Center laboratory and greenhouse project (\$400,000) and North Central Research Center equipment storage and maintenance shop facility (\$300,000) as one-time funding items. This amount is not to be considered part of the branch research center's budget for preparing the 2009-11 executive budget and the branch research center is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 4 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 (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2007-09 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2007-09 biennium.

State motor pool requirements - Section 8 amends North Dakota Century Code Section 24-02-03.3 to exempt certain vehicles used in farming operations at the Agronomy Seed Farm and branch research centers from state motor pool requirements.

Carryover authority - Section 9 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2007-09 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2007-09 biennium.

Operating pool - Section 11 provides that the operating pool of \$750,000 from the permanent oil tax trust fund appropriated to the Main Research Center be used for operating costs at the Dickinson Research Center and be limited to the amount oil revenues are less than budgeted for the biennium.

Livestock facilities - Section 12 provides that the Agricultural Experiment Station consider options to ensure that the use of the livestock facilities at Dickinson, Hettinger, Carrington, and Streeter are being maximized.

National Cattlemen's Beef Association funding - Section 13 directs the Agricultural Experiment Station to provide a report to the 61st Legislative Assembly regarding the funding received during the 2007-09 biennium from the National Cattlemen's Beef Association.

Capital Construction

North Central Research Center laboratory and greenhouse project - The 2005 Legislative Assembly authorized \$1,690,000, of which \$440,000 was from bond proceeds and \$1,250,000 was from gifts, grants, and donations, for the North Central Research Center laboratory and greenhouse project. The 2007 Legislative Assembly appropriated an additional \$400,000 from the general fund to complete the laboratory and greenhouse project.

North Central Research Center storage and maintenance shop facility - The 2007 Legislative Assembly appropriated \$300,000 from the general fund for an equipment storage and maintenance shop facility at the North Central Research Center.

Dickinson Research Center waste management facility and landscaping projects - The 2007 Legislative Assembly authorized \$701,000 of special funds spending authority for the Dickinson Research Center to construct a waste management facility as mandated by State Department of Health requirements (\$351,000) and for a parking lot and landscaping project at the headquarters facility (\$350,000).

Carrington, Hettinger, and North Central Research Center headquarters office additions - The 2007-09 biennium executive recommendation for the Main Research Center included an appropriation of \$1,107,750 from the general fund for a Carrington Research Center headquarters office building addition (\$465,000), Hettinger Research Center headquarters office building addition (\$222,750), and North Central Research Center office and technology transfer building addition (\$420,000). The 2007 Legislative Assembly reduced the total appropriation for these projects by \$200,000, from \$1,107,750 to \$907,750.

Workforce Safety and Insurance
Budget No. 485
Senate Bill No. 2021, House Bill No. 1014

	FTE Positions	General Fund	Other Funds	Total
2007-09 executive budget (bills as introduced)	223.14	\$0	\$50,020,989	\$50,020,989
2007-09 legislative appropriations	237.14		53,241,155	53,241,155
Legislative increase (decrease) to executive budget	14.00	\$0	\$3,220,166	\$3,220,166
Legislative increase (decrease) to 2005-07 appropriations	14.00	\$0	\$19,718,154	\$19,718,154

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

Salaries and Wages

Section 4 of Senate Bill No. 2021 provides that the general salary and fringe benefits guidelines as contained in Senate Bill No. 2189 do not apply to Workforce Safety and Insurance. Workforce Safety and Insurance may provide salary increases based on the agency's merit and performance system for the 2007-09 biennium.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget relating to retiree health credit contributions			(\$32,577)	(\$32,577)
Provided funding for 14 new FTE positions	14.00		1,821,456	1,821,456
Provided funding for pay for performance increases			1,176,690	1,176,690
Provided funding for additional operating expenses			254,597	254,597
Total	<u>14.00</u>	<u>\$0</u>	<u>\$3,220,166</u>	<u>\$3,220,166</u>

FTE Changes

The 2007-09 biennium appropriation includes funding for 237.14 FTE positions, an increase of 14 FTE positions from the 2005-07 biennium authorized level and 2007-09 executive recommendation of 223.14 FTE positions. The Legislative Assembly added 1 FTE information services position, 1 FTE school monitoring specialist position, 1 FTE underwriter position, 4 FTE loss prevention representative positions, 2 FTE loss control representative positions, and 5 FTE claims adjuster positions.

Other Sections in Senate Bill No. 2021

Performance audit recommendations - Section 5 provides that Workforce Safety and Insurance report quarterly to the Budget Section during the 2007-08 interim on the agency's status of implementing the performance audit recommendations of the State Auditor.

Occupational health and preventive medicine programs - Section 6 provides that Workforce Safety and Insurance may establish and implement programs to advance occupational health and preventive medicine in North Dakota and protect the integrity of the Workforce Safety and Insurance fund. The programs may include the provision of education or training, consultation, grants, scholarships, or other incentives that promote superior care and treatment of the workforce in the state.

Related Legislation

Workers' Compensation Review Committee - House Bill No. 1156 continues the Legislative Council Workers' Compensation Review Committee. The committee is to review workers' compensation claims that are brought forward by injured workers for the purpose of determining whether changes should be made to the laws relating to workers' compensation.

Workforce Safety and Insurance Board of Directors - House Bill No. 1460 provides changes relating to the appointment of members to the Workforce Safety and Insurance Board of Directors.

Spending authority - House Bill No. 1460 provides that Workforce Safety and Insurance may not expend funds for the purpose of providing workers' compensation education or training for public officials other than the director and members of the board of directors, or for providing awards, other than service awards or other awards or incentives allowed under law and applicable to executive branch agencies.

Workforce Safety and Insurance governance structure study - House Bill No. 1460 provides that the Legislative Council consider studying, during the 2007-08 interim, the Workforce Safety and Insurance governance structure changes enacted by the 2007 Legislative Assembly.

CAPITAL CONSTRUCTION - OVERVIEW

CAPITAL PROJECTS

The Legislative Assembly provided funding of \$926,506,166, an increase of \$22,160,724 from the executive recommendation of \$904,345,442, for the following capital projects:

- \$289,316,050 for major capital projects.
- \$40,436,688 for extraordinary repairs.
- \$572,685,487 for other projects (including \$5,407,075 for ConnectND bond payments; \$2,028,286 for Department of Transportation GARVEE bond payments and \$510,036,190 in other capital payments for the Department of Transportation; and \$13,992,714 in water project-related bond payments and \$39,491,222 in other capital payments for the State Water Commission).
- \$22,558,741 for State Building Authority bond payments.
- \$1,509,200 for energy conservation projects.

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:

	2007-09 Executive Recommendation		2007-09 Legislative Appropriation	
	General Fund	Special Funds	General Fund	Special Funds
Major capital projects	\$85,519,065	\$181,776,227	\$82,452,998	\$206,863,052
Extraordinary repairs	29,722,017	10,574,705	28,821,983	11,614,705
Bond payments	20,120,218	2,438,523	20,120,218	2,438,523
Energy conservation projects		1,509,200		1,509,200
Other projects	810,000	571,875,487	810,000	571,875,487
Total	\$136,171,300	\$768,174,142	\$132,205,199	\$794,300,967

In addition to the \$60 million of bonding authority authorized in North Dakota Century Code Section 61-02.1-02.1, the Legislative Assembly, in Senate Bill No. 2345, authorized the State Water Commission to issue up to \$40 million in bonds for the Red River Valley Water Supply Project. The repayment provisions of the additional \$40 million bond issuance must be the same as the \$60 million bond issuance as provided in Section 61-02.1-02.1.

LEASE PAYMENTS

The Legislative Assembly provided 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, Job Service North Dakota, Veterans Home, Office of Management and Budget, Attorney General, State Historical Society, Parks and Recreation Department, and Research and Extension Service for 2007-09 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. This maximum for the 2007-09 biennium is estimated to be \$22,893,398 based on the February 2007 revenue forecast for sales, use, and motor vehicle excise tax collections. The estimated general fund lease payments for the 2007-09 biennium are \$20,072,543, which is \$2,820,855 less than the legal limit of debt service.

The Legislative Assembly did not provide for any capital projects funded through bonded indebtedness that affect the bonding limit.

Please see the schedule on **CAPITAL CONSTRUCTION SCHEDULE OF LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES** for additional information.

MAJOR NEW CAPITAL CONSTRUCTION FOR THE 2007-09 BIENNIUM

Bill No.	Agency or Institution	Project	2007-09 Executive Budget Recommendations			2007-09 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
SB 2341	Office of Management and Budget (110)	Heritage Center expansion					\$1,500,000	
SB 2003	Attorney General's office (125)	Crime Laboratory building	\$1,242,840			\$1,442,840		
HB 1003	Bismarck State College (227)	Schafer Hall renovation first floor	515,195	\$27,805		488,700	54,300	
		Student housing					5,679,750	
HB 1003	Lake Region State College (228)	Wind energy project		3,007,600			3,007,600	
HB 1003	Williston State College (229)	Creighton building addition		1,400,000			1,400,000	
		Service rig facility					700,000	
HB 1003	University of North Dakota (230)	Allied Health facility		20,400,000			20,400,000	
		American Indian Center		10,000,000			10,000,000	
		EERC Commercialization Center		5,000,000			5,000,000	
		Earth systems science building		5,000,000			5,000,000	
		Indoor track facility		15,000,000			15,000,000	
		Memorial Union front (north) entrance		4,500,000			4,500,000	
		O'Kelly Hall - Ireland Laboratory	2,200,000			1,980,000	220,000	
		SMHS laboratory and administration renovations		9,800,000			9,800,000	
		SMHS Bismarck FPC graduate center		4,500,000			4,000,000	
		Wilkerson dining center (revenue bonds)			\$4,000,000			\$4,000,000
HB 1003	North Dakota State University (235)	Dakota Coteau Field Research School		4,000,000			4,000,000	
		Ellig Softball Complex		4,500,000			4,500,000	
		Living Learning Residence Hall West/Ceres Hall (revenue bonds)			12,000,000			12,000,000
		Minard Hall renovation - Phases 1 and 2	5,000,000			4,500,000	500,000	
		Bison Sports Arena renovation					25,500,000	
HB 1003	State College of Science (238)	Football stadium and track renovation		1,700,000			1,700,000	
		Parking lot (revenue bonds)						714,000
		Robertson Hall renovation (revenue bonds)			6,000,000			6,000,000
		Steamline distribution replacement	1,670,420				1,670,420	
HB 1003	Dickinson State University (239)	Whitney Stadium renovation and addition		8,000,000			8,000,000	
HB 1003	Mayville State University (240)	Northwest Hall rehabilitation		900,000			900,000	
HB 1003	Minot State University (241)	Dakota Hall elevator		340,000			340,000	
		Dome - Athletic floor replacement		336,400		387,000		
		Pioneer Hall elevator		363,000			363,000	
		Swain Hall renovation and addition	2,500,000	4,536,150		6,332,535	703,615	
HB 1003	Valley City State University (242)	Steamline replacement	2,200,000				2,200,000	
HB 1003	Minot State University - Bottineau (243)	Steamline replacement	239,095	12,905			252,000	
HB 1003	North Dakota Forest Service (244)	Storage buildings and outdoor restroom facilities	120,000			120,000		
SB 2012	Department of Human Services (325)	Developmental Center infrastructure improvements	947,092	51,108		300,000	51,108	
		State Hospital infrastructure improvements	3,362,757			3,062,757		
		State Hospital sex offender unit addition	3,100,000			3,100,000		
HB 1014	Bank of North Dakota (471)	Landscaping for new facility		100,000			100,000	
HB 1015	Department of Corrections and Rehabilitation (530)	State prison expansion	42,000,000			41,000,000		
		Youth Correctional Center security lighting and video surveillance	170,000			100,000		
SB 2016	Adjutant General (540)	Estimated federal construction		15,000,000			15,000,000	
		Total Army School system		26,300,000			26,300,000	
HB 1020	Upper Great Plains Transportation Institute (627)	Center for Transportation study		5,500,000		5,500,000		

Bill No.	Agency or Institution	Project	2007-09 Executive Budget Recommendations			2007-09 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
HB 1020	Branch research centers (628)	Agronomy lab and greenhouse - North Central	400,000			400,000		
		Headquarters facility parking lot and landscaping - Dickinson		350,000			350,000	
		Waste management facility - Dickinson		351,000			351,000	
		Storage and maintenance shop - North Central				300,000		
HB 1020	NDSU Main Research Center (640)	Headquarters office building addition and renovations	1,107,750			907,750		
		Research greenhouse complex	9,000,000			7,000,000		
		Beef research facility					1,000,000	
HB 1009	State Fair (665)	Grandstand	5,000,000	5,000,000				
SB 2018	State Historical Society (701)	Fort Abercrombie Interpretive Center	700,000	200,000		700,000	200,000	
		Heritage Center expansion					1,500,000	
		Cold war missile site restoration					700,000	
SB 2017	Game and Fish Department (720)	Land acquisition		100,000		100,000		
SB 2019	Parks and Recreation Department (750)	Devils Lake State Park ramp widening		150,000			150,000	
		Fort Abraham Lincoln State Park conservation easement	55,000	220,000		55,000	220,000	
		Fort Stevenson State Park boat ramp		109,760			109,760	
		Fort Stevenson State Park campground - Phase 2	320,000			320,000		
		Federal funding match for construction projects		250,000			250,000	
		Lake Sakakawea State Park campground rewire - Phase 2	255,000			255,000		
		Other funds authority for capital projects		100,000			100,000	
		Peace Garden infrastructure upgrade	933,000			933,000		
		Peace Garden Interpretive Center/gardens	1,500,000			1,500,000		
		Pembina Gorge trailhead and trails	160,500			160,500		
		State park road repairs	407,916	283,999		407,916	283,999	
		Turtle River State Park campground water/rewire	200,000			200,000		
		Turtle River State Park Trail River crossing	62,500	62,500		62,500	62,500	
		Turtle River State Park administration building completion	150,000			150,000		
		Expansion of Heritage Center at Icelandic State Park				362,500	112,000	
Replace maintenance shop				125,000	108,000			
International Music Camp				200,000	200,000			
HB 1012	Department of Transportation (801)	Land and buildings		1,610,000			1,610,000	
Total			\$85,519,065 ¹	\$159,062,227 ¹	\$22,714,000 ¹	\$82,452,998 ²	\$184,149,052 ²	\$22,714,000 ²

¹ The executive budget recommendation also includes \$596,753,428 for other projects consisting of:
\$510,036,190 for contractor payments in the Department of Transportation (all from other funds).
\$2,028,286 for Department of Transportation bond payments (all from other funds).
\$39,491,222 for water projects (all from other funds).
\$13,992,714 for State Water Commission bond payments (all from other funds).
\$22,558,741 for bond payments (\$20,120,218 from the general fund, \$2,438,523 from other funds).
\$5,407,075 for ConnectND bond payments from Information Technology Department charges to agencies.
\$1,730,000 for other projects and payments (\$810,000 from the general fund, \$920,000 from other funds).
\$1,509,200 for energy conservation projects at the University of North Dakota and the Department of Corrections and Rehabilitation

² In addition, the legislative appropriations include \$596,753,428 for other projects consisting of:
\$510,036,190 for contractor payments in the Department of Transportation (all from other funds).
\$2,028,286 for Department of Transportation bond payments (all from other funds).
\$39,491,222 for water projects (all from other funds).
\$13,992,714 for State Water Commission bond payments (all from other funds).
\$22,558,741 for bond payments (\$20,120,218 from the general fund, \$2,438,523 from other funds).
\$5,407,075 for ConnectND bond payments from Information Technology Department charges to agencies.
\$1,730,000 for other projects and payments (\$810,000 from the general fund, \$920,000 from other funds).
\$1,509,200 for energy conservation projects at the University of North Dakota and the Department of Corrections and Rehabilitation.

EXTRAORDINARY REPAIRS FOR THE 2007-09 BIENNIUM

Agency or Institution	2007-09 Executive Budget Recommendations			2007-09 Legislative Appropriations		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Office of Management and Budget (110)						
Deferred maintenance - Capitol complex	\$2,000,000		\$2,000,000	\$2,000,000		\$2,000,000
Heritage Center - Replacement of heat pump and carpet and remodeling	1,000,000		1,000,000	1,000,000		1,000,000
Capitol building repairs and maintenance	560,000	\$675,000	1,235,000	560,000	\$675,000	1,235,000
Emergency power to Governor's residence	35,000		35,000	35,000		35,000
Restoration study		75,000	75,000		75,000	75,000
Total - Office of Management and Budget	\$3,595,000	\$750,000	\$4,345,000	\$3,595,000	\$750,000	\$4,345,000
Information Technology Department (112)						
Division of Independent Study - Thordarson Hall		\$60,000	\$60,000		\$60,000	\$60,000
North Dakota University System (215)						
Deferred maintenance and the development of a master plan for Mayville State University	\$1,000,000		\$1,000,000	\$750,000		\$750,000
Bismarck State College (227)						
Electrical maintenance of vocational technical building	\$57,200		\$57,200	\$57,200		\$57,200
Special assessments	65,000		65,000	65,000		65,000
Armory bleachers	135,200		135,200	135,200		135,200
Armory and library maintenance	145,000		145,000	145,000		145,000
Library floor and ceiling repairs	70,792		70,792	70,792		70,792
Total - Bismarck State College	\$473,192		\$473,192	\$473,192		\$473,192
Lake Region State College (228)						
Roof replacement	\$56,415		\$56,415	\$56,415		\$56,415
Window replacement	30,000		30,000	30,000		30,000
Floor replacement	11,280		11,280	11,280		11,280
Roof replacement	27,909		27,909	27,909		27,909
Total - Lake Region State College	\$125,604		\$125,604	\$125,604		\$125,604
Williston State College (229)						
Science lab ventilation system	\$50,000		\$50,000	\$50,000		\$50,000
Parking lot repair	63,591		63,591	63,591		63,591
Tennis court repair and replacement	35,000		35,000	35,000		35,000
Heating and air-conditioning upgrades and repairs	8,607		8,607	8,607		8,607
Total - Williston State College	\$157,198		\$157,198	\$157,198		\$157,198
University of North Dakota (230)						
Deferred maintenance	\$2,060,282		\$2,060,282	\$2,060,282		\$2,060,282
Electrical distribution	433,048		433,048	433,048		433,048
Mechanical system retrofit	425,000		425,000	425,000		425,000
Roof replacement	350,000		350,000	350,000		350,000
Sidewalks/roads	300,000		300,000	300,000		300,000
Various projects	2,360,545		2,360,545	2,360,545		2,360,545
Total - University of North Dakota	\$5,928,875		\$5,928,875	\$5,928,875		\$5,928,875

Agency or Institution	2007-09 Executive Budget Recommendations			2007-09 Legislative Appropriations		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
North Dakota State University (235)						
Deferred maintenance	\$1,529,194		\$1,529,194	\$1,529,194		\$1,529,194
Mechanical and electrical upgrade	475,000		475,000	475,000		475,000
Roofs	475,000		475,000	475,000		475,000
Window projects	500,000		500,000	500,000		500,000
Various projects	1,229,967		1,229,967	1,229,967		1,229,967
Total - North Dakota State University	\$4,209,161		\$4,209,161	\$4,209,161		\$4,209,161
North Dakota State College of Science (238)						
Special assessments	\$60,500		\$60,500	\$60,500		\$60,500
Heating plant coal and gas boiler repair	44,000		44,000	44,000		44,000
Bisek Hall - Maintenance	70,587		70,587	70,587		70,587
Mechanical systems roof replacement	87,863		87,863	87,863		87,863
Old Main - ADA compliance, remodel basement restroom	25,805		25,805	25,805		25,805
Student Union chiller system repairs	22,000		22,000	22,000		22,000
Haverty Hall chiller cooling coils	234,300		234,300	234,300		234,300
TT2 exhaust system	175,724		175,724	175,724		175,724
Mechanical systems plumbing classroom remodel	137,500		137,500	137,500		137,500
Blikre Activities Center replace pool piping and filtration system and exterior fire doors	170,933		170,933	170,933		170,933
Schuett Hall recreational engines lab relocation	94,207		94,207	94,207		94,207
Ballweber Hall fire alarm upgrade	63,900		63,900	63,900		63,900
Patterson maintenance control replace heating piping	39,376		39,376	39,376		39,376
Mildred Johnson Library replace heating piping	159,750		159,750	159,750		159,750
Total - North Dakota State University	\$1,386,445		\$1,386,445	\$1,386,445		\$1,386,445
Dickinson State University (239)						
Tuck-pointing, caulking, and residing	\$233,934		\$233,934	\$233,934		\$233,934
HVAC and electrical service upgrades	221,909		221,909	221,909		221,909
Wienbergen Hall floor resurfacing	80,000		80,000	80,000		80,000
Fuel tank installation	30,000		30,000	30,000		30,000
Campus network upgrades	120,000		120,000	120,000		120,000
Stickney Hall upgrades	332,920		332,920	332,920		332,920
Total - Dickinson State University	\$1,018,763		\$1,018,763	\$1,018,763		\$1,018,763
Mayville State University (240)						
Special assessments	\$98,000		\$98,000	\$241,033		\$241,033
Powerhouse tuck-point and rewindow	62,800		62,800	62,800		62,800
Classroom building ADA upgrades	60,100		60,100	60,100		60,100
Main building theater emergency lights	18,100		18,100	18,100		18,100
Campus curbcuts and signage	56,900		56,900	56,900		56,900
Old gym fire alarms	22,300		22,300	22,300		22,300
Campus lighting and surfacing	72,438		72,438	72,438		72,438
Main building enclose stairs and fire alarms	297,200		297,200	297,200		297,200
Library classroom and science fire alarms	101,400		101,400	101,400		101,400
Science building basement exit and vent	41,700		41,700	41,700		41,700
Science building - Greenhouse rewindow	82,300		82,300	82,300		82,300
Building steam meters	33,692		33,692	33,692		33,692
Total - Mayville State University	\$946,930		\$946,930	\$1,089,963		\$1,089,963

Agency or Institution	2007-09 Executive Budget Recommendations			2007-09 Legislative Appropriations		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Minot State University (241)						
Six underground fuel storage tanks	\$208,725		\$208,725	\$208,725		\$208,725
Window replacement	447,700		447,700	447,700		447,700
Reroof the administration building	64,130		64,130	64,130		64,130
Replace HVAC system in administration building	216,590		216,590	216,590		216,590
Upgrade fire alarms	131,164		131,164	131,164		131,164
Door signage and hardware	201,795		201,795	201,795		201,795
Campus networking	156,695		156,695	156,695		156,695
ADA compliance remodels	25,945		25,945	25,945		25,945
Total - Minot State University	\$1,452,744		\$1,452,744	\$1,452,744		\$1,452,744
Valley City State University (242)						
Special assessments	\$40,000		\$40,000	\$40,000		\$40,000
Emergency electrical service	46,800		46,800	46,800		46,800
Sidewalk and street repair	60,000		60,000	60,000		60,000
Steam valve replacement	86,528		86,528	86,528		86,528
Tuck-pointing	120,000		120,000	120,000		120,000
Classroom and office renovation	85,334		85,334	85,334		85,334
Pool filtration system	88,400		88,400	88,400		88,400
Paint smoke stack	62,400		62,400	62,400		62,400
Steam valve replacement	44,304		44,304	44,304		44,304
Sidewalk and street repair	50,760		50,760	50,760		50,760
Classroom and office renovation	111,709		111,709	111,709		111,709
Total - Valley City State University	\$796,235		\$796,235	\$796,235		\$796,235
Minot State University - Bottineau (243)						
Miscellaneous repair projects	\$40,000		\$40,000	\$40,000		\$40,000
Boiler plant repairs	20,000		20,000	20,000		20,000
Paving projects	19,725		19,725	19,725		19,725
Thatcher Hall floor coverings	30,000		30,000	30,000		30,000
Greenhouse repairs	21,934		21,934	21,934		21,934
Additional greenhouse repairs	22,791		22,791	22,791		22,791
Central heating plant air handling	4,252		4,252	4,252		4,252
Total - Minot State University - Bottineau	\$158,702		\$158,702	\$158,702		\$158,702
Forest Service (244)						
State forest recreation areas repairs	\$25,500		\$25,500	\$25,500		\$25,500
Field office repairs	21,972		21,972	21,972		21,972
Towner Nursery greenhouse improvements	6,000		6,000	6,000		6,000
State forest recreation areas improvements	6,732		6,732	6,732		6,732
Total - Forest Service	\$60,204		\$60,204	\$60,204		\$60,204
School for the Deaf (252)						
Roof repair	\$40,000		\$40,000	\$40,000		\$40,000
Roads and parking lot repair	10,000		10,000	10,000		10,000
Other deferred maintenance issues	100,000		100,000	100,000		100,000
Total - School for the Deaf	\$150,000		\$150,000	\$150,000		\$150,000

Agency or Institution	2007-09 Executive Budget Recommendations			2007-09 Legislative Appropriations		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
North Dakota Vision Services - School for the Blind (253)						
Carpet replacement for the west wing of the building	\$34,000	\$10,000	\$44,000	\$34,000	\$10,000	\$44,000
Window replacement for the south wing of the building	49,600		49,600	49,600		49,600
Sidewalk repairs		6,000	6,000		6,000	6,000
Ceiling tile replacements for gymnasium	6,000		6,000	6,000		6,000
Driveway extension	30,000		30,000	30,000		30,000
Total - North Dakota Vision Services - School for the Blind	\$119,600	\$16,000	\$135,600	\$119,600	\$16,000	\$135,600
State Department of Health (301)						
Repairs for laboratory building		\$228,841	\$228,841		\$228,841	\$228,841
Veterans Home (313)						
Lift station pumps		\$8,000	\$8,000		\$8,000	\$8,000
Replacement tile and carpeting		23,200	23,200		23,200	23,200
Total - Veterans Home		\$31,200	\$31,200		\$31,200	\$31,200
Department of Human Services (325)						
State Hospital	\$1,153,500		\$1,153,500	\$1,153,500		\$1,153,500
State Hospital and the Developmental Center deferred maintenance	780,000		780,000	727,092		727,092
Total - Department of Human Services	\$1,933,500		\$1,933,500	\$1,880,592		\$1,880,592
Industrial Commission (405)						
Replace roof and update interior on core and sample library	\$230,000		\$230,000	\$230,000		\$230,000
Aeronautics Commission (412)						
Reconstruction of runway at the International Peace Garden		\$734,000	\$734,000		\$734,000	\$734,000
Department of Corrections and Rehabilitation (530)						
State Penitentiary standby generator overhaul	\$300,000		\$300,000	\$300,000		\$300,000
State Penitentiary ADA compliance, ramp, elevator	385,000		385,000			
State Penitentiary network and surveillance upgrade	80,000		80,000	80,000		80,000
State Penitentiary water service replacement	78,000		78,000	78,000		78,000
State Penitentiary perimeter security surveillance	80,000		80,000	80,000		80,000
State Penitentiary other repairs and maintenance	173,850		173,850	133,850		133,850
Roughrider Industries roof replacement	45,000		45,000	45,000		45,000
James River Correctional Center kitchen and administration building roofs	85,000		85,000	85,000		85,000
James River Correctional Center fire suppression - Administration building, kitchen, and laundry	75,000		75,000	75,000		75,000
James River Correctional Center other repairs and maintenance	436,075		436,075	436,075		436,075
Missouri River Correctional Center repairs and maintenance	42,200		42,200	27,000		27,000
Youth Correctional Center roof replacements	329,689		329,689	202,230		202,230
Youth Correctional Center repairs, maintenance, and upgrades	183,266		183,266	183,266		183,266
Total - Department of Corrections and Rehabilitation	\$2,293,080		\$2,293,080	\$1,725,421		\$1,725,421
Adjutant General (540)						
Maintenance and repair at state-supported facilities	\$625,000		\$625,000	\$625,000		\$625,000
Extraordinary repairs (federally funded)		\$4,000,000	4,000,000		\$4,000,000	4,000,000
Total - Adjutant General	\$625,000	\$4,000,000	\$4,625,000	\$625,000	\$4,000,000	\$4,625,000

Agency or Institution	2007-09 Executive Budget Recommendations			2007-09 Legislative Appropriations		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
State Seed Department (616)						
Miscellaneous building repairs and maintenance		\$100,000	\$100,000		\$100,000	\$100,000
Northern Crops Institute (638)						
Building remodeling				\$25,000		\$25,000
NDSU Main Research Center (640)						
Deferred maintenance	\$100,000		\$100,000	\$100,000		\$100,000
Landscaping	170,465		170,465	170,465		170,465
Greenhouse repairs	20,000		20,000	20,000		20,000
General repairs and maintenance	550,000		550,000	550,000		550,000
Total - Main Research Center	\$840,465		\$840,465	\$840,465		\$840,465
State Fair Association (665)						
Asphalt overlay				\$265,000		\$265,000
State Historical Society (701)						
Deferred maintenance	\$100,000		\$100,000	\$100,000		\$100,000
Infrastructure/extraordinary repairs	251,319		251,319	151,319		151,319
Fort Totten building repairs	250,000	\$250,000	500,000	250,000	\$250,000	500,000
East storage, Lincoln storage, and airport storage	57,500		57,500	57,500		57,500
Double Ditch Trail	30,000	120,000	150,000	30,000	120,000	150,000
Development and creation of exhibits	220,000		220,000	220,000		220,000
Total - State Historical Society	\$908,819	\$370,000	\$1,278,819	\$808,819	\$370,000	\$1,178,819
Game and Fish Department (720)						
Facility extraordinary repairs		\$441,241	\$441,241		\$441,241	\$441,241
Dickinson office addition		225,000	225,000		225,000	225,000
Wildlife management area improvements (\$150,000 federal funds)		225,000	225,000		225,000	225,000
Ramp improvements and marina development					1,040,000	1,040,000
Fishing area projects (\$500,000 federal funds)		738,000	738,000		738,000	738,000
Total - Game and Fish Department		\$1,629,241	\$1,629,241		\$2,669,241	\$2,669,241
Parks and Recreation Department (750)						
Lewis and Clark State Park boat ramp repairs	\$80,000		\$80,000	\$80,000		\$80,000
Fort Ransom State Park campground upgrade	83,000		83,000	83,000		83,000
Repairs and maintenance at various state parks	1,149,500		1,149,500	787,000		787,000
Total - Parks and Recreation Department	\$1,312,500		\$1,312,500	\$950,000		\$950,000
Department of Transportation (801)						
Miscellaneous district improvements		\$167,000	\$167,000		\$167,000	\$167,000
Asbestos abatement		2,488,423	2,488,423		2,488,423	2,488,423
Total - Department of Transportation		\$2,655,423	\$2,655,423		\$2,655,423	\$2,655,423
Grand total	\$29,722,017	\$10,574,705	\$40,296,722	\$28,821,983	\$11,614,705	\$40,436,688

CAPITAL CONSTRUCTION SCHEDULE OF LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2005	Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009
				2003-05 Actual Payments	2005-07 Actual Payments	2007-09 Estimated Payments			
1985 Legislative Assembly approved: Developmental Center renovations (\$3,900,000) State Penitentiary Phase 2 construction (\$7,500,000) State Hospital renovations (\$3,400,000)	1998 Series B North Dakota Building Authority refunding revenue bonds (4.5% to 5% - 13-year bonds) - Used to refinance 1991 Series A and 1992 Series A - The 1991 Series A issue was used to refund the 1986 Series A (2011)	\$17,275,000	\$11,340,000	\$2,938,111	\$2,756,510	\$2,076,403	\$6,880,000	\$4,595,000	\$2,695,000
1991 Legislative Assembly approved: Department of Human Services - Southeast Human Service Center (\$2,475,000)									
1989 Legislative Assembly approved: 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)	2003 Series A North Dakota Building Authority refunding revenue bonds (2.35% to 4.07% - 7-year bonds) - Used to refund 1993 Series A refunding revenue bonds which were used to refinance 1990 Series A, B, and C (2010)	28,808,000	15,145,000 ¹	5,435,723	5,396,540	5,970,019	11,305,000	6,865,000	0

State Board of Higher Education selected handicapped access projects (\$1,600,000)										
State Penitentiary Phase 3 construction (\$5,000,000)										
Veterans Home construction and remodeling (\$1,169,000)										
1993 Legislative Assembly approved:										
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) (2014)	13,333,061 ²	10,665,000	2,050,924	1,986,663	2,395,499	9,350,000	7,995,000	6,150,000	
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)										
1995 Legislative Assembly approved:										
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	15,326,769 ³	16,425,000	2,541,755	2,574,437	2,888,382	13,890,000	12,215,000	10,145,000	

University of North Dakota Abbot Hall renovations (\$2,371,769)	Building Authority revenue bonds (3% to 4.5% - 15-year bonds) (2017)									
North Dakota State University emission control renovations on power plant (\$2,145,000)										
Dickinson State University Klinefelter Hall renovations (\$2,750,000)										
1997 Legislative Assembly approved:										
State College of Science - Bute Gym remodeling (\$1,700,000)	2006 Series A North Dakota Building Authority refunding revenue bonds (4.4% to 5.125% - 20-year bonds) - Used to refund 1998 Series A and 2000 Series A (2020)	10,782,500 ^{4,6}	9,750,000	1,997,291	1,935,119	1,991,800	10,460,000	9,750,000	8,430,000	
Minot State University - Moore Hall renovation (\$4,000,000)										
Department of Corrections and Rehabilitation - Youth Correctional Center gymnasium renovation (\$1,400,000)										
1999 Legislative Assembly approved:										
North Dakota State University - Animal facility (\$2,207,500)										
Youth Correctional Center - Pine Cottage (\$1,475,000)										
1997 Legislative Assembly approved:										
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) (2008)	3,000,000 ⁵	3,400,000	778,222	735,031	743,035	1,685,000	1,020,000	0	

1999 Legislative Assembly approved:										
Williston State College - Health and Wellness Center (\$3,000,000)	2006 Series B North Dakota Building Authority revenue refunding bonds (4.15% 16-year bonds) - Used to refund a portion of the 2001 Series A North Dakota Building Authority revenue bonds (2022)	10,850,000 ⁷	9,770,000	1,115,296	1,990,751	2,007,831	12,505,000	11,930,000	10,855,000	
2001 Legislative Assembly approved:										
Minot State University - Old Main renovation (\$7,850,000)	Remaining 2001 Series A North Dakota Building Authority revenue bonds (4.13% to 4.35%) (2010)									
2001 Legislative Assembly approved:										
State Department of Health - Laboratory addition (\$2,700,000)	2002 Series A North Dakota Building Authority revenue bonds (4% to 5.125% - 20-year bonds) (2022)	5,002,000 ⁸	6,035,000	509,158	627,983	991,176	5,920,000	5,480,000	5,250,000	
Job Service North Dakota - Bismarck service delivery office (\$2,302,000)										
2003 Legislative Assembly approved:										
State Department of Health - Morgue and storage annex (\$960,000)	2003 Series B North Dakota Building Authority revenue bonds (4.09% 20-year bonds) (2023)	11,645,237 ⁹	13,080,000 ¹⁰	0	1,726,994	1,977,399	13,080,000	12,070,000	10,930,000	
Department of Corrections and Rehabilitation - Food service/laundry renovations - Phase 2 (JRCC) (\$2,662,890)										
Dickinson State University Murphy Hall - Phase 1 addition (\$5,882,047)										

Mayville State University - Steamline replacement - Phase 2 (\$1,355,000)									
Valley City State University - Graichen Gymnasium elevator and emergency exits (\$785,300)									
2005 Legislative Assembly approved:									
Office of Management and Budget - Fire suppression system (\$3,155,000)	2005 Series A North Dakota Building Authority revenue bonds (4.50% 20-year bonds) (2025)	28,848,248	37,955,000 ¹¹	0	0	1,449,307	37,955,000	37,955,000	37,955,000
Attorney General's office - Crime Laboratory addition and renovation (\$3,632,691)									
North Dakota State University - Hazardous material handling and storage facility (\$3,500,000)									
North Dakota State College of Science - Electrical distribution (\$736,000)									
Dickinson State College - Murphy Hall (\$4,100,557)									
Minot State University - Bottineau - Thatcher Hall addition (\$2,500,000)									
Department of Corrections and Rehabilitation - James River Correctional Center ET building improvements (\$980,000)									

James River Correctional Center - Programs building code improvements (\$584,000)									
North Central Research Center - Agronomy laboratory and greenhouse (\$440,000)									
Central Grasslands Research Extension Center - Office addition (\$270,000)									
Main Research Center - Greenhouse complex (\$2,000,000)									
State Historical Society - Chateau de Mores Interpretive Center (\$1,100,000)									
State Historical Society and Heritage Center - Research collections expansion (\$5,500,000)									
Parks and Recreation Department - Turtle River State Park administrative office (\$350,000)									
Total		\$144,870,815	\$133,565,000	\$17,366,480	\$19,730,028	\$22,490,851	\$123,030,000	\$109,875,000	\$92,410,000
Breakdown of payments									
General fund				\$15,071,188 ¹²	\$17,492,816 ¹²	\$20,072,543			
Agency contributions				2,295,292	2,237,212	2,418,308			
Total				\$17,366,480	\$19,730,028	\$22,490,851			

¹House 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 2005-07 Biennium	Remaining Contributions
North Dakota State University	Computer technology transfer center	\$1,343,000	\$1,287,625	\$55,375 (Biennial contributions are \$55,375)
State College of Science	Agricultural mechanics technology facility	300,000	268,750	31,250 (Biennial contributions are \$31,250)
University of North Dakota	Abbott Hall addition	825,000	796,875	28,125 (Biennial contributions are \$28,125)
Minot State University	Library facility	1,932,000	1,734,250	197,750 (Biennial contributions are \$197,750)
Total		\$4,400,000	\$4,087,500	\$312,500

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 3 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.

²House 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 entity is:

Institution/Agency	Type of Facility	Total Contributions	Contributions Made Through the 2003-05 Biennium	Remaining Contributions
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 \$4.8 million 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.

³Senate 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:

Institution/Agency	Type of Facility	Total Contributions	Contributions Made Through the 2003-05 Biennium	Remaining Contributions
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 (Biennial contributions were \$353,334)

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.

⁴Senate 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).

⁵In 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.

⁶House 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.

⁷House 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 was available prior to construction, the State Building Authority only bonded for \$3 million of the \$4.5 million project. Williston State College will have paid \$900,000 by the end of the 2005-07 biennium, with \$600,000 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. Minot State University will have paid \$1,047,250 by the end of the 2005-07 biennium with \$1,251,750 remaining.

⁸Senate 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 spend 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.

⁹House 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 that amount, \$614,865 for the State Department of Health was paid for with 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 was 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, which is included in the agency contribution total for the 2005-07 biennium.

¹⁰The 2005-07 biennium payment on this bond issue is \$1,741,306. This bond issuance included funding for the 2003-05 biennium state facility energy improvement program capital project that was recommended to be funded with bond proceeds for the Department of Corrections and Rehabilitation in the amount of \$105,326. 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 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. In September 2003 the Industrial Commission issued 2003 Series C bonds totaling \$20 million at an interest rate of 3.86 percent for a period of 10 years with annual debt service of approximately \$2.7 million.

This bond issuance 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. The State Building Authority did not issue bonds for these projects because the State Historical Society did not have adequate funding for the debt service.

¹¹Senate Bill No. 2023 (2005) included a section stating that \$300,000 must be available from non-general fund sources to assist in the retirement of the debt incurred to finance the project costs associated with the construction of the State Historical Society projects. The State Historical Society's \$33,333 biennial payments (nine payments) begin with the 2007-09 biennium.

This bond issuance also included funding for the 2005-07 biennium state facility energy improvement capital projects in the amount of \$2,331,554. Bonds sold to finance the projects under this program do not factor in the general fund lease payment limitation and will be repaid with resulting energy cost-savings. The debt service and principal balance for these energy conservation projects are not included in this schedule.

¹²North 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 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 fund portion of the bond payments for the 2005-07 through the 2013-15 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 August 2006 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
2005-07	\$19,730,028	\$2,237,212	\$17,492,816	\$19,587,060	\$2,094,244
2007-09	\$22,490,851*	\$2,418,308	\$20,072,543	\$22,893,398	\$2,820,855
2009-11	\$20,166,681*	\$1,864,985	\$18,301,696	\$23,809,134	\$5,526,018
2011-13	\$18,598,669*	\$1,561,471	\$17,037,198	\$24,761,499	\$7,742,905
2013-15	\$17,303,579*	\$989,546	\$16,314,033	\$25,751,959	\$9,456,492

*The future biennium bond payments do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. The 1998 Series C and 2003A bond issuances will be paid off during the 2007-09 biennium, and the 1998 Series B bond issuance will be paid off during the 2009-11 biennium.

STATE EMPLOYEES - OVERVIEW

SALARY INCREASE

The Legislative Assembly provided funding in each agency's appropriation bill and included provisions in Senate Bill No. 2189 for state employee salary increases equal to an average of 4 percent of salaries effective July 1, 2007, and 4 percent effective July 1, 2008. The minimum increase for each year is \$75 per month. Salary increases must be based on merit and equity and are not to be given across the board. Employees whose documented performance levels do not meet standards are not eligible for any salary increase. The Legislative Assembly did not change the executive recommendation for salary increases.

SPECIAL MARKET EQUITY ADJUSTMENTS

The 2007 Legislative Assembly provided a \$10 million statewide compensation plan appropriation in Senate Bill No. 2189 to be used for market equity compensation adjustments for **classified state employees**. Of the \$10 million, \$5 million is from the general fund and \$5 million from special funds.

HIGHER EDUCATION

The Legislative Assembly authorized, in Section 13 of House Bill No. 1003, the State Board of Higher Education to adjust full-time equivalent (FTE) 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 the submission of the 2009-11 budget request.

The Legislative Assembly does not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the total funding recommended for the University System. The 2007-09 legislative appropriation for the North Dakota University System included funding for parity to provide for inflationary costs, including the general fund share of a 5 percent per year salary increase and health insurance increases.

The Legislative Assembly appropriated funding to the Upper Great Plains Transportation Institute and the agricultural research and extension agencies to provide their employees an additional 1 percent salary increase each year of the biennium. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

ELECTED AND APPOINTED OFFICIALS

The Legislative Assembly provided funding for elected and appointed officials' salary increases equal to 4 percent of salaries effective July 1, 2007, and 4 percent effective July 1, 2008. Specific language regarding the salary

increases is included in Senate Bill No. 2189 and the statutory changes necessary are included in the respective elected officials' appropriation bills.

JUDICIAL BRANCH

The Legislative Assembly approved a \$2,000 plus a 4 percent salary increase effective July 1, 2007, and a 4 percent salary increase effective July 1, 2008, for Supreme Court and district court judges. The judicial branch budget request was to provide judges' salary increases of approximately 6 percent for the first year of the biennium and 7 percent for the second year of the biennium. Salary increases for other employees of the judicial branch are included at the same level as provided for other state employees, or an average of 4 percent of salaries effective July 1, 2007, and 4 percent of salaries effective July 1, 2008, with the \$75 per month minimum. Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule.

HEALTH INSURANCE

The legislative appropriation continues funding for the cost of health insurance premiums for state employees. The appropriation provides \$658.08 per month for employee health insurance (an increase of \$104.14, or 18.8 percent, compared to the 2005-07 premium). At the premium level recommended, the 2007-09 biennium plan requires employees to pay higher copayments and deductibles for services as compared to the 2005-07 biennium plan. 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
2005-07	\$554
2007-09	\$658

RETIREE HEALTH CREDIT

The executive budget recommendation proposed increasing the monthly retiree health credit from \$4.50 per year of credited service to \$5 per year of credited service and to pay for the increase by increasing the retiree health credit employer contribution by .15 percent, from 1 percent to 1.15 percent of payroll, resulting in the total monthly retirement contribution increasing from 9.12 percent to 9.27 percent. The Legislative Assembly **did not approve** this recommendation.

EMPLOYEE ASSISTANCE PROGRAM

The monthly rate for the employee assistance program (EAP) remains at \$1.42 per month.

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes for the 2007-09 biennium:

	General Fund	Special Funds	Total
Salary increase - 4% July 2007 and 4% July 2008 (\$75 per month minimum)	\$23,372,817	\$22,505,911	\$45,878,728
Health insurance premium increase	9,115,817	12,346,031	21,461,848
Equity adjustment - State classified employee salary pool in the Office of Management and Budget	5,000,000	5,000,000	10,000,000
Equity adjustment - Office of Administrative Hearings administrative law judges		120,528	120,528
Equity adjustment - State Auditor's office	115,500		115,500
Equity adjustment - Legislative Council	148,000		148,000
Equity adjustment - Securities Department attorney position	61,831		61,831
Equity adjustment - Attorney General's office	872,079	10,921	883,000
Equity adjustment - Council on the Arts	23,079		23,079
Equity adjustment - Agriculture Commissioner's office	151,000	108,000	259,000
Equity adjustment - Highway Patrol troopers and sergeants	352,500		352,500
Equity and pay grade adjustments - Adjutant General (State Radio employees)	300,000		300,000
Additional salary increase - Upper Great Plains Transportation Institute (see HIGHER EDUCATION section above)	9,955	106,973	116,928
Additional salary increase - Agricultural research and extension agencies (see HIGHER EDUCATION section above)	438,129	391,540	829,669
Base salary adjustment - Governor's office increase of base salary of a policy analyst	22,000		22,000
Equity adjustment - Insurance Department for boiler inspectors, attorneys, chief financial examiner, and directors of examining and licensing divisions		172,236	172,236

	General Fund	Special Funds	Total
Equity adjustment - Retirement and Investment Office		65,301	65,301
Equity adjustment - Public Employees Retirement System		202,760	202,760
Classification adjustments - Department of Financial Institutions		155,696	155,696
Classification adjustments - Department of Corrections and Rehabilitation	748,234		748,234
Total	\$40,730,941	\$41,185,897	\$81,916,838

FULL-TIME EQUIVALENT POSITIONS

The legislative appropriations for the 2007-09 biennium include total funding for 10,942.53 FTE positions, 310.43 FTE positions more than the 2005-07 authorized level and 132.70 FTE positions more than the executive recommendation.

The schedule below lists the number of authorized FTE positions for each biennium since 1991-93:

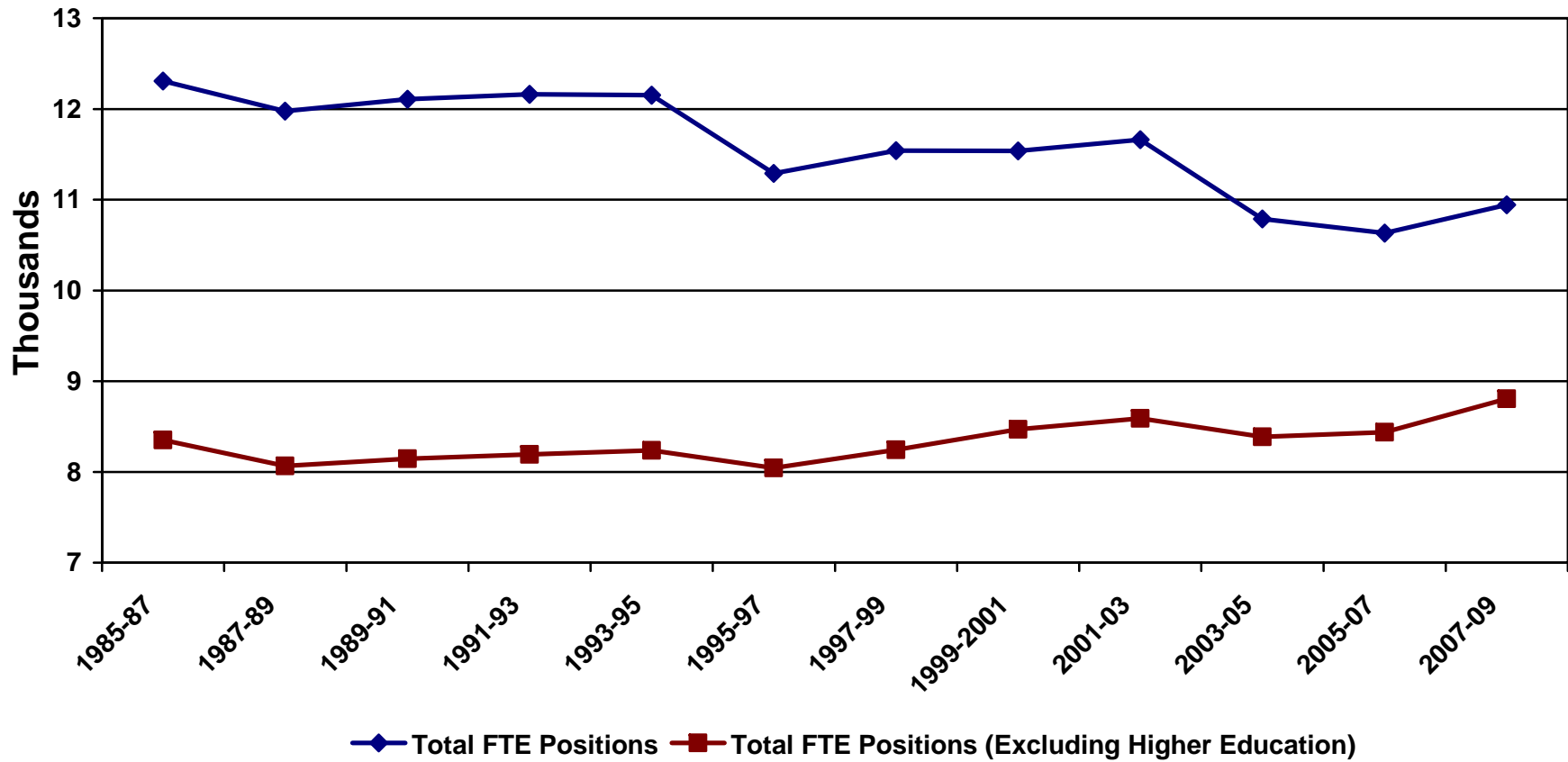
Biennium	FTE	Increase (Decrease) From Previous Biennium	Percentage Increase (Decrease) From Previous Biennium
1991-93	12,159.50	51.48	0.4%
1993-95	12,149.98	(9.52)	(0.1%)
1995-97	11,290.53 ¹	(859.45) ¹	(7.6%)
1997-99	11,541.00	250.47	2.2%
1999-2001	11,536.92	(4.08)	(0.0%)
2001-03	11,661.17	124.25	1.1%
2003-05	10,786.43 ²	(874.74) ²	(7.5%)
2005-07	10,632.10	(154.33)	(1.4%)
2007-09	10,942.53	310.43	2.9%

¹Reflects 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).

²The 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.

NUMBER OF STATE EMPLOYEES - HISTORY

The following is a summary of the number of authorized state full-time equivalent (FTE) employee positions for the 1985-87 through 2007-09 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	1,266.70 ⁷	245.60	2,400.38 ⁸	2,852.80	767.37	995.18 ⁷	878.65	1,379.75	10,786.43 ⁹	8,386.05
2005-07	1,246.00	243.89	2,194.42	2,840.20	763.51	1,056.28	898.80	1,389.00	10,632.10	8,437.68
2007-09	1,325.00	242.69	2,136.59	2,981.15	783.51	1,136.29	930.30	1,407.00	10,942.53	8,805.94

¹Reflects 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.

²Excludes 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.

³The 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 1.2 FTE positions to a 1 FTE position, and those who worked 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.

⁴Job Service North Dakota and its 420.5 FTE positions were switched from **Regulatory** to **Health and Welfare**.

⁵The judicial branch added 129.5 FTE positions with the clerk of court unification.

⁶Reflects elimination of 203.3 FTE positions associated with local funds at the University of North Dakota School of Medicine and Health Sciences.

⁷Reflects an increase of 31 FTE positions in **General Government** and a corresponding reduction in **Public Safety** due to State Radio being consolidated with the Office of Management and Budget.

⁸The 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.

⁹House Bill No. 1505 provided that on November 1, 2003, 24 FTE positions relating to information 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. The project executive committee recommended the transfer of 8.5 FTE positions to the Information Technology Department on November 1, 2003, and the exemption of the remaining 15.5 FTE positions. The 2003-05 FTE positions reflect the transfer of 8.5 FTE positions.

ANALYSIS OF STATE EMPLOYEE SALARY INCREASES

Year	General 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 UND and NDSU; 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	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.	3.4%

Year	General Salary Increase Provided	Annual Inflation*
2001 ¹	3% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity	2.8%
2002 ¹	2% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity	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 pooled savings realized from the eliminated full-time equivalent (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. The judicial branch eliminated 4 vacant FTE positions and provided a 1% salary increase to its employees effective January 1, 2004. The executive branch did not receive a salary increase.	2.3%
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 pooled 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. The executive branch and the judicial branch did not eliminate positions to receive salary increases on January 1, 2005.	2.7%
2005	4%	3.4%
2006	4%	3.2%
2007 ²	4% with a minimum of \$75 per month (salary increases are to be based on merit and equity and are not to be given across the board)	1.9% (projected)
2008 ²	4% with a minimum of \$75 per month (salary increases are to be based on merit and equity and are not to be given across the board)	2.1% (projected)

*Percentage change, consumer price index annual rate, Economy.com

¹In addition, the 2001 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 Human Resource Management Services.

\$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.

²In addition, the 2007 Legislative Assembly provided:

\$10 million, \$5 million of which is from the general fund and \$5 million of special funds for market equity salary adjustments based on market data for classified employees. Employees furthest from market are to receive the largest increase (Senate Bill No. 2189).

The 2007-09 legislative appropriation for the North Dakota University System included funding for parity to provide for inflationary costs, including the general fund share of 5 percent per year salary increases and health insurance increases.

ANALYSIS OF ELECTED OFFICIALS' SALARIES

The Legislative Assembly authorized 2007-09 biennium salary increases of 4 percent effective July 1, 2007, and 4 percent effective July 1, 2008, for elected officials. Judges and justices were provided a \$2,000 increase plus a 4 percent increase effective July 1, 2007, and a 4 percent increase effective July 1, 2008. The statutory changes necessary to adjust elected officials' salaries are included in the appropriation bills for the respective elected officials. The schedules below show for each elected official the salary authorized by the 2005 Legislative Assembly and by the 2007 Legislative Assembly.

State Official	Continuation of Increase Effective July 1, 2002	Statutory Annual Salary Authorized by 2005 Legislative Assembly		Statutory Annual Salary Authorized by 2007 Legislative Assembly	
		Effective July 1, 2005	Effective July 1, 2006	Effective July 1, 2007	Effective July 1, 2008
Governor	\$87,216	\$88,926 ¹	\$92,483 ¹	\$96,183	\$100,031
Lieutenant Governor	\$67,708	\$69,035 ¹	\$71,797 ¹	\$74,668	\$77,655
Secretary of State	\$68,018	\$70,739	\$73,568	\$76,511	\$79,571
Attorney General	\$74,668	\$77,655	\$80,761	\$83,991	\$87,351
Superintendent of Public Instruction	\$77,434	\$80,531	\$83,753	\$87,103	\$90,587
Tax Commissioner	\$73,821	\$76,774	\$79,845	\$83,039	\$86,360
Insurance Commissioner	\$68,018	\$70,739	\$73,568	\$76,511	\$79,571
Public Service Commissioners (3)	\$69,874	\$72,669	\$75,576	\$78,599	\$81,743
Agriculture Commissioner	\$69,874	\$72,669	\$75,576	\$78,599	\$81,743
State Auditor	\$68,018	\$70,739	\$73,568	\$76,511	\$79,571
State Treasurer	\$64,233	\$66,802	\$69,474	\$72,253	\$75,143

¹The salary for the Governor and Lieutenant Governor were not changed from the proposal included in the executive recommendation of 2 percent for the first year of the biennium and 4 percent for the second year of the biennium.

The judicial branch appropriation contains the funding needed to provide salary increases of \$2,000 plus a 4 percent increase for the first year of the biennium and 4 percent increase for the second year of the biennium for judges and justices.

For each judge, the following schedule shows the current salary and the salary approved by the 2005 and 2007 Legislative Assemblies:

	Continuation of Increase Effective July 1, 2002	Statutory Annual Salary Authorized by 2005 Legislative Assembly		Statutory Annual Salary Authorized by 2007 Legislative Assembly	
		Effective July 1, 2005	Effective July 1, 2006	Effective July 1, 2007	Effective July 1, 2008
Supreme Court Chief Justice	\$102,021	\$106,102	\$110,346	\$116,840	\$121,513
Other Supreme Court justices	\$99,122	\$103,087	\$107,210	\$113,578	\$118,121
District court presiding judges	\$93,343	\$97,077	\$100,960	\$107,078	\$111,362
Other district court judges	\$90,671	\$94,298	\$98,070	\$104,073	\$108,236

COST OF STATE EMPLOYEE SALARY AND HEALTH INSURANCE INCREASE HISTORY

The following is a summary of the cost of providing salary and health insurance increases for the 1997-99 through 2007-09 bienniums:

STATE EMPLOYEE SALARY INCREASES				
Biennium	Percentage Increase	General Fund	Special Funds	Total
1997-99	3% on July 1, 1997 (includes 1.5% for merit) and 3% on July 1, 1998 (includes 1.5% for merit)	\$24,304,117	\$12,520,861	\$36,824,978
1999-2001	2% with a \$35 per month minimum on July 1, 1999, and 2% with a \$35 per month minimum on July 1, 2000	\$17,681,836	\$9,633,401	\$27,315,237
2001-03	3% with a \$35 per month minimum on July 1, 2001, and 2% with a \$35 per month minimum on July 1, 2002	\$27,043,178	\$12,493,632	\$39,536,810
2003-05	Up to 1% on January 1, 2004, and up to 2% on January 1, 2005 (based on the elimination of positions and savings from vacant positions)	\$0	\$0	\$0
2005-07	4% on July 1, 2005, and 4% on July 1, 2006	\$19,778,486	\$21,746,666	\$41,525,152
2007-09	4% with a \$75 per month minimum on July 1, 2007, and 4% with a \$75 per month minimum on July 1, 2008	\$23,372,817	\$22,505,911	\$45,878,728

STATE EMPLOYEE HEALTH INSURANCE INCREASES						
Biennium	Monthly Premium	Increase From Previous Biennium	Percentage Increase	General Fund	Special Funds	Total
1997-99	\$301	\$36	13.6%	\$7,026,674	\$3,619,802	\$10,646,476
1999-2001	\$350	\$49	16.3%	\$6,989,537	\$3,858,174	\$10,847,711
2001-03	\$409	\$59	16.9%	\$11,182,551	\$6,001,252	\$17,183,803
2003-05	\$489	\$80	19.6%	\$8,027,122	\$8,258,216	\$16,285,338
2005-07	\$554	\$65	13.3%	\$5,335,798	\$7,903,870	\$13,239,668
2007-09	\$658	\$104	18.8%	\$9,115,817	\$12,346,031	\$21,461,848

INFORMATION TECHNOLOGY PROJECTS FOR THE 2007-09 BIENNIUM

Agency or Institution	Project	2007-09 Executive Budget Recommendation			2007-09 Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
108 - Secretary of State	Secretary of State knowledge base - Phase 2	\$824,153		\$824,153	\$824,153		\$824,153
	North Dakota business development engine					\$2,920,000	2,920,000 ¹
	Total - Secretary of State	\$824,153		\$824,153	\$824,153	\$2,920,000	\$3,744,153
112 - Information Technology Department	Medicaid management information system rewrite - Phase 2		\$13,492,339	\$13,492,339		\$13,492,339	\$13,492,339
	Business intelligence implementation		1,641,081	1,641,081		1,462,965	1,462,965
	Unemployment insurance modernization project		1,043,442	1,043,442		1,043,442	1,043,442
	Criminal Justice Information Sharing Initiative	1,872,448	480,000	2,352,448	1,872,448	480,000	2,352,448
	Geographic Information System Initiative	698,313		698,313	798,313		798,313
	Statewide Longitudinal Data System				228,116		228,116
	Total - Information Technology Department	\$2,570,761	\$16,656,862	\$19,227,623	\$2,898,877	\$16,478,746	\$19,377,623
120 - State Treasurer	Mainframe software applications rewrite	\$768,228		\$768,228	\$768,228		\$768,228
125 - Attorney General's office	Bureau of Criminal Investigation case management system rewrite		\$180,000	\$180,000		\$180,000	\$180,000
	Agency document storage application		150,000	150,000		150,000	150,000
	DNA software replacement		28,260	28,260		28,260	28,260
	Interfaces for prosecution and disposition information		150,000	150,000		150,000	150,000
	Crime lab base system enhancement (toxicology requirements)		50,000	50,000		50,000	50,000
	Total - Attorney General's office		\$558,260	\$558,260		\$558,260	\$558,260
150 - Legislative Assembly	Legislative applications replacement system	\$3,910,827		\$3,910,827	\$3,910,827		\$3,910,827
180 - Judicial branch	Enhanced records management system	\$115,750		\$115,750	\$115,750		\$115,750
	Unified court information system replacement	1,375,000		1,375,000	1,375,000		1,375,000
	Total - Judicial branch	\$1,490,750		\$1,490,750	\$1,490,750		\$1,490,750
192 - Public Employees Retirement System	Legacy application system replacement		\$9,362,494	\$9,362,494		\$10,056,494	\$10,056,494
	Programming changes relating to legislative changes		69,482	69,482		69,482	69,482
	Total - Public Employees Retirement System		\$9,431,976	\$9,431,976		\$10,125,976	\$10,125,976
201 - Department of Public Instruction	State school aid software rewrite	\$400,000		\$400,000			\$0 ²
	Teacher licensure system rewrite	500,000		500,000			0 ²
	Special education case management system		\$2,500,000	2,500,000		\$2,500,000	2,500,000
	STARS system enhancements		200,000	200,000		200,000	200,000
	Statewide Longitudinal Data System Initiative		1,000,000	1,000,000		1,000,000	1,000,000
	Total - Department of Public Instruction	\$900,000	\$3,700,000	\$4,600,000	\$0	\$3,700,000	\$3,700,000
215 - North Dakota University System	Common information services pool	\$27,403,293 ³		\$27,403,293 ³	\$28,703,293 ³	\$2,773,800	\$31,477,093 ³
301 - State Department of Health	Electronic death registration		\$120,000	\$120,000		\$120,000	\$120,000
313 - Veterans Home	Computer-based training	\$12,900		\$12,900	\$12,900		\$12,900
	Videoconferencing	4,950		4,950	4,950		4,950
	Total - Veterans Home	\$17,850		\$17,850	\$17,850		\$17,850
321 - Department of Veterans Affairs	Discharge papers system	\$21,356		\$21,356	\$21,356		\$21,356
	Web site upgrade	2,268		2,268	2,268		2,268
	Total - Department of Veterans Affairs	\$23,624		\$23,624	\$23,624		\$23,624
325 - Department of Human Services	Medicaid management information system rewrite - Phase 2	\$3,643,133	\$27,429,508	\$31,072,641	\$3,643,133	\$27,429,508	\$31,072,641
	Client information sharing system	423,800	576,200	1,000,000	423,800	576,200	1,000,000
	Child welfare system front-end redesign	196,000	204,000	400,000	196,000	204,000	400,000
	Total - Department of Human Services	\$4,262,933	\$28,209,708	\$32,472,641	\$4,262,933	\$28,209,708	\$32,472,641

Agency or Institution	Project	2007-09 Executive Budget Recommendation			2007-09 Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
380 - Job Service North Dakota	Unemployment insurance modernization project		\$7,300,000	\$7,300,000		\$7,300,000	\$7,300,000
	Web services for unemployment insurance (interstate benefit)		30,000	30,000		30,000	30,000
	Electronic deposit for claimant benefits		85,108	85,108		85,108	85,108
	Project management software system		61,000	61,000		61,000	61,000
	Filenet records manager		105,000	105,000		105,000	105,000
	Web spider program			0	\$200,000	100,000	300,000
	Total - Job Service North Dakota		\$7,581,108	\$7,581,108	\$200,000	\$7,681,108	\$7,881,108
401 - Insurance Commissioner	Boiler and anhydrous ammonia inspection system		\$50,000	\$50,000		\$50,000	\$50,000
	Senior health insurance counseling program hardware and software		29,600	29,600		29,600	29,600
	Total - Insurance Commissioner		\$79,600	\$79,600		\$79,600	\$79,600
414 - Securities Department	Electronic document system	\$29,984		\$29,984	\$29,984		\$29,984
471 - Bank of North Dakota	Bond accounting and securities safekeeping system		\$300,000	\$300,000		\$300,000	\$300,000
485 - Workforce Safety and Insurance	Claims and policy system replacement		\$10,631,640	\$10,631,640		\$10,631,640	\$10,631,640
	Web portal		776,250	776,250		776,250	776,250
	Data warehouse		833,750	833,750		833,750	833,750
	Learning management system		46,000	46,000		46,000	46,000
	Total - Workforce Safety and Insurance		\$12,287,640	\$12,287,640		\$12,287,640	\$12,287,640
504 - Highway Patrol	Automated evidence tracking	\$48,000	\$18,000	\$66,000	\$48,000	\$18,000	\$66,000
530 - Department of Corrections and Rehabilitation	Inmate medical system	\$1,000,000		\$1,000,000	\$1,000,000		\$1,000,000
540 - Adjutant General	Computer-aided dispatch	\$980,000		\$980,000	\$980,000		\$980,000
601 - Department of Commerce	Dynamic calendar web application for nonprofit organizations		\$25,000	\$25,000		\$25,000	\$25,000
602 - Department of Agriculture	National animal identification system		\$30,000	\$30,000		\$30,000	\$30,000
	Animal tracking data base				\$90,836		90,836
	Total - Department of Agriculture				\$90,836	\$30,000	\$120,836
720 - Game and Fish Department	Education system conversion to web application		\$59,000	\$59,000		\$59,000	\$59,000
	Enforcement incident reporting and case management system		50,000	50,000		50,000	50,000
	Printer replacement		190,000	190,000		190,000	190,000
	Lottery system conversion to web application		125,000	125,000		125,000	125,000
	Total - Game and Fish Department		\$424,000	\$424,000		\$424,000	\$424,000
750 - Parks and Recreation	Online parks management system	\$160,000		\$160,000	\$160,000		\$160,000
801 - Department of Transportation	Project management system	\$282,058		\$282,058		\$282,058	\$282,058
	Roadway information management system (RIMS) - Phase 1	1,000,000		1,000,000		1,000,000	1,000,000
	Microstation MX and other CADD applications updates		122,000	122,000		122,000	122,000
	3-D orthophotography (imaging workstations)		384,500	384,500		384,500	384,500
	Driver's license system rewrite		5,019,610	5,019,610			0
	Total - Department of Transportation	\$6,808,168		\$6,808,168		\$1,788,558	\$1,788,558
Total		\$51,198,571	\$79,422,154	\$130,620,725	\$45,409,355	\$87,520,396	\$132,929,751

¹ Section 18 of House Bill No. 1018 allows the Secretary of State to borrow up to \$2,920,000 from the Bank of North Dakota, subject to approval from the Budget Section, for implementing the North Dakota business development engine information technology project during the 2007-09 biennium. The Secretary of State may request Budget Section approval only if the revenues projected by the Secretary of State and the Office of Management and Budget to be generated as a result of provisions of House Bill No. 1340 over the term of the proposed loan based on the trend of actual corporate charters granted are anticipated to exceed the revenues projected by the 60th Legislative Assembly relating to the bill by an amount sufficient to repay the proposed loan, including interest.

² Funding for this project is provided from the estimated funding available to the Department of Public Instruction for contingent per student and transportation aid distributions for the 2005-07 biennium.

³ The Legislative Assembly provided funding of \$31,477,093, of which \$28,703,293 is from the general fund and \$2,773,800 is from the permanent oil tax trust fund, for common information services. The \$31,477,093 is \$4,073,800 more than the executive recommendation of \$27,403,293 and \$10,870,000 more than the 2005-07 biennium adjusted appropriation of \$20,607,093. Of the \$31,477,093, \$6 million from the general fund is for support of the ConnectND system of which \$3.7 million is considered base funding and \$2.3 million is considered one-time funding, and \$2,773,800 from the permanent oil tax trust fund is one-time funding for Northern Tier Network infrastructure. Section 7 of House Bill No. 1003 provides that the common information services allocations are to be made based on the University System information technology plan and technology priorities. 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.

2007-09 Executive Budget Recommendation			2007-09 Legislative Appropriations		
General Fund	Special Funds	Total	General Fund	Special Funds	Total

K-2

Agency or Institution

Project

**ANALYSIS OF THE BEGINNING FARMER REVOLVING LOAN FUND
FOR THE 2005-07 AND 2007-09 BIENNIUMS**

	2005-07 Biennium		2007-09 Biennium	
Beginning cash balance		\$10,137,959		\$4,915,972
Add estimated revenues				
Loan principal payments	\$4,050,000		\$4,250,000	
Loan interest payments	841,813		956,358	
Investment interest	336,000		375,000	
Total estimated revenues		5,227,813		5,581,358
Total available		\$15,365,772		\$10,497,330
Less estimated expenditures and transfers				
New chattel loans	\$3,975,000		\$4,000,000	
Buydown interest disbursed	1,725,000		1,900,000	
Transfer to Ag PACE fund (2005 SB 2014; 2005 SB 2020)	2,225,000			
Transfer to PACE fund	2,000,000			
Transfer to agriculture fuel tax fund (2005 SB 2014)	425,000			
Transfer to Public Service Commission for the rail rate complaint case (2005 HB 1008; 2007 SB 2008)			800,000 ¹	
ENVEST program (2007 HB 1135)			1,000,000 ²	
Biomass incentive and research fund (2007 HB 1515)			1,000,000	
Administrative fees	93,000		96,000	
Audit fees	6,800		7,000	
Total estimated expenditures and transfers		10,449,800		8,803,000
Estimated ending cash balance		\$4,915,972 ³		\$1,694,330 ⁴

¹Public Service Commission - Senate Bill No. 1008 (2005) appropriated \$800,000 to the Public Service Commission for part of the cost of filing a "simplified" rail rate complaint case with the Surface Transportation Board. A rail rate complaint case will not be filed during the 2005-07 biennium. Senate Bill No. 2008 (2007) provides for a carryover of \$800,000 to the Public Service Commission for the 2007-09 biennium. Any unexpended funds from the rail rate complaint case line item are available for use for expenditures relating to the agriculture rail rate and service fund.

²ENVEST program - House Bill No. 1135 (2007) provides for a transfer up to \$1 million per biennium of unobligated funds to the value-added agriculture equity loan program for the purpose of interest buydown on loans made for investment in a feedlot or dairy operation.

³In addition to the cash balance as of June 30, 2007, the beginning farmer revolving loan fund is estimated to have net loans outstanding of \$8.75 million.

⁴In addition to the cash balance as of June 30, 2009, the beginning farmer revolving loan fund is estimated to have net loans outstanding of \$8.5 million.

FUND HISTORY

The beginning farmer revolving loan fund originated in 1983 with passage of Senate Bill No. 2220, now codified as North Dakota Century Code Section 6-09-15.5, and was established by a \$5 million transfer from the Bank of North Dakota. The Bank of North Dakota supervises and administers the beginning farmer revolving loan fund and the loans made by the fund. The loan fund was established for the purpose of making or participating in loans to North Dakota beginning farmers for the purchase of agricultural real estate, equipment, and livestock. The fund is a revolving fund, and all money transferred into the fund, interest upon money in the fund, and payments to the fund of principal and interest on loans made from the fund are appropriated for the purpose of providing loans and to supplement the interest rate on loans to beginning farmers. A loan made from the fund may not exceed 80 percent of the appraised value of the agricultural collateral, with the actual percentage to be determined by the Bank of North Dakota. The maximum term of a real estate loan is 25 years, and the maximum term of a farm equipment or livestock loan is 7 years.

North Dakota Century Code Section 6-09-15.5 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 farmer revolving loan fund and the agriculture partnership in assisting community expansion (Ag PACE) fund.

ANALYSIS OF THE STATE BONDING FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$2,599,756		\$2,531,056
Add estimated revenues				
Investment income	\$310,300		\$325,000	
State bonding fund claims collections	45,000		45,000	
Other income	5,000		6,000	
Total estimated revenues		360,300		376,000
Total available		\$2,960,056		\$2,907,056
Less estimated expenditures and transfers				
Insurance Department administration (2005 HB 1010; 2007 SB 2010)	\$35,000		\$44,131	
State bonding fund claims losses	375,000		100,000	
Claims-related expenditures	19,000		20,000	
Total estimated expenditures and transfers		429,000		164,131
Estimated ending balance		<u>\$2,531,056</u>		<u>\$2,742,925</u>

FUND HISTORY

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 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. No premium has been charged, possibly since 1953, because the bonding fund's balance has exceeded the minimum level established by the Legislative Assembly.

ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$99,472,631		\$200,000,000
Add estimated revenues				
Transfer from June 30, 2007, general fund balance	\$100,527,369 ¹			
Investment income	0 ²			
Total estimated revenues		100,527,369		
Total available		\$200,000,000		\$200,000,000
Less estimated expenditures and transfers				
None				
Total estimated expenditures and transfers		0		0
Estimated ending balance		<u>\$200,000,000</u>		<u>\$200,000,000</u>

¹The Legislative Assembly approved House Bill No. 1429 which provides, in lieu of other transfers, that \$100,527,369 be transferred from the ending 2005-07 biennium general fund balance and that effective July 1, 2009, the maximum balance allowed in the fund be increased from **5 to 10 percent** of the general fund budget.

The executive budget recommended increasing the maximum balance in the budget stabilization fund from 5 percent of the general fund appropriations provided by the most recently adjourned Legislative Assembly to \$200 million (Sections 14 and 15 of 2007 Senate Bill No. 2015, as introduced) effective with the close of the 2005-07 biennium. This bill was defeated.

²Interest earned on the fund is deposited in the general fund because the balance in the fund is at the maximum allowed under North Dakota Century Code Section 54-27.2-01.

FUND HISTORY

The budget stabilization fund was established by the 1987 Legislative Assembly in House Bill No. 1596. Major provisions include:

- Section 54-27.2-01 establishes the budget stabilization fund and provides that any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section currently provides that any money in the fund in **excess of 5 percent of the general fund budget** as approved by the most recently adjourned Legislative Assembly must be deposited in the state general fund.
- Section 54-27.2-02 provides that any amount in the state general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund.
- Section 54-27.2-03 provides that the Governor may order a transfer from the budget stabilization fund to the general fund if the director of the Office of Management and Budget projects that general fund revenues for the biennium will be at least 2.5 percent less than estimated by the most recently adjourned Legislative Assembly. The amount transferred is limited to the difference between an amount 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by the Office of Management and Budget. Any transfer made must be reported to the Budget Section.

**ANALYSIS OF THE CAPITOL BUILDING FUND
FOR THE 2005-07 AND 2007-09 BIENNIUMS**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$566,503		\$748,518
Add estimated revenues				
Investment income	\$54,242		\$41,605	
Rentals, royalties, bonuses, and contracts	240,821		205,220	
Total estimated revenues		295,063		246,825
Total available		\$861,566		\$995,343
Less estimated expenditures				
Administrative expenses	\$31,211		\$32,628	
Income payments to counties	6,837 ²		7,352 ²	
Capitol Grounds Planning Commission operating expenses (2005 HB 1015; 2007 SB 2015)	25,000		750,000	
Capitol Grounds Planning Commission continuing appropriation (2007 SB 2090)	50,000		100,000	
Total estimated expenditures and transfers		113,048		889,980
Estimated ending balance		\$748,518		\$105,363

¹The analysis reflects the legislative appropriation for the 2007-09 biennium and does not include the land owned by the fund.

²The 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 payments. 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 the 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. The 2007 Legislative Assembly passed House Bill No. 1171 which changes the 5 percent service fee to actual mills, as similarly paid by private landowners as a fee assessed against the trust funds managed by the Board of University and School Lands to be paid to townships and counties for maintenance and repairs of roads and bridges.

**ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND
FOR THE 2005-07 AND 2007-09 BIENNIUMS**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance ¹		\$122,653		\$131,674
Add estimated revenues				
Investment income	\$1,989,921		\$1,537,058	
School construction loan income	1,366,701		1,710,000	
Oil, gas, and coal impact loan income	203,590		153,538	
Total estimated revenues		3,560,212		3,400,596
Total available		\$3,682,865		\$3,532,270
Less estimated expenditures and transfers				
Administrative expenses	\$28,538		\$10,328	
Transfer to the general fund	3,522,653		3,500,000	
Total estimated expenditures and transfers		3,551,191		3,510,328
Estimated ending balance ¹		<u>\$131,674</u>		<u>\$21,942</u>

¹The beginning and ending balances do not include the value of permanent assets of the coal development trust fund which must be maintained, pursuant to North Dakota Century Code (NDCC) Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota. As of March 31, 2007, the total value of permanent fund assets was \$60.7 million, of which \$37.8 million was school construction loans receivable, \$1.6 million was coal impact loans receivable, and \$21.3 million was either invested or was a receivable of investment or other earnings.

North Dakota Century Code 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 general fund. The amounts shown on this 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.

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. Section 15.1-36-02 limits the outstanding principal balance of school construction loans from the coal development trust fund to \$40 million.

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 (9 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 2005-07 AND 2007-09 BIENNIUMS

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$4,502,525		\$2,003,664
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	\$4,365,495 ¹			
Projected remaining transfers from the tobacco settlement trust fund			\$7,000,290	
Total estimated revenues		4,365,495 ²		7,000,290 ²
Total available		\$8,868,020		\$9,003,954
Less estimated expenditures and transfers				
State Department of Health (2005 SB 2004; 2007 HB 1004)				
Tobacco prevention and control	\$4,700,000 ³		\$4,700,000 ³	
Dentists' loan program	420,000 ⁴		380,000 ⁴	
Community health grant programs	395,000 ⁵		260,000 ⁵	
Community Health Grant Program Advisory Committee	100,000 ⁶		100,000 ⁶	
Tobacco Quitline	884,000 ⁷		1,069,000 ⁷	
Tobacco cessation coordinator and operating expenses	111,000 ⁸		139,397 ⁸	
Physician loan repayment program			150,000 ⁹	
Colorectal cancer screening initiative			150,000 ¹⁰	
Emergency medical services grants			300,000 ¹¹	
Dental grant program (2007 SB 2152)			60,000 ¹²	
Governor's office				
Governor's Prevention and Advisory Council (2007 SB 2276)			100,000 ¹³	
Department of Human Services				
Breast and cervical cancer assistance (2005 HB 1012; 2007 SB 2012)	254,356 ¹²		213,904 ¹⁴	
Total estimated expenditures and transfers		6,864,356		7,622,301
Estimated ending balance		\$2,003,664		\$1,381,653

¹For the 2005-07 biennium, six transfers totaling \$4,365,495 have been made from the tobacco settlement trust fund as of May 1, 2007. Total transfers of \$19,650,211 have been made from the tobacco settlement trust fund to the community health trust fund.

²Revenues - 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 \$5,127,121 for the 2005-07 biennium at the end of the 1999 legislative session. The decrease in the amount of revenues collected from the tobacco settlement trust fund of \$761,626 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.

In addition, two major tobacco companies reduced their total 2005-07 biennium payments to North Dakota by approximately \$5.2 million, of which \$520,000 would have been deposited in the community health trust fund. The tobacco companies are contending that the master settlement agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office has filed a lawsuit against the tobacco companies to collect the full payment. The tobacco companies have set aside the additional payment until the dispute is resolved. The total revenues of \$4,365,495 do not include the \$520,000 withheld by tobacco companies. Due to the uncertainty of the lawsuit, the Office of Management and Budget has further reduced remaining estimated tobacco settlement revenues for the 2007-09 biennium by 5 percent. The community health trust fund share of the 5 percent reduction represents \$368,436 for

2007-09. 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 and legal challenges 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	5,363,637
2003-05	5,127,121	4,631,001
2005-07	5,127,121	4,365,495
2007-09	8,223,108	7,000,290
2009-11	8,223,108	7,368,727
2011-17 (\$8,223,108/\$7,368,727 per biennium)	24,669,324	22,106,181
2017-25 (\$5,859,149/\$5,250,383 per biennium)	23,436,596	21,001,532
Total	\$86,680,113	\$77,126,941

³North 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 2007 Legislative Assembly appropriated \$4.7 million, the same as the 2005-07 biennium appropriation, to the State Department of Health for tobacco prevention and control programs.

⁴The dentists' loan repayment program, which is administered by the Health Council, was established in 2001 Senate Bill No. 2276 (NDCC Chapter 43-28.1). Each year the 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, not to exceed a total of \$80,000 per applicant, for the repayment of their educational loans. The funds are payable over a four-year period (\$20,000 per year). The dental loan repayment program is to provide the highest priority for acceptance into the program to dentists willing to serve the smallest and most underserved communities in North Dakota. Senate Bill No. 2152 (2007) provides that a dentist practicing in Bismarck, Fargo, or Grand Forks must have received dental medical payments of at least \$20,000 in the form of medical assistance reimbursement or practiced at least two full workdays per week at a public health clinic or nonprofit dental clinic in order to qualify for the dentists' loan program. Dentists accepted into the program per biennium include:

Biennium (Number of Dentists Accepted Into Program)	Communities Served
2001-03 biennium (3)	Minot (2) Larimore
2003-05 biennium (6)	Fargo Community Health Center New Rockford Grand Forks Fargo Bismarck West Fargo
2005-07 biennium (4 to date)	Fargo Community Health Center Bismarck (serving special populations) Mott Minot

⁵The 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 grants to cities and counties for cessation programs are to be matched with \$1 of local funds for every \$3 of state funds.

⁶The Community Health Grant Program Advisory Committee is to advise the State Department of Health regarding the community health grant program.

⁷The 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2005 Legislative Assembly appropriated \$884,000 to operate the "quitline" for the 2005-07 biennium. The 2007 Legislative Assembly increased the funding for the "quitline" to \$1,069,000 to provide nicotine replacement therapy and cessation counseling.

⁸The Legislative Assembly authorized 1 FTE tobacco prevention coordinator position and related funding for salaries and wages (\$95,666) and operating expenses (\$15,334). The 2007 Legislative Assembly authorized funding for salaries (\$117,101) and operating expenses (\$22,296) for the position.

⁹North Dakota Century Code Chapter 43-17.2 provides for the state community matching physician loan repayment program. A qualifying physician may receive up to \$22,500 per year for up to two years for a total of \$45,000. Section 43-12.2-01 provides for mid-level practitioners to receive up to \$2,500 per year for up to four years for a total of \$10,000. Communities must contribute an amount at least equal to the amount of the state contribution for the physicians and mid-level practitioners. The 2007 Legislative Assembly appropriated \$150,000 from the community health trust fund for this program. The total 2007-09 biennium funding for this program is \$75,000 from the general fund and \$150,000 from the community health trust fund.

¹⁰The 2007 Legislative Assembly appropriated \$150,000 from the community health trust fund and \$50,000 from the general fund for a grant to the North Dakota Cancer Coalition to provide for a colorectal cancer screening initiative.

¹¹The 2007 Legislative Assembly appropriated \$300,000 from the community health trust fund for emergency medical services training grants.

¹²Senate Bill No. 2152 (2007) provides for a dental grant program. A dentist who has graduated from an accredited dental school within the previous five years and is licensed to practice in North Dakota may submit an application to the Health Council for a grant for the purpose of establishing a dental practice in North Dakota cities with a population of 7,500 or less. The Health Council may award a maximum of two grants per year with a maximum grant award of \$50,000 per applicant to be used for buildings, equipment, and operating expenses. The community in which the dentist is locating must provide a 50 percent match. The grant must be distributed in equal amounts over a five-year period and the dentist must commit to practice in the community for five years.

¹³Senate Bill No. 2276 (2007) provides an appropriation from the community health trust fund to the Governor for the Governor's Prevention and Advisory Council.

¹⁴The 2007 Legislative Assembly appropriated \$213,904, a decrease of \$40,452 from the 2005-07 biennium appropriation of \$254,356, to the Department of Human Services for providing the state matching funds for medical assistance coverage for women screened and found to have breast and cervical cancer.

NOTE: Senate Bill No. 2152 (2007) provides for a Legislative Council study of the historic and anticipated uses of funds from the community health trust fund, including a cost-benefit evaluation of past expenditures from the fund, the feasibility and desirability of establishing a strategic plan for future use of the fund, and the sustainability of the fund.

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 within 30 days of its deposit in the fund as follows:

- 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
FOR THE 2005-07 AND 2007-09 BIENNIUMS**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$915,396		\$462,511
Add estimated revenues				
Pesticide registration fees	\$3,005,000 ¹		\$3,030,000 ²	
Transfer from general fund (2007 SB 2009)			150,000 ³	
Transfer from pesticide enforcement fund (2007 SB 2009)			50,000 ⁴	3,230,000
Total available		\$3,920,396		\$3,692,511
Less estimated expenditures				
Agriculture Commissioner				
Noxious weed control (2005 HB 1009; 2007 SB 2009)	\$1,473,831		\$1,683,355	
Pesticide disposal project (Safe Send) (2005 HB 1009; 2007 SB 2009)	580,371		597,462	
Pesticide programs (2005 HB 1009; 2007 SB 2009)	425,875		506,792	
Agriculture in the classroom project (2005 HB 1009; 2007 SB 2009)	100,000		100,000	
Farmer's market (2007 SB 2009)			29,500	
Saltcedar control (2005 HB 1009)	250,000			
Pesticide Control Board				
Minor use pesticide registration (2005 HB 1009; 2007 SB 2009)	200,000 ⁵		200,000 ⁵	
Crop Protection Product Harmonization and Registration Board ⁶				
Crop protection product registration and labeling and grants (2005 HB 1009; 2007 SB 2009)	25,000		25,000	
State Department of Health				
Ground water testing (2005 SB 2004; 2007 HB 1004)	202,808		216,119	
North Dakota Stockmen's Association environmental services program (2005 SB 2004; 2007 HB 1004)	50,000		50,000	
Endangered species (2007 SB 2009)			200,000	
Blackbird research (2007 SB 2179)			79,500	
Agricultural Experiment Station				
Environmental research (2005 SB 2020)	150,000			
Total estimated expenditures and transfers		3,457,885		3,687,728
Estimated ending balance		\$462,511		\$4,783

¹The 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 \$350 pesticide registration fee was extended for the 2001-03 biennium (2001 House Bill No. 1009), the 2003-05 biennium (2003 Senate Bill No. 2319), and the 2005-07 biennium (2005 House Bill No. 1009). This increase is estimated to generate \$500,000 of additional revenues to be deposited in the environment and rangeland protection fund during the 2005-07 biennium.

²Senate Bill No. 2323 (2007) continues the biennial pesticide registration fee of \$350, with \$50 of each pesticide registration deposited in the general fund. The increase is estimated to continue to generate \$505,000 of additional revenue to be deposited in the environment and rangeland protection fund during the 2007-09 biennium.

³Transfer from general fund - Senate Bill No. 2009 (2007) provides for a transfer of \$150,000 from the general fund to the environment and rangeland protection fund for the endangered species program for the 2007-09 biennium.

⁴Transfer from pesticide enforcement fund - Senate Bill No. 2009 (2007) provides for a transfer of \$50,000 from the North Dakota State University Extension Service pesticide enforcement fund to the environment and rangeland protection fund for the endangered species program for the 2007-09 biennium.

⁵This 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.

⁶North Dakota Century Code Section 4-35-30 as created by House Bill Nos. 1328 and 1009 (2001) created the Crop Protection Product Harmonization and Registration Board. The duties of the board consist of:

- 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 Agricultural 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 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).

FUND HISTORY

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 2007-09 biennium. Of this amount, \$300 is deposited in the environment and rangeland protection fund and \$50 in the general fund.

**ANALYSIS OF THE FIRE AND TORNADO FUND
FOR THE 2005-07 AND 2007-09 BIENNIUMS**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$22,820,012		\$26,388,516
Add estimated revenues				
Premium collections	\$9,825,000		\$7,500,000	
Investment income	3,000,000		3,000,000	
Boiler inspection fees	325,000		350,000	
Loss claims and insurance recoveries	10,000		1,000,000	
Anhydrous ammonia storage facility inspection fund	150,000		150,000	
Total estimated revenues		13,310,000		12,000,000
Total available		\$36,130,012		\$38,388,516
Less estimated expenditures and transfers				
Loss claims payments	\$4,900,000		\$5,100,000	
Claims-related payments	3,150,000		3,200,000	
Insurance Department administration and anhydrous ammonia tank inspection costs (2005 HB 1010; 2007 SB 2010)	1,138,576		1,153,804	
State Fire Marshal program (2007 SB 2097; 2007 SB 2003)	426,920		310,000	
Firefighter's Association grants (2005 HB 1015; 2007 SB 2010)	126,000		170,000	
Total estimated expenditures and transfers		9,741,496		9,933,804
Estimated ending balance		<u>\$26,388,516</u>		<u>\$28,454,712</u>

FUND HISTORY

The state fire and tornado fund originated in 1919. The fund is maintained to ensure 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 fund balance is less than \$12 million, the Insurance Commissioner must increase assessments on policies.

ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$16,098,385		\$28,132,745
Add estimated revenues				
Oil extraction tax allocations	\$12,034,360 ¹		\$16,990,581 ³	
Total available		28,132,745		45,123,326
Less estimated expenditures and transfers				
Transfer to foundation aid program	\$0 ²		\$0 ²	
Estimated ending balance		<u>\$28,132,745</u>		<u>\$45,123,326</u>

¹2005-07 estimated revenues - Based on actual oil extraction tax allocations through April 2007 and estimated allocations for the remainder of the 2005-07 biennium (per the February 2007 revenue forecast).

²Estimated 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. No foundation aid reductions as a result of a revenue shortfall are currently anticipated for the 2005-07 or 2007-09 biennium.

³2007-09 estimated revenues - Based on the estimated allocations for the 2007-09 biennium per the February 2007 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 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 period July 1, 2005, through April 30, 2007, \$850,574 of interest from the foundation aid stabilization fund has been allocated to the general fund.

**ANALYSIS OF THE HEALTH CARE TRUST FUND
FOR THE 2005-07 AND 2007-09 BIENNIUMS**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$20,134,411		\$1,830,102
Add estimated revenues				
Investment earnings	\$1,086,596		\$109,806	
Loan repayments - Principal and interest	834,095		805,531	
Total estimated revenues		1,920,691		915,337
Total available		\$22,055,102		\$2,745,439
Less estimated expenditures and transfers				
State Department of Health quick response unit pilot project (2005 SB 2004; 2007 HB 1004)	\$125,000		\$125,000	
State Department of Health state trauma system evaluation (2007 HB 1290)			75,000	
Department of Human Services inflationary increases and developmental disabilities services (2005 HB 1012)	3,200,000			
Department of Human Services nursing home inflationary increases (2007 SB 2012)			525,597	
Transfer to the general fund (2005 HB 1445)	16,900,000			
Total estimated expenditures and transfers		20,225,000		725,597
Estimated ending balance		\$1,830,102		\$2,019,842

FUND HISTORY

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 was 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 were made based on the average amount Medicare rates exceeded 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 were available for these payments and required a state match. Payments were made to the two government nursing facilities and were 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 was returned to its source, and the federal funds were 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 eliminated this intergovernmental transfer program. **As a result, North Dakota's final intergovernmental transfer payment was received in July 2004.**

**ANALYSIS OF THE LANDS AND MINERALS TRUST FUND
FOR THE 2005-07 AND 2007-09 BIENNIUMS**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$6,820,579		\$13,199,751
Add estimated revenues				
Production royalties	\$7,750,278		\$7,324,677	
Mineral leases	266,592		245,235	
Oil and gas bonuses	5,097,312		500,000	
Investment earnings	1,104,238		1,533,694	
Loan repayments from facilities providing services to the developmentally disabled (1983 SB 2020; 1985 SB 2249)	1,060,651		1,136,677	
Total estimated revenues		15,279,071		10,740,283
Total available		\$22,099,650		\$23,940,034
Less estimated expenditures and transfers				
Payments to common schools trust fund - Developmentally disabled loan fund Nos. 2 and 3 (2005 SB 2013 - Continuing appropriation)	\$1,652,538 ¹		\$1,643,060 ¹	
Industrial Commission - Oil and Gas Division contingency (2005 SB 2014; 2007 HB 1014)	225,000 ²		285,000 ²	
Transfer to the general fund (2005 HB 1015; 2007 HB 1014)	6,800,000		15,000,000	
Office of Management and Budget - Heritage Center expansion (2007 SB 2341)			1,500,000 ³	
State Historical Society - Cold war missile sites (2007 SB 2018)			250,000	
Administrative costs/other fees	222,361		271,972	
Total estimated expenditures and transfers		8,899,899		18,950,032
Estimated ending balance		\$13,199,751		\$4,990,002

¹Payments to common schools trust fund - North Dakota Century Code (NDCC) Section 15-08.1-09 provides an annual continuing appropriation from the lands and minerals trust fund of the amount necessary to make payments of principal and interest to the common schools trust fund for loans made to developmentally disabled loan fund Nos. 2 and 3.

²Industrial Commission - Oil and Gas Division contingency - Senate Bill No. 2014 (2005) provides a \$225,000 contingency appropriation from the lands and minerals trust fund to the Oil and Gas Division for the purpose of hiring, upon Emergency Commission approval, up to 2 FTE positions if the average drilling rig count exceeds 30 active rigs for each month in any consecutive three-month period. The Emergency Commission approved a transfer of \$142,000 at its March 2, 2006, meeting and a transfer of \$83,000 at its November 27, 2006, meeting. House Bill No. 1014 (2007) provides a \$285,000 contingency appropriation from the lands and minerals trust fund to the Oil and Gas Division for the purpose of hiring, upon Emergency Commission approval, up to 2 FTE positions if the average drilling rig count exceeds 45 active rigs for each month in any consecutive three-month period.

³Office of Management and Budget - Senate Bill No. 2341 (2007) provides a contingent appropriation of \$1.5 million from the lands and minerals trust fund to the Office of Management and Budget for the Heritage Center expansion project. The appropriation is only available when the State Historical Society certifies to the Office of Management and Budget that \$1.5 million of other funds has been received or pledged for the project.

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 NDCC 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 2005-07 AND 2007-09 BIENNIUMS**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$10,362,794		\$7,493,469
Add estimated revenues				
Separate two-cent coal severance tax	\$1,200,000		\$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)	3,375,000		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)	1,350,000		1,350,000	
Investment income on Dakota Gasification Company ammonia plant and Red Trail	1,732,920		2,000,000	
Three and one-half percent of the general fund share of coal conversion tax (2007 HB 1093)			1,750,000 ¹	
Revenue bonds/short-term loan			2,050,000 ²	
Interest income	180,000		200,000	
Total estimated revenues		7,837,920		11,925,000
Total available		\$18,200,714		\$19,418,469
Less estimated expenditures ^{3,4}				
Administration	\$400,000		\$400,000	
Lignite feasibility studies (nonmatching grants)	1,715,000		1,000,000	
Small research grants	2,801,646		1,466,300	
Lignite marketing	1,594,300		1,594,300	
Lignite litigation			500,000 ⁵	
Demonstration projects	4,196,299		14,450,000	
Total estimated expenditures and transfers		10,707,245 ⁶		19,410,600 ⁶
Estimated ending balance		\$7,493,469		\$7,869

¹House Bill No. 1093 (2007) provides that 3.5 percent of the general fund share of coal conversion taxes be allocated to the lignite research fund for the period beginning July 1, 2007, and ending June 30, 2009. After June 30, 2009, 5 percent of the general fund share of coal conversion taxes is to be allocated to the lignite research fund through July 31, 2018.

²Pursuant to North Dakota Century Code (NDCC) Section 54-17.5-04, the Industrial Commission may issue revenue bonds or borrow short-term funds from the Bank of North Dakota if all projects proceed as scheduled in the 2007-09 biennium.

³The Industrial Commission has a policy stating that 18 percent of lignite research fund income will be used for small research projects, 56 percent for large demonstration research projects, 21 percent for marketing projects, and 5 percent for administration. The commission has further directed that no single large demonstration project can receive more than 37.5 percent of available funds.

⁴The Industrial Commission has waived the fund allocation policy and has committed \$22,185,443 through the 2009-11 biennium with \$1,653,481 to be spent during the 2005-07 biennium, \$14,450,000 during the 2007-09 biennium, and \$6,081,962 during the 2009-11 biennium for the Lignite Vision 21 Project. The object of the Lignite Vision 21 program is to construct new lignite-fired power plants in North Dakota.

⁵Lignite litigation - House Bill No. 1093 (2007) provides that \$500,000 of the amount allocated to the lignite research fund in Section 1 of the bill is to be used to pay for fees associated with lignite litigation that may be brought by the state to protect and promote the continued development of lignite resources. If activities associated with the litigation are not initiated by January 1, 2009, the \$500,000 must be returned to the general fund.

⁶The 2005 Legislative Assembly appropriated \$15,200,000 for lignite research grants; however, the Industrial Commission anticipates spending \$10,707,245 for lignite research grants during the 2005-07 biennium. The legislative appropriation for the 2007-09 biennium is \$19,410,600.

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.

ANALYSIS OF THE PERMANENT OIL TAX TRUST FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$50,369,096		\$136,666,681
Add estimated revenues				
Oil and gas production tax and oil extraction tax collections	\$166,915,405		\$158,593,607	
Adjustments				
HB 1044 - Increases county share			(5,900,000)	
HB 1128 - Increases transfer to oil and gas research fund			(1,700,000)	
HB 1279 - Decreases shallow gas gross production taxes			(1,100,000)	
SB 2178 - Increase county share			(2,000,000)	
SB 2397 - Changes oil extraction tax rates			(1,876,200)	
Total estimated revenues		166,915,405 ¹		146,017,407 ²
Total available		\$217,284,501		\$282,684,088
Less estimated expenditures and transfers				
Transfer to the general fund (Section 32 of 2005 HB 1015; Section 12 of 2007 SB 2032)	\$55,300,000		\$115,000,000	
Parks and Recreation Department - International Music Camp grant for International Arts Center (2005 SB 2228)	350,000			
Department of Human Services - Medicaid management information system project (Section 8 of 2005 HB 1012)	3,667,820			
Office of Management and Budget - Repayment of loans for centers of excellence (Section 12 of 2005 SB 2018; Section 7 of 2007 HB 1014)	21,300,000			
Office of Management and Budget - Centers of excellence (Section 14 of 2007 HB 1018)			15,000,000 ³	
Higher Education (Section 10 of 2007 HB 1003)			7,783,315 ⁴	
Grant assistance payments to tribally controlled community colleges (Section 6 of 2007 HB 1395)			700,000	
Veterans Home facility (Section 1 of 2007 SB 2418)			6,483,226 ⁵	
Agriculture research and extension operating pool (Section 11 of 2007 HB 1020)			750,000 ⁶	
Total estimated expenditures and transfers		80,617,820		145,716,541
Estimated ending balance		\$136,666,681		\$136,967,547

¹Estimated revenues - 2005-07 - The February 2007 revised revenue forecast for the 2005-07 biennium projects state oil and gas production tax and oil extraction tax revenues to exceed \$71 million by \$166.9 million; therefore, \$166.9 million is projected to be transferred to the permanent oil tax trust fund during the biennium.

²Estimated revenues - 2007-09 - The February 2007 executive budget revenue forecast for the 2007-09 biennium projects state oil and gas production tax and oil extraction tax revenues to exceed \$71 million by \$158.6 million; however, proposed legislation increases the county share of taxes and transfers to the oil and gas research fund, decreases shallow gas gross production taxes, and changes oil extraction tax rates. Therefore, \$146 million is projected to be transferred to the permanent oil tax trust fund during the biennium.

³Centers of excellence - Section 14 of House Bill No. 1018 (2007) provides an appropriation of \$15 million from the permanent oil tax trust fund to the Office of Management and Budget for providing funding for centers of excellence. Of this amount, up to \$10 million is available for Budget Section approval at its first meeting after September 1, 2007, and up to \$5 million and any unawarded funds remaining from the \$10 million allocation are available for Budget Section approval at its first meeting after September 1, 2008.

⁴Higher education - Section 10 of House Bill No. 1003 (2007) provides that Section 3 of the bill includes \$7,783,315 from the permanent oil tax trust fund of which \$2,773,800 is for Northern Tier Network infrastructure, \$4,109,515 is for steamline projects at the State College of Science, Valley City State University, and Minot State University - Bottineau, and \$900,000 is for the service rig program at Williston State College for the biennium beginning July 1, 2007, and ending June 30, 2009.

⁵Veterans Home facility - Section 1 of Senate Bill No. 2418 (2007) provides a contingent appropriation of \$6,483,226 from the permanent oil tax trust fund to the Veterans Home to demolish the existing Veterans Home and to build a new structure. The appropriation from the permanent oil tax trust fund is to only be made available upon the Veterans Home obtaining approval for a federal state home construction grant from the federal Department of Veterans Affairs.

⁶Agriculture research and extension operating pool - Section 11 of House Bill No. 1020 (2007) provides that the appropriation from the permanent oil tax trust fund as provided in subdivision 4 of Section 3 of the bill is to be available only for providing funding for operations of the Dickinson Research Center and the amount provided is to be limited to the lesser of \$750,000 or the amount actual oil revenues are less than budgeted for the research center for the biennium beginning July 1, 2007, and ending June 30, 2009.

FUND HISTORY

North Dakota Century Code Section 57-51.1-07.2 (1997 Senate Bill No. 2366) establishes a permanent oil tax trust fund and provides that all revenues deposited in the general fund during a biennium and derived from taxes imposed on oil and gas under Chapter 57-51 (oil and gas gross production tax) and Chapter 57-51.1 (oil extraction tax) which exceed \$71 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. 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. House Concurrent Resolution No. 3045 proposes a new section to the Constitution of North Dakota, if approved by voters in the 2008 general election, relating to the establishment of a permanent oil tax trust fund from oil and gas taxes in excess of \$100 million as adjusted.

ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$36,743,173		\$25,665,168
Add estimated revenues				
Oil extraction tax collections	\$25,210,729		\$33,981,165	
Repayments and reimbursements	2,005,000		2,007,000	
Investment earnings/miscellaneous	1,406,266		1,148,600	
Total estimated revenues		28,621,995 ¹		37,136,765
Total available		\$65,365,168		\$62,801,933
Less estimated expenditures and transfers				
State Water Commission - Grants and administration	\$39,700,000 ¹		\$62,801,933 ²	
Total estimated expenditures and transfers		39,700,000		62,801,933
Estimated ending balance		\$25,665,168		\$0

¹Section 4 of House Bill No. 1021 (2005) provided \$54,013,116, or any additional amount that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission. The State Water Commission estimates 2005-07 biennium expenditures from the resources trust fund to be \$39.7 million.

²The Legislative Assembly appropriated \$69,352,698, or any additional amount that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission. Total expenditures will be limited to available funding.

FUND HISTORY

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 general fund.

**ANALYSIS OF THE RISK MANAGEMENT FUND
FOR THE 2005-07 AND 2007-09 BIENNIUMS**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$2,938,692		\$2,542,940
Add estimated revenues				
Premiums	\$3,731,624 ¹		\$3,743,457 ²	
Total estimated revenues		3,731,624 ¹		3,743,457 ²
Total available		\$6,670,316		\$6,286,397
Less estimated expenditures				
Administration	\$746,211		\$919,331	
Claims-related expenses - Continuing appropriation	148,095		138,860	
Claims and litigation	3,233,070		3,038,713	
Total estimated expenditures		4,127,376		4,096,904
Ending balance		<u>\$2,542,940</u>		<u>\$2,189,493</u>

¹In response to an actuarial review completed in 2004 by Aon Risk Services, the Risk Management Division has decided to assess a total of \$3,731,624 in risk management premiums to state agencies, boards, and commissions and the North Dakota University System for the 2005-07 biennium.

²In response to an actuarial review completed in 2006 by Aon Risk Services, the Risk Management Division has decided to assess a total of \$3,743,457 in risk management premiums to state agencies, boards, and commissions and the North Dakota University System for the 2007-09 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 SENIOR CITIZEN SERVICES AND PROGRAMS FUND
FOR THE 2005-07 AND 2007-09 BIENNIUMS**

	2005-07 Biennium		2007-09 Biennium	
		\$0		\$0
Beginning balance		\$0		\$0
Add estimated revenues				
Allocation from sales, use, and motor vehicle excise tax collections	\$2,057,109		\$2,297,942	
Total estimated revenues		2,057,109		2,297,942
Total available		\$2,057,109		\$2,297,942
Less estimated expenditures				
State Treasurer - County senior citizen matching grants	\$2,057,109		\$2,297,942	
Total estimated expenditures and transfers		2,057,109		2,297,942
Estimated ending balance		\$0		\$0

FUND HISTORY

The 2005 Legislative Assembly approved Senate Bill No. 2267, which created the senior citizen services and programs fund. Statutory provisions are contained in North Dakota Century Code Sections 57-15-56(5) and 57-39.2-26.2. Each year during July through December, the State Treasurer is to transfer to the fund the portion of sales, use, and motor vehicle excise tax collections that are equivalent to the amount generated from two-thirds of one mill levied statewide as reported by the Tax Commissioner. The State Treasurer by March 1 of the following year, pursuant to a continuing appropriation, distributes money in the fund as grants to eligible counties for senior citizen programs. The grants are provided to counties that have approved a mill levy for senior citizen services and programs. The amount of each county's annual grant is equal to two-thirds of the amount levied in dollars in the county for senior citizen programs, limited to one mill. The Legislative Assembly provided intent that counties match 50 percent of the state grant with funding from the county general fund or state aid distribution fund receipts. Any money remaining in the fund at the end of each biennium is transferred to the general fund, except that for the 2005-07 biennium any remaining money in the fund at the end of the biennium is allocated to those counties that are levying the statutory maximum for senior citizen programs in proportion to the amounts generated by those levies in those counties.

ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS

	2005-07 Biennium		2007-09 Biennium	
		\$0		\$0
Beginning balance		\$0		\$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on 4/10 of 1%)		84,212,635		90,669,528
Total available		\$84,212,635		\$90,669,528
Less estimated expenditures				
Payments to political subdivisions				
County share (53.7%)	\$45,222,185		\$48,689,537	
City share (46.3%)	38,990,450		41,979,991	
Total estimated expenditures and transfers		84,212,635		90,669,528
Estimated ending balance		\$0		\$0

NOTE: The amounts shown reflect the 2005-07 revised revenue forecast (February 2007) and the 2007-09 revenue forecast as approved by the 2007 Legislative Assembly.

FUND HISTORY

North Dakota Century Code (NDCC) Section 57-39.2-26.1 provided, prior to January 1999, for a portion of sales, use, and motor vehicle excise tax collections equal to 60 percent of an equivalent one-cent sales tax to be deposited by the State Treasurer in the state aid distribution fund. The 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 an equivalent one-cent sales tax instead of an amount equal to 60 percent of an equivalent one-cent sales tax. 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.

House Bill No. 1025 (2003), which became effective on August 1, 2003, revised 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 53.7 percent to counties and 46.3 percent to cities; however, the allocation formula to specific counties and cities is:

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%		100.0%

ANALYSIS OF THE STUDENT LOAN TRUST FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS

	2005-07 Biennium ¹		2007-09 Biennium ¹	
Beginning balance		\$28,026,050		\$21,823,370
Add estimated revenues				
Fund earnings (net)	\$2,900,000 ²		\$1,900,000 ²	
Total available		\$30,926,050		\$23,723,370
Less estimated expenditures and transfers				
Transfer to the general fund	\$9,000,000		\$3,100,000 ⁴	
Funding for veterinary medicine program (2005 HB 1397; 2007 HB 1003)	102,680 ³		523,380 ⁵	
Total estimated expenditures and transfers		9,102,680		3,623,380
Estimated ending balance		\$21,823,370		\$20,099,990

¹This analysis reflects the estimated revenues, expenditures, and ending balance for the 1979 bond resolution only.

²The projected income is based on interest rates as of May 1, 2007, and a student loan portfolio that is diminishing as loans are repaid.

³House Bill No. 1397 (2005) provides the State Board of Higher Education a \$262,500 appropriation from the student loan trust fund for the purpose of reducing the amount of tuition and other costs payable by or on behalf of eligible students enrolled in the veterinary medicine education program at Kansas State University. The North Dakota University System is currently estimating to spend only \$102,680 of the \$262,500 special funds appropriation.

⁴The 2007 Legislative Assembly provided for a transfer of \$3.1 million from the student loan trust fund to the general fund. The \$3.1 million is the projected income for both the 1979 and the 1996 student loan trust resolutions; however, the transfer to the general fund is only being made from the 1979 resolution.

⁵The 2007 Legislative Assembly provided a \$523,380 appropriation to the North Dakota University System from the student loan trust fund for continuing the Kansas State University veterinary medicine program. The University System is to fund five new students per year for the 2007-09 biennium.

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 does not make loans to students or service 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, 1992, and 2004. 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 prior to 2004 with bonds outstanding are insured by Ambac Assurance 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 the 1979 and 1996 general bond resolutions 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 1979 general bond resolution for a purpose other than those stated in the general bond resolution, the administrators of the student loan trust fund must receive a certification from the trustee of the bond (Bank of North Dakota) that sufficient reserves remain for bond payments and other related program costs. In order to use assets held under the 1996 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 issuer, 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.

North Dakota Century Code Section 54-17-25 provides that the Industrial Commission may issue subordinate or residual bonds when the commission determines that it is appropriate or expedient to do so.

ANALYSIS OF THE TOBACCO SETTLEMENT TRUST FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Tobacco settlement revenues collected to date	\$43,654,951 ¹		\$0	
Projected tobacco settlement revenues			70,002,902	
Total estimated revenues		43,654,951 ²		70,002,902 ²
Total available		\$43,654,951 ³		\$70,002,902 ³
Less estimated expenditures and transfers				
Transfers to the community health trust fund (10%)	\$4,365,495		\$7,000,290	
Transfers to the common schools trust fund (45%)	19,644,728		31,501,306	
Transfers to the water development trust fund (45%)	19,644,728		31,501,306	
Total estimated expenditures and transfers		43,654,951		70,002,902
Estimated ending balance		\$0		\$0

¹For the 2005-07 biennium, the state has received six tobacco settlement payments totaling \$43,654,951 as of May 1, 2007. The state has received total tobacco settlement collections of \$196,502,108.

²Revenues - 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.

³The tobacco settlement proceeds for the 2005-07 biennium were estimated to be \$51,271,214 at the end of the 1999 legislative session. The decrease in the amount of tobacco settlement revenues collected for the biennium of \$7,616,263 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.

In addition, two major tobacco companies reduced their total 2006 and 2007 payments to North Dakota by approximately \$2.6 million per year. The tobacco companies are contending that the master settlement agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office has filed a lawsuit against the tobacco companies to collect the full payment. The tobacco companies have set aside the additional payment until the dispute is resolved. The total estimated revenues of \$43,654,951 do not include the \$5.2 million withheld by tobacco companies. Due to the uncertainty of the lawsuit, the Office of Management and Budget has further reduced the estimated tobacco settlement revenues for the 2007-09 bienniums by 5 percent or \$3,684,363. 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 and legal challenges are:

Biennium	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	53,636,363
2003-05	51,271,214	46,310,010
2005-07	51,271,214	43,654,951
2007-09	82,231,080	70,002,903
2009-11	82,231,080	73,687,266
2011-17 (\$82,231,080/\$73,687,266 per biennium)	246,693,240	221,061,798
2017-25 (\$58,591,490/\$52,503,832 per biennium)	234,365,960	210,015,328
Total	\$866,801,136	\$771,269,403

NOTE: Additional annual tobacco settlement funds are anticipated to be received beginning in 2008 through 2017 based on each state's contribution to litigation or resolution of state tobacco lawsuits. The anticipated increase in annual payments is reflected in the above table.

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 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 STATE TUITION FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS

	2005-07 Biennium		2007-09 Biennium	
	Beginning balance		\$1,102,694 ¹	
Add estimated revenues				
Fines for violation of state laws	\$9,206,315 ²		\$9,400,000 ²	
Transfers from the common schools trust fund	62,200,000		66,800,000	
Total estimated revenues		71,406,315		76,200,000
Total available		\$72,509,009		\$77,109,009
Less estimated expenditures and transfers				
Tuition payments to schools	71,600,000 ³		76,200,000 ⁴	
State aid to schools				
Estimated ending balance		\$909,009 ¹		\$909,009 ¹

¹Beginning/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, September, October, November, December, January, February, March, 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.

²Fines 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	\$4,607,423 (actual)	(3.6%)
2004	\$4,721,407 (actual)	2.5%
2005	\$4,507,137 (actual)	(4.5%)
2006	\$4,506,316 (actual)	(0.01%)
2007	\$4,700,000 (estimate)	4.3%
2008	\$4,700,000 (estimate)	0.0%
2009	\$4,700,000 (estimate)	0.0%

³Tuition payments - 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 2007:

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	\$332 (actual)	7.1%
2005	\$332 (actual)	0.0%
2006	\$351 (actual)	5.7%
2007	\$351 (estimate)	0.0%

⁴State aid to schools - The 2007 Legislative Assembly, in Senate Bill No. 2200, consolidated funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula with a new distribution methodology.

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 consists 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 January, February, March, April, August, September, October, November, and December of each year, to certify to the Superintendent of Public Instruction the amount of the state tuition fund. For the 2005-07 biennium, the Superintendent of Public Instruction then apportions the money in the tuition fund among the school districts in the state based on the number of school-age children in the district. The 2007 Legislative Assembly, in Senate Bill No. 2200, consolidated funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula with a new distribution methodology; therefore, beginning with the 2007-09 biennium, the Superintendent of Public Instruction will include the money in the tuition fund in state school aid payments to school districts as determined by Chapter 15.1-27.

**ANALYSIS OF THE VETERANS' POSTWAR TRUST FUND
FOR THE 2005-07 AND 2007-09 BIENNIUMS**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$4,524,911		\$4,847,061
Add estimated revenues				
Investment income	\$700,000		\$500,000	
Sale of vans			14,000	
Total estimated revenues		700,000		514,000
Total available		\$5,224,911		\$5,361,061
Less estimated expenditures				
Grants	\$225,000		\$240,000	
Operating expenses	2,500		2,500	
Administrative committee travel	29,850		22,350	
Veterans Home activities	25,000		0	
Vehicles - Vans	75,000		48,000	
Veterans' transportation programs	5,000		4,000	
Other veterans' programs	15,000		10,000	
Appeals Committee	500		500	
Total estimated expenditures and transfers		377,850		327,350
Estimated ending balance		\$4,847,061		\$5,033,711

NOTE: The **principal balance of the fund is \$4,101,849**, leaving an estimated available investment income balance of \$745,212 as of June 30, 2007, and \$931,862 as of June 30, 2009. The Administrative Committee on Veterans Affairs has a policy of reserving a portion of the investment income balance to generate additional investment income. The reserve balance was \$350,000 as of May 1, 2007. The committee anticipates setting aside \$50,000 prior to the end of the 2005-07 biennium and \$100,000 in the 2007-09 biennium for the reserve account.

**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:

- Established the veterans' postwar trust fund as a permanent fund.
- 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 \$3.7 million.

- 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.
- 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 the 1991-93 biennium 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 2005-07 AND 2007-09 BIENNIUMS**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$13,200,239		\$9,822,684
Add estimated revenues				
Transfers to date from tobacco settlement trust fund	\$19,644,728 ¹		\$0	
Projected remaining transfers from tobacco settlement trust fund			31,501,306	
Total estimated revenues		19,644,728 ²		31,501,306 ²
Total available		\$32,844,967		\$41,323,990
Less estimated expenditures and transfers				
State Water Commission (2005 HB 1021)				
Water projects	\$4,108,925 ³		\$24,995,375 ⁵	
Bond payments	9,777,033 ³		13,992,714 ⁵	
Administrative expenses	9,116,325 ³		1,067,910 ⁵	
North Dakota Legislative Assembly				
Legislators' Forum dues	20,000 ⁴		0	
Total estimated expenditures and transfers		23,022,283		40,055,999
Estimated ending balance		\$9,822,684		\$1,267,991

¹For the 2005-07 biennium, six transfers totaling \$19,644,278 have been made from the tobacco settlement trust fund as of May 1, 2007. Total transfers of \$88,425,948 have been made from the tobacco settlement trust fund to the water development trust fund.

²Revenues - 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 \$23,072,046 for the 2005-07 biennium at the end of the 1999 legislative session. The decrease in the amount of revenues collected from the tobacco settlement trust fund of \$3,427,318 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.

In addition, two major tobacco companies reduced their total 2005-07 biennium payments to North Dakota by approximately \$5.2 million, of which \$2,340,000 would have been deposited in the water development trust fund. The tobacco companies are contending that the master settlement agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office has filed a lawsuit against the tobacco companies to collect full payment. The tobacco companies have set aside the additional payment until the dispute is resolved. The total estimated revenues of \$19,644,728 do not include the \$2,340,000 withheld by tobacco companies. Due to the uncertainty of the lawsuit, the Office of Management and Budget has further reduced the estimated tobacco settlement revenues for the 2007-09 biennium by 5 percent. The water development trust fund share of the 5 percent reduction represents \$1,657,964 for the 2007-09 biennium. 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 and legal challenges 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	24,136,363
2003-05	23,072,046	20,839,504
2005-07	23,072,046	19,644,728
2007-09	37,003,986	31,501,306
2009-11	37,003,986	33,159,270
2011-17 (\$37,003,986/\$33,159,270 per biennium)	111,011,958	99,477,810
2017-25 (\$26,366,170/\$23,626,724 per biennium)	105,464,680	94,506,896
Total	\$390,060,509	\$347,071,230

³Section 5 of House Bill No. 1021 (2005) appropriated \$29,963,873, or any additional amount that becomes available, from the water development trust fund for the purpose of defraying the expenses of the State Water Commission.

The total bond payments, including anticipated principal and interest payments on the \$60 million bond issuance (2005) and the \$27.5 million bond issuance (2000), is estimated to be \$9,777,033 for the 2005-07 biennium. The Legislative Assembly also authorized, in House Bill No. 1021, the State Water Commission to issue up to \$7 million in bonds during the 2005-07 biennium. However, the State Water Commission is estimating that sufficient funding will be available for water projects in the water development trust fund and resources trust fund without the additional bond issuance.

The Legislative Assembly appropriated \$9,116,325 from the water development trust fund for administrative expenses of the State Water Commission. The State Water Commission is estimating that approximately \$4.1 million from the water development trust fund will be used for water projects during the 2005-07 biennium.

⁴Section 37 of House Bill No. 1015 (2005) appropriates \$20,000 from the water development trust fund to the North Dakota Legislative Assembly for paying North Dakota's contribution to the Legislators' Forum for Manitoba, Minnesota, North Dakota, and South Dakota for the 2005-07 biennium.

⁵Section 5 of Senate Bill No. 2020 (2007) appropriated \$40,055,999, or any additional amount that becomes available, from the water development trust fund for the purpose of defraying the expenses of the State Water Commission.

Total 2007-09 biennium bond payments will be \$13,992,714. The remaining balance of approximately \$26.1 million will be available for State Water Commission projects and administrative expenses.

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 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 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:

	Actual			Estimated	
	1999-2001	2001-03	2003-05	2005-07	2007-09
Beginning balance	\$61,114,425	\$62,240,652	\$14,790,311	\$68,015,056	\$218,350,170
Revenues	1,535,718,248	1,559,444,550	1,739,132,961	2,086,666,406	2,057,905,909
Transfers to general fund	59,539,802	110,433,690	157,808,488	154,723,928	199,374,056
Federal fiscal relief funding			56,456,581 ¹		
Total available	\$1,656,372,475	\$1,732,118,892	\$1,968,188,341	\$2,309,405,390	\$2,475,630,135
Expenditures	(\$1,594,131,823)	(\$1,717,328,581)	(\$1,800,700,654)	(\$1,990,527,851)	(\$2,456,973,956)
Transfers to budget stabilization fund	0	0	(99,472,631)	(100,527,369)	0
Total expenditures and transfers	(\$1,594,131,823)	(\$1,717,328,581)	(\$1,900,173,285)	(\$2,091,055,220)	(\$2,456,976,956)
Ending balance	\$62,240,652	\$14,790,311	\$68,015,056	\$218,350,170	\$18,656,179

¹This amount relates to \$56,456,581 of federal fiscal relief funding received by the state, \$50 million in direct payments and \$6,456,581 received as enhanced federal medical assistance percentage (FMAP) reimbursements relating to 2001-03 biennium expenditures but which were not received until the 2003-05 biennium.

MEMORANDUM ON TOTAL GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2007-09 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

The following schedule presents the general fund and special funds appropriations for the 1967-69 through 2007-09 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 2007-09 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	\$26,462,000,000 ¹¹	5.11%	13.59%
1997-99	\$1,510,747,421	\$2,485,617,317	\$3,996,364,738	\$29,003,000,000 ¹¹	5.21%	13.78%
1999-2001	\$1,614,882,210	\$3,265,271,344	\$4,880,153,554	\$31,879,000,000 ¹¹	5.07%	15.31%
2001-03	\$1,728,640,384 ¹²	\$3,049,996,983	\$4,778,637,367	\$33,908,000,000 ¹¹	5.10%	14.10%
2003-05	\$1,816,885,505	\$3,289,715,994	\$5,106,601,499	\$37,571,000,000 ¹¹	4.83%	13.60%
2005-07	\$2,000,537,074	\$3,785,221,167	\$5,785,758,241	\$41,553,000,000 ¹¹	4.81%	13.92%
2007-09	\$2,456,973,956	\$4,020,515,084	\$6,477,489,040	\$45,799,000,000 ¹¹	5.36%	14.14%

¹Appropriation amounts are restated to reflect, where appropriate, deficiency appropriations provided by a subsequent Legislative Assembly.

²Source: *Personal Income and State Expenditures*, a report to the Legislative Council's Budget "B" Committee, June 11, 1975.

³Source: Chase Econometrics Associates, Inc., Regional Forecasting Service.

⁴In 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.

⁵In addition, changes made to general fund appropriations were reductions of \$3,175,000 required because of the cable television sales tax referral and \$21 million budget allotment mandated by the Governor in September 1988.

⁶This 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.

⁷This 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.

⁸Estimated amount from Wharton Econometric Forecasting Associates (WEFA), Inc., Regional Forecasting Service.

⁹In 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.

¹⁰Source: WEFA, Inc. - *Regional Economic Service - State Summary, Spring 1999*.

¹¹Source: Economy.com, Inc. - Economic Service.

¹²The 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 2007-09 BIENNIUMS¹**

	General Fund Appropriations	Special Funds 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)	13,142,530	1,004,394	14,146,924	16,980,000
Legislative budget	<u>\$145,638,671</u>	<u>\$205,351,205</u>	<u>\$350,989,876</u>	<u>\$165,249,822</u>
1969-71				
Executive budget	\$166,602,105	\$216,086,092	\$382,688,197	\$181,000,000
Legislative increase (decrease)	17,084,026	45,659,367	62,743,393	22,092,623
Legislative budget	<u>\$183,686,131</u>	<u>\$261,745,459</u>	<u>\$445,431,590</u>	<u>\$203,092,623</u>
1971-73				
Executive budget	\$226,640,383	\$257,317,128	\$483,957,511	\$241,840,000
Legislative increase (decrease)	(384,651)	10,528,371	10,143,720	1,769,348
Legislative budget	<u>\$226,255,732</u>	<u>\$267,845,499</u>	<u>\$494,101,231</u>	<u>\$243,609,348</u>
1973-75				
Executive budget	\$267,951,706	\$314,124,492	\$582,076,198	\$307,075,000
Legislative increase (decrease)	6,733,531	38,835,098	45,568,629	(5,705,492)
Legislative budget	<u>\$274,685,237</u>	<u>\$352,959,590</u>	<u>\$627,644,827</u>	<u>\$301,369,508</u>
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)	<u>35,376,433</u>	<u>87,268,156</u>	<u>122,644,589</u>	<u>371,650</u>
Legislative budget	\$573,817,411	\$564,689,165	\$1,138,506,576	\$648,271,650
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)	<u>(126,944,501)</u>	<u>133,544,456</u>	<u>6,599,955</u>	<u>(102,960,239)</u>
Legislative budget	\$903,596,232	\$1,177,517,161	\$2,081,113,393	\$1,026,732,695
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)	<u>80,655,781</u>	<u>25,386,761</u>	<u>106,042,542</u>	<u>68,097,250</u>
Legislative budget	\$1,005,111,046	\$1,139,498,982	\$2,144,610,028	\$1,042,505,250
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>\$1,134,183,661</u> ⁵	<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>\$1,058,708,224</u> ⁶	<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)	22,395,712		22,395,712	
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)	<u>32,041,733</u>	<u>125,939,720</u>	<u>157,981,453</u>	<u>36,936,959</u>
Legislative budget	\$1,198,630,674 ⁷	\$2,027,082,913	\$3,225,713,587 ⁷	\$1,222,392,959
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)	<u>22,940,773</u>	<u>(88,551,589)</u>	<u>(65,610,816)</u>	<u>7,099,865</u>
Legislative budget	\$1,251,229,967	\$2,160,424,293	\$3,411,654,260	\$1,260,153,865
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)	<u>1,284,129</u>	<u>34,396,992</u>	<u>35,681,121</u>	<u>2,668,581</u>
Legislative budget	\$1,346,944,260	\$2,241,919,894	\$3,588,864,154	\$1,358,160,002
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)	<u>(5,154,977)</u>	<u>(22,576,608)</u>	<u>(27,731,585)</u>	<u>(4,393,735)</u>
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>504,237,505</u> ⁸	<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>\$1,728,640,384</u> ¹⁰	<u>\$3,049,996,983</u>	<u>\$4,778,637,367</u> ¹⁰	<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
Add				
Deficiency appropriations provided by the 2005 Legislative Assembly	13,224,344	34,000,000	47,224,344	
Less				
Special funds reductions required by HB 1505 (2003)		<u>(62,241)</u>	<u>(62,241)</u>	
Legislative budget as restated	<u>\$1,816,885,505</u>	<u>\$3,289,715,994</u>	<u>\$5,106,601,499</u>	<u>\$1,813,914,070</u>

2005-07

Executive budget	\$2,007,001,269	\$3,538,353,475	\$5,545,354,744	\$2,017,154,996
Legislative increase (decrease)	<u>(17,548,646)</u>	<u>224,867,692</u>	<u>207,319,046</u>	<u>(17,406,842)</u>
Legislative budget	\$1,989,452,623	\$3,763,221,167	\$5,752,673,790	\$1,999,748,154
Add				
Deficiency appropriations provided by the 2007 Legislative Assembly	11,084,451	22,000,000	33,084,451	
Legislative budget as restated	<u>\$2,000,537,074</u>	<u>\$3,785,221,167</u>	<u>\$5,785,758,241</u>	<u>\$1,999,748,154</u>

2007-09

Executive budget	\$2,468,326,339	\$3,864,876,095	\$6,333,202,434	\$2,502,682,419
Legislative increase (decrease)	<u>(11,352,383)</u>	<u>155,638,989</u>	<u>144,286,606</u>	<u>(27,052,284)</u>
Legislative budget	\$2,456,973,956	\$4,020,515,084	\$6,477,489,040	\$2,475,630,135

¹This 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.

²The 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 \$51.7 million 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 percent 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 million to general fund revenues, and added \$21.5 million 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 percent 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, \$8.2 million in coal conversion taxes, \$9.5 million in cigarette taxes, and \$4.2 million 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 million increase relating to increasing the individual income tax from 10.5 percent 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 percent to 5.5 percent and to include cable television, by \$8.3 million 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 percent 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 percent to 6 percent (the actual increase was from 5.5 percent 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 \$42.6 million to increase the individual income tax from 14 percent to 17 percent of federal tax liability and the equivalent increases in the long-form rates, and by \$4.6 million to increase the insurance premium tax rates on accident, health, and other lines, except life insurance, from 1.25 percent 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 percent 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 percent 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 funds 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 providing transfers from the water development trust fund and the health care trust fund.
- The 2005 Legislative Assembly decreased general fund revenues by \$17.4 million due to defeating the executive budget proposal to repeal North Dakota Century Code Section 54-27.2-02 providing for the end of the biennium general fund balance in excess of \$65 million to be transferred to the budget stabilization fund resulting in a reduction in revenue of \$65 million, defeating the executive budget proposal to increase the limit for oil revenues to be deposited in the general fund rather than the permanent oil tax trust fund resulting in a reduction in revenue of \$13.3 million, increasing the transfer from the lands and minerals trust fund, and providing transfers from the permanent oil tax trust fund.
- The 2007 Legislative Assembly decreased general fund revenues by \$120.85 million due to reducing the income tax "marriage penalty" and providing property tax relief by an income tax credit, decreased general fund revenues by \$12.62 million to deposit motor vehicle excise tax collections in the highway fund rather than the general fund, decreased general fund revenues by \$4.6 million to provide tax reductions and exemptions for heating fuels, and increased general fund revenues by \$115 million by providing a transfer from the permanent oil tax trust fund.

³This 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.

⁴This is the amount of general fund appropriations recommended by Governor Alan Olson in the original executive budget as submitted on December 6-7, 1984. On February 5, 1985, Governor George 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.

⁵In addition to adjustments for deficiency appropriations, Governor Sinner 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.

⁶Other 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 Governor Sinner because of an anticipated reduction in general fund revenues.

⁷In 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 Governor Sinner during the 1991-93 biennium of \$4,305,000.

⁸The special funds appropriation increase results primarily from the Legislative Assembly appropriating \$476.3 million of higher education local funds for the 1999-2001 biennium.

⁹The 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.

¹⁰In addition to an adjustment for deficiency appropriations, Governor Hoeven 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 2007-09 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 Payment Student
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	N/A	\$220	\$220	\$44	25.0%
Second-year per student payments	N/A	\$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	N/A	\$230	\$230	\$10	4.5%
Second-year per student payments	N/A	\$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	N/A	Not specified	\$250	\$10	4.2%
Second-year per student payments	N/A	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	N/A	Not specified	\$540	\$280	107.7%
Second-year per student payments	N/A	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	12,000,000	12,000,000	12,000,000	(13,300,000)	
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	N/A	
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>N/A</u>	
Net per student payments	\$194,863,625	\$181,994,830	\$192,620,500	N/A	
Tuition fund distributions			16,500,000 ¹	N/A	
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>N/A</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</u> ¹	<u>16,500,000</u>	
General fund appropriation	<u>\$222,773,625</u>	<u>\$196,504,830</u>	<u>\$192,594,000</u> ²	<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	N/A	N/A
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	N/A	N/A
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</u> ³	<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	<u>40,053,500</u>	<u>40,053,500</u>	<u>37,715,468</u>	<u>15,641,968</u>	
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	<u>\$400,003,544</u>	<u>\$303,331,544</u>	<u>\$202,738,209</u>	<u>\$10,144,209</u>	5.3%
First-year per student payments	\$1,569	\$1,569	\$1,425	\$455	46.9%
First-year tuition fund payments			Not specified	N/A	N/A
Total first-year payments	<u>\$1,569</u>	<u>\$1,569</u>	<u>\$1,425</u>	<u>\$455</u>	46.9%
Second-year per student payments	\$1,777	\$1,777	\$1,591	\$166	11.6%
Second-year tuition fund payments			Not specified	N/A	N/A
Total second-year payments	<u>\$1,777</u>	<u>\$1,777</u>	<u>\$1,591</u>	<u>\$166</u>	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	<u>\$372,716,564</u>	<u>\$283,223,600</u>	<u>\$313,139,250</u>	<u>(\$37,850,158)</u>	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 ⁵	7,222,600	
Transportation aid	<u>39,635,052</u>	<u>39,635,052</u>	<u>39,527,552</u>	<u>1,812,084</u>	
Total state school aid appropriation	<u>\$444,351,616</u>	<u>\$359,158,652</u>	<u>\$389,766,802</u>	<u>(\$28,815,474)</u>	(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	<u>32,000,000</u>	<u>36,300,000</u>	<u>37,100,000</u> ⁵	<u>7,222,600</u>	
General fund appropriation	<u>\$309,351,616</u>	<u>\$220,981,652</u>	<u>\$352,666,802</u> ⁷	<u>\$149,928,593</u>	74.0%
First-year per student payments	\$1,526	\$1,400	\$1,400	(\$191)	(12.0%)
First-year tuition fund payments	N/A ⁸	N/A ⁸	120 ⁵	120	N/A
Total first-year payments	<u>\$1,526</u> ⁸	<u>\$1,400</u> ⁸	<u>\$1,520</u>	<u>(\$71)</u>	(4.5%)
Second-year per student payments	\$1,648	\$1,400	\$1,350	(\$50)	(3.6%)
Second-year tuition fund payments	N/A ⁸	N/A ⁸	170 ⁵	50	41.7%
Total second-year payments	<u>\$1,648</u> ⁸	<u>\$1,400</u> ⁸	<u>\$1,520</u>	<u>\$0</u>	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	<u>\$350,086,482</u>	<u>\$336,313,728</u>	<u>\$330,018,302</u>	<u>\$16,879,052</u>	
Tuition fund distributions	47,895,000	47,895,000	47,895,000 ⁹	10,795,000	
Transportation aid	<u>41,511,724</u>	<u>41,511,724</u>	<u>40,068,810</u>	<u>541,258</u>	
Total state school aid appropriation	<u>\$439,493,206</u>	<u>\$425,720,452</u>	<u>\$417,982,112</u>	<u>\$28,215,310</u>	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	<u>\$391,598,206</u>	<u>\$377,638,452</u>	<u>\$369,900,112</u> ¹⁰	<u>\$17,233,310</u>	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	<u>\$1,660</u>	<u>\$1,596</u>	<u>\$1,620</u>	<u>\$100</u>	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	<u>\$1,734</u>	<u>\$1,692</u>	<u>\$1,650</u>	<u>\$30</u>	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	<u>\$416,060,376</u>	<u>\$321,552,316</u>	<u>\$316,500,022</u>	<u>(\$13,518,280)</u>	
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	<u>\$456,129,186</u>	<u>\$361,621,126</u>	<u>\$354,609,408</u> ¹²	<u>(\$15,290,704)</u>	(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	<u>\$1,924</u>	<u>\$1,590</u>	<u>\$1,577</u>	<u>(\$73)</u>	(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	40,000,000	34,200,000	36,637,073	(1,472,313)	
Total state school aid appropriation	\$461,514,881	\$400,075,549	\$422,398,588	\$24,689,180	6.2%

Less					
Tuition fund distributions	40,700,000	40,700,000	48,200,000	5,100,000	
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	<u>169</u>	<u>169</u>	<u>200</u>	<u>23</u>	13.0%
Total first-year payments	\$2,019	\$1,810	\$1,725	\$136	8.6%
Second-year per student payments	\$1,942	\$1,690	\$1,545 ¹³	\$20	1.3%
Second-year tuition fund payments	<u>169</u>	<u>169</u>	<u>200</u>		0.0%
Total second-year payments	\$2,111	\$1,859	\$1,745	\$20	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	47,400,000	47,225,456	47,225,456	(974,544)	
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	<u>198</u>	<u>197</u>	<u>197</u>	<u>(3)</u>	(1.5%)
Total first-year payments	\$1,948	\$1,728	\$1,749	\$4	0.2%
Second-year per student payments	\$1,825	\$1,587	\$1,608 ¹⁴	\$56	3.6%
Second-year tuition fund payments	<u>198</u>	<u>198</u>	<u>198</u>	<u>1</u>	0.5%
Total second-year payments	\$2,023	\$1,785	\$1,806	\$57	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%
First-year per student payments	\$1,860	Not specified	\$1,570	(\$38)	(2.4%)
First-year tuition fund payments	<u>197</u>	<u>\$192</u>	<u>192</u>	<u>(6)</u>	(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	<u>197</u>	<u>\$192</u>	<u>192</u>		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			<u>59,709,197</u>	<u>15,789,162</u>	
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	<u>\$462,541,368</u>	<u>\$453,057,662</u>	<u>\$478,523,833</u>	<u>\$35,986,941</u>	8.1%
Less					
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid - Special funds			<u>880,000</u> ¹⁷	<u>880,000</u>	
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	<u>211</u> ¹⁹	<u>190</u> ¹⁹	<u>190</u> ¹⁹	<u>(2)</u>	(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	<u>211</u> ¹⁹	<u>190</u> ¹⁹	<u>190</u> 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		<u>73,281,153</u>			
32 mills			<u>72,298,601</u>	<u>12,589,404</u>	
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	<u>225</u> ²²	<u>204</u> ²²	<u>204</u> ²²	<u>14</u>	7.4%
Total first-year payments	\$2,235	\$2,103	\$2,158	\$106	5.2%
Second-year per student payments	\$2,121	\$1,935	\$2,032	\$78	4.0%
Second-year tuition fund payments	<u>225</u> ²²	<u>204</u> ²²	<u>204</u> ²²		0.0%
Total second-year payments	\$2,346	\$2,139	\$2,236	\$78	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	<u>78,072,650</u>	<u>78,072,650</u>	<u>78,072,650</u>	<u>5,774,049</u>	
Net per student payments	\$468,587,109	\$439,606,259	\$442,606,259	\$13,318,320	
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>234</u> ²³	<u>220</u> ²³	<u>220</u> ²³	<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>234</u> ²³	<u>220</u> ²³	<u>220</u> ²³		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>		
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>		
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%
2005-07					
State school aid					
Per student payments	\$628,674,605	\$599,665,519	\$607,953,450	\$52,152,489	
Less: Mill deduct ²⁷	<u>122,961,760</u>	<u>122,961,760</u>	<u>124,549,691</u>	<u>22,678,720</u>	
Net per student payments	\$505,712,845	\$476,703,759	\$483,403,759	\$29,473,769	
Tuition fund distributions	71,600,000	71,600,000	71,600,000	2,104,629	
Limited English proficient student payments	650,000	650,000	650,000		

Teacher compensation payments	50,912,120	50,912,120	50,912,120 ²⁸	(941,880)	
Transportation aid	<u>34,800,000</u>	<u>34,800,000</u>	<u>33,500,000</u>	<u>(1,300,000)</u>	
Total state school aid appropriation	\$663,674,965	\$634,665,879	\$640,065,879	\$29,336,518	4.8%
Less					
Tuition fund distributions	<u>71,600,000</u>	<u>71,600,000</u>	<u>71,600,000</u>	<u>2,104,629</u>	
General fund appropriation	<u>\$592,074,965</u>	<u>\$563,065,879</u>	<u>\$568,465,879</u>	<u>\$27,231,889</u>	5.0%
First-year per student payments	\$2,880	\$2,726	\$2,765	\$142	5.4%
First-year tuition fund payments	<u>351</u>	<u>351</u>	<u>351</u>	<u>16</u>	4.8%
Total first-year payments	<u>\$3,231</u>	<u>\$3,077</u>	<u>\$3,116</u>	<u>\$158</u>	5.3%
Second-year per student payments	\$3,073	\$2,826	\$2,879	\$114	4.1%
Second-year tuition fund payments	<u>351</u>	<u>351</u>	<u>351</u>		0.0%
Total second-year payments	<u>\$3,424</u>	<u>\$3,177</u>	<u>\$3,230</u>	<u>\$114</u>	3.7%
2007-09²⁹					
State school aid					
Per student formula payments	\$703,565,879	\$724,165,879	\$726,165,879	N/A	
Transportation aid payments	<u>33,500,000</u>	<u>33,500,000</u>	<u>33,500,000</u>	N/A	
Total state school aid appropriation	\$737,065,879	\$757,665,879	\$759,665,879	N/A	
Less					
Tuition fund distributions	<u>71,600,000</u>	<u>76,200,000</u>	<u>76,200,000</u>	N/A ²⁹	N/A ²⁹
General fund appropriation	<u>\$665,465,879</u>	<u>\$681,465,879</u>	<u>\$683,465,879</u>	N/A ²⁹	N/A ²⁹
First-year per student payment	Not specified	\$3,042	\$3,250	N/A ²⁹	N/A ²⁹
Second-year per student payment	Not specified	\$3,142	\$3,325	N/A ²⁹	N/A ²⁹

N/A - 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.
- 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.
- 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 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 an additional \$1,000 per fourth-year returning teacher in the second year of the biennium.
- 27 Mill deduct - 2005-07 - The mill deduct used in the calculation of the 2005-07 state school aid for the Department of Public Instruction request and the executive recommendation was 38 mills for the first year and 40 mills for the second year of the biennium. The Legislative Assembly did not change the mill deduct of 38 mills for the first year of the biennium, but the Legislative Assembly increased the mill deduct from 40 to 41 mills for the second year of the 2005-07 biennium.
- 28 Teacher compensation payments - 2005-07 - The Legislative Assembly provided a general fund appropriation of \$50,912,120 to continue the current level of teacher compensation payments of \$1,000 for first-year teachers and \$3,000 for other teachers.
- 29 The 2007 Legislative Assembly did not change the executive budget recommendation to consolidate funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula with a new distribution methodology. Therefore, the legislative appropriations and per student payment amounts are not comparable between the 2005-07 and 2007-09 bienniums. See the schedules included in Section E for more information.

MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL SUBDIVISIONS FROM THE 1997-99 THROUGH 2007-09 BIENNIUMS

	1997-99	1999-2001	2001-03	2003-05	2005-07	2007-09
Assistance to political subdivisions (excluding school-related funding)						
General fund appropriations						
Grants to public libraries	\$935,521	\$888,745	\$888,745	\$844,307	\$1,000,000	\$1,200,000
Homestead tax credit	4,540,813	4,540,813	4,540,813	4,000,000	4,500,000	8,104,000
Aid to health districts	990,000	1,100,000	1,100,000	1,100,000	1,100,000	1,900,000
Children's special health service local health unit grants					52,632	52,632
Matching funds to counties and cities for senior citizen programs	1,770,000	1,982,945 ¹	2,132,945 ¹	2,382,945 ¹	720,000 ¹	1,000,000
Indian welfare assistance to counties	1,059,000 ²	121,766 ²	456,993 ²	649,559	1,147,174	955,124
State administration of child support enforcement						7,105,247
Boys' and girls' clubwork		53,000	53,000	53,000	53,000	53,000
Gaming enforcement grants	1,014,152	419,591				
Soil Conservation district grants	580,000	580,000	580,000	580,000	630,000	730,000
Noxious weed control	364,950	288,341	184,141	97,215	67,817	67,817
Payments in lieu of taxes on carbon dioxide pipeline property		783,413	1,932,419	1,910,000	1,545,000	1,365,000
Clerk of court		1,000,000	10,154,353	10,723,223	11,810,929	13,587,187
Grants to airports	503,425	550,000	550,000	522,500	550,187	550,000
Statewide information technology network costs			4,920,824 ³	3,382,023 ³	3,395,550 ³	3,414,228 ³
Total general fund (excluding school-related funding)	\$11,757,861	\$12,308,614	\$27,494,233	\$26,244,772	\$26,572,289	\$40,084,235
Percentage of total general fund appropriations	0.8%	0.8%	1.6% ⁹	1.4%	1.3%	1.6%
Special funds appropriations and revenue allocations						
Homestead tax credit (Housing Finance Agency reserves)	\$250,000					
Noxious weed control		\$910,555	\$1,162,695	\$1,402,639	\$1,646,408	\$1,646,408
State aid distribution funds to cities and counties ⁴	53,978,600	63,203,392	66,383,566	74,180,584	84,212,635	90,669,528
Public transportation services (public transportation fund)	1,500,000	2,848,000	3,000,000	3,000,000	4,650,000	5,700,000
Insurance tax to fire departments						
Insurance tax distribution fund	5,200,000	5,200,000	5,200,000	5,200,000	6,200,000	6,200,000
Insurance tax to emergency medical services operations						
Insurance tax distribution fund						1,250,000
Gaming enforcement grants			629,000	617,000	617,000	617,000
Community health grant program (community health trust fund)			4,700,000	4,700,000	4,700,000	4,700,000
Children's special health services local health unit grants					69,768	69,768
Children's special health services grants to counties					248,056	248,056
Tobacco education and cessation program grants (community health trust fund)			250,000	500,000	395,000	260,000
Matching funds to counties and cities for senior citizen programs						
Senior citizen services and programs fund					2,056,984	2,297,942 ¹⁰
Health care trust fund			250,000 ¹			
Energy development impact grants (oil and gas impact grant fund)	4,896,536	4,888,100	4,888,100	4,888,100	4,888,100	5,888,100
Grants to airports (Aeronautics Commission special funds collections)	1,370,000	1,570,000	1,820,000	1,962,500	2,447,126	2,950,000
Indian welfare assistance to counties (Department of Human Services "retained" funds)		1,654,654 ²	2,068,007 ²	1,964,607	1,964,607	1,964,607
Motor vehicle fuel tax and registration fee allocations ⁵	109,158,411	112,600,000	116,500,000	118,400,000	129,600,000	130,100,000
Telecommunications tax allocations		8,400,000	16,800,000	16,800,000	16,800,000	16,800,000
Coal severance tax allocations ⁵	15,816,453	15,235,854	14,685,000	15,800,000	15,400,000	16,000,000
Coal conversion tax allocations ⁶	5,598,165	5,491,282	6,620,022	7,283,433	7,502,657	7,494,000
Oil and gas gross production tax allocations ⁷	20,544,237	36,028,096	31,843,672	42,836,649	55,785,763	45,717,861
Cigarette tax allocations ⁸	3,003,298	2,813,712	2,623,000	2,608,771	2,810,000	2,996,000
Total special funds (excluding school-related funding)	\$221,315,700	\$260,843,645	\$279,423,062	\$302,144,283	\$341,994,104	\$343,569,270
Total major direct assistance to political subdivisions (excluding school-related funding)	\$233,073,561	\$273,152,259	\$306,917,295	\$328,389,055	\$368,566,393	\$383,653,505

	1997-99	1999-2001	2001-03	2003-05	2005-07	2007-09
School-related assistance to political subdivisions						
General fund appropriations - School-related funding						
State school aid per student formula payments	\$466,356,259	\$479,006,259	\$473,971,648	\$489,379,990	\$484,053,759	\$649,965,879
Teacher compensation payments to school districts			35,036,000	51,854,000	50,912,120	
Special education - Gifted and talented per student payments					37,000,000	
School district reorganization bonuses			1,665,000	500,000	759,000	
Educational Technology Council grants	1,000,000	6,000,000	922,822	512,822	578,590	800,000
Special education	40,550,000	46,600,000	49,898,695	49,898,695		
Revenue supplement payments to school districts	3,100,000	3,100,000	2,200,000	5,000,000	5,000,000	
Transportation aid payments to school districts					33,500,000	33,500,000
Special education contracts					15,500,000	17,500,000
Average daily membership and declining enrollment payments		3,500,000				
Joint powers agreement incentives					1,000,000	
Technology reimbursement payment to schools	5,000,000					
Vocational education	8,922,014	9,520,929	9,573,929	10,386,541	13,846,810	13,317,216
School food services	1,100,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000
Adult education	900,000	900,000	900,000	920,000	1,055,000	1,055,000
School district antivirus licenses					210,900	280,900
School district information technology network costs					3,395,550	652,698
Total general fund - School-related funding	\$526,928,273	\$549,707,188	\$575,248,094	\$609,532,048	\$647,891,729	\$718,151,693
Percentage of total general fund appropriations	34.9%	34.0%	33.3%	33.5%	32.4%	29.2%
Special fund appropriations and revenue allocations - School-related funding						
State tuition fund distributions	\$49,273,144	\$53,528,217	\$67,239,025	\$69,495,371	\$71,600,000	\$76,200,000
Grants for adult education programs (displaced homemaker fund)		237,500	240,000	240,000	240,000	240,000
Total special funds - School-related funding	\$49,273,144	\$53,765,717	\$67,479,025	\$69,735,371	\$71,840,000	\$76,440,000
Total major school-related assistance to political subdivisions	\$576,201,417	\$603,472,905	\$642,727,119	\$679,267,419	\$719,731,729	\$794,591,693
Total general fund assistance to political subdivisions	\$538,686,134	\$562,015,802	\$602,742,327	\$635,776,820	\$674,464,018	\$758,235,928
Total special fund assistance	\$270,588,844	\$314,609,362	\$346,902,087	\$371,879,654	\$413,834,104	\$420,009,270
Total major direct assistance to political subdivisions	\$809,274,978	\$876,625,164	\$949,644,414	\$1,007,656,474	\$1,088,298,122	\$1,178,245,198

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. The 2005-07 appropriation consists of \$720,000 of state funding to providers for matching federal Title III funds in the Department of Human Services.

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 Legislative Assembly provides funding from the general fund for the statewide information technology network connections for kindergarten through grade 12 and public libraries, net of an e-rate credit.

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 3 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 2005 Legislative Assembly removed the senior citizen mill levy matching grant program from the Department of Human Services and provided, in Senate Bill No. 2267, that the State Treasurer distribute senior citizen mill levy matching grants pursuant to a continuing appropriation from the senior citizen services and programs fund. The fund consists of sales and use and motor vehicle excise tax collections equivalent to two-thirds of one mill levied statewide each year.